



ANNUAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2016  
OF THE CONDITION AND AFFAIRS OF THE  
Real Legacy Assurance Company, Inc

NAIC Group Code 3526 (Current Period) NAIC Company Code 36749 (Prior Period) Employer's ID Number 66-0357766

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

Country of Domicile PR

Incorporated/Organized December 10, 1974 Commenced Business January 1, 1978

Statutory Home Office Metro Office Park Street 1 Lot 1, Guaynabo, Puerto Rico 00968-1805  
(Street and Number, City or Town, State, Country and Zip Code)

Main Administrative Office Metro office Park Street 1 Lot 1, Guaynabo, Puerto Rico 00968-1805 787-273-7800  
(Street and Number, City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address PO Box 71467, San Juan, Puerto Rico 00936-8567  
(Street and Number or P. O. Box, City or Town, State, Country and Zip Code)

Primary Location of Books and Records Metro Office Park Street 1 Lot 1, Guaynabo, Puerto Rico 00968-1805  
(Street and Number, City or Town, State, Country and Zip Code)  
(Area Code) (Telephone Number)

Internet Website Address www.reallegacyassurance.com

Statutory Statement Contact Miguel A Lopez 787-273-7800  
(Name) (Area Code) (Telephone Number) (Extension)

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(E-Mail Address) (Fax Number)

OFFICERS

Miguel A Lopez Concepcion (President)  
Pedro Gonzalez Cerrud (CFO Grupo Cooperativo Seguros Multiples)

OTHER

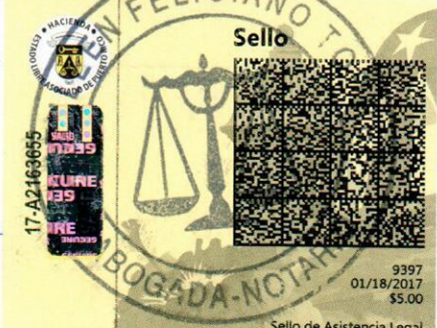
DIRECTORS OR TRUSTEES

Roberto Castro Hiraldo  
Miguel A Lopez Concepcion  
Edwin Quinones Suarez  
Luis A Velazquez Vera  
Enrique A Lopez Pereira  
Juan Reyes Caraballo

64,274  
State of Puerto Rico  
County of San Juan } 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.

Miguel A Lopez Concepcion  
President  
Subscribed and sworn to before me this 12 day of April 2017  
[Signature]



Pedro Gonzalez Cerrud  
CFO Grupo Cooperativo Seguros Multiples  
Is this an original filing? Yes (X) No ( )  
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 (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D) .....	97,625,875		97,625,875	85,164,177
2. Stocks (Schedule D):				
2.1 Preferred stocks .....				
2.2 Common stocks .....	(4,220,930)		(4,220,930)	(9,377,105)
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 (\$ ..... 16,451,696 , Schedule E-Part 1) , cash equivalents (\$ ..... , Schedule E-Part 2) and short-term investments (\$ ..... 1,099,639 , Schedule DA) .....	17,551,335		17,551,335	28,402,653
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) .....	110,956,280		110,956,280	104,189,725
13. Title plants less \$ ..... charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	798,639		798,639	555,246
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....	27,223,215	2,568,048	24,655,167	27,683,367
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 .....	3,019,436		3,019,436	4,290,006
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....	1,666,670		1,666,670	7,500,000
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....	153,354		153,354	139,153
18.2 Net deferred tax asset .....				43,550
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....	4,378,602	2,878,815	1,499,787	1,571,244
21. Furniture and equipment , including health care delivery assets (\$ ..... ) .....	1,231,401	1,231,401		
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent , subsidiaries and affiliates .....	613,231		613,231	414,761
24. Health care (\$ ..... ) and other amounts receivable .....				
25. Aggregate write-ins for other-than-invested assets .....	2,495,509	1,958,032	537,477	923,100
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	152,536,337	8,636,296	143,900,041	147,310,152
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	152,536,337	8,636,296	143,900,041	147,310,152
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. Other Assets .....	827,662	290,185	537,477	923,100
2502. Prepaid Pension Costs .....	1,667,847	1,667,847		
2503. Intangible Asset .....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	2,495,509	1,958,032	537,477	923,100

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE REAL LEGACY ASSUR CO INC

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	21,397,457	16,959,478
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Columnn 6) .....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	4,123,532	3,814,770
4. Commissions payable, contingent commissions and other similar charges .....	98,549	97,234
5. Other expenses (excluding taxes, licenses and fees) .....	846,463	1,421,983
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	90,507	109,589
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 \$ .....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ ..... 14,824,043 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) .....	48,370,398	51,411,433
10. Advance premium .....	13,361,594	12,620,469
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....		
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	9,243,921	5,417,911
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 .....	706,246	339,339
15. Remittances and items not allocated .....		
16. Provision for reinsurance (including \$ ..... certified) (Schedule F, Part 8) .....	210,945	210,945
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....	60,196	265,134
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 .....	8,976,436	6,263,718
26. Total liabilities excluding protected cell liabilities (Line 1 through Line 25) .....	107,486,244	98,932,003
27. Protected cell liabilities .....		
28. Total liabilities (Line 26 and Line 27) .....	107,486,244	98,932,003
29. Aggregate write-ins for special surplus funds .....	44,368,019	44,042,417
30. Common capital stock .....	10,000,000	3,000,000
31. Preferred capital stock .....		
32. Aggregate write-ins for other than special surplus funds .....		
33. Surplus notes .....		
34. Gross paid in and contributed surplus .....		
35. Unassigned funds (surplus) .....	(17,954,222)	1,335,732
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) .....	36,413,797	48,378,149
38. Totals (Page 2, Line 28, Column 3) .....	143,900,041	147,310,152
DETAILS OF WRITE-INS		
2501. Minimum Retention on Catastrophe Exposure .....		
2502. Pension Plan Minimum Liability .....	8,976,436	6,263,718
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) .....	8,976,436	6,263,718
2901. RESERVE FOR CATASTROPHE INSURANCE LOSSES PURSUANT TO CH.25 OF THE INS. CODE OF PR .....	44,368,019	44,042,417
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) .....	44,368,019	44,042,417
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) .....		

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE REAL LEGACY ASSUR CO INC

STATEMENT OF INCOME

UNDERWRITING INCOME	1	2
	Current Year	Prior Year
1. Premiums earned (Part 1, Line 35, Column 4) .....	54,174,648	53,550,230
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7) .....	32,721,156	23,988,183
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....	5,079,571	4,578,257
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	23,827,180	24,977,762
5. Aggregate write-ins for underwriting deductions .....		
6. Total underwriting deductions (Line 2 through Line 5) .....	61,627,907	53,544,202
7. Net income of protected cells .....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....	(7,453,259)	6,028
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	2,011,413	2,394,713
10. Net realized capital gains (losses) less capital gains tax of \$ .....	7,518	(8,384,061)
11. Net investment gain (loss) (Line 9 plus Line 10) .....	2,018,931	(5,989,348)
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 .....		
15. Total other income (Line 12 through Line 14) .....		
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) .....	(5,434,328)	(5,983,320)
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) .....	(5,434,328)	(5,983,320)
19. Federal and foreign income taxes incurred .....		108,720
20. Net income (Line 18 minus Line 19) (to Line 22) .....	(5,434,328)	(6,092,040)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....	48,378,149	50,518,789
22. Net income (from Line 20) .....	(5,434,328)	(6,092,040)
23. Net transfers (to) from Protected Cell accounts .....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....	(3,354,109)	(813,396)
25. Change in net unrealized foreign exchange capital gain (loss) .....		
26. Change in net deferred income tax .....	(5,002,717)	(2,690,444)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3) .....	2,203,630	2,160,023
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....		319,742
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 .....	7,000,000	
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 .....		
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 .....	(7,376,828)	4,975,475
38. Change in surplus as regards policyholders for the year (Line 22 through Line 37) .....	(11,964,352)	(2,140,640)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) .....	36,413,797	48,378,149
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 .....		
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) .....		
3701. Correction of in error in previously reported Financial Statement .....	(4,664,110)	
3702. Pension Plan Minimum Liability .....	(2,712,718)	4,765,099
3703. Pension Plan Amendment Loss .....		959,724
3798. Summary of remaining write-ins for Line 37 from overflow page .....		(749,348)
3799. Totals (Line 3701 through Line 3703 plus Line 3798) (Line 37 above) .....	(7,376,828)	4,975,475

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	64,845,293	53,029,257
2. Net investment income	2,150,150	2,642,549
3. Miscellaneous income		
4. Total (Line 1 through Line 3)	66,995,443	55,671,806
5. Benefit and loss related payments	28,027,166	21,147,208
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	29,192,046	30,270,250
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	14,201	108,721
10. Total (Line 5 through Line 9)	57,233,413	51,526,179
11. Net cash from operations (Line 4 minus Line 10)	9,762,030	4,145,627
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	72,265,827	28,578,043
12.2 Stocks		
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)	72,265,827	28,578,043
13. Cost of investments acquired (long-term only):		
13.1 Bonds	85,617,461	23,062,516
13.2 Stocks	7,993,200	3,000,000
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)	93,610,661	26,062,516
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)	(21,344,834)	2,515,527
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	7,000,000	
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		1,500,000
16.6 Other cash provided (applied)	(6,268,514)	51,458
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	731,486	(1,448,542)
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)	(10,851,318)	5,212,612
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	28,402,653	23,190,041
19.2 End of year (Line 18 plus Line 19.1)	17,551,335	28,402,653
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 .....	1,006,994	2,082,587	1,660,350	1,429,231
2. Allied lines .....	1,998,939	4,105,317	3,319,685	2,784,571
3. Farmowners multiple peril .....				
4. Homeowners multiple peril .....	4,329,379	6,852,706	6,451,703	4,730,382
5. Commercial multiple peril .....	13,360,990	18,649,821	18,579,063	13,431,748
6. Mortgage guaranty .....				
8. Ocean marine .....	217,472	126,434	83,959	259,947
9. Inland marine .....	34,728	30,216	63,251	1,693
10. Financial guaranty .....				
11.1 Medical professional liability - occurrence .....				
11.2 Medical professional liability - claims-made .....				
12. Earthquake .....	1,267,851	2,662,864	2,029,536	1,901,179
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 .....	4,380,019	2,653,386	2,405,655	4,627,750
17.2 Other liability - claims-made .....				
17.3 Excess workers' compensation .....				
18.1 Products liability - occurrence .....	101,104	52,746	67,593	86,257
18.2 Products liability - claims-made .....				
19.1, 19.2 Private passenger auto liability .....	2,899,981	1,690,173	1,586,788	3,003,366
19.3, 19.4 Commercial auto liability .....	2,940,760	2,073,981	1,875,133	3,139,608
21. Auto physical damage .....	18,186,945	10,133,438	10,077,904	18,242,479
22. Aircraft (all perils) .....				
23. Fidelity .....	1,259	784	783	1,260
24. Surety .....	389,062	171,116	165,116	395,062
26. Burglary and theft .....	11,950	7,444	7,432	11,962
27. Boiler and machinery .....	6,179	118,422	(3,553)	128,154
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 .....	51,133,612	51,411,435	48,370,398	54,174,649
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	2	3	4	5
		Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned but Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Columns 1 + 2 + 3 + 4
1.	Fire .....	1,548,280	112,070			1,660,350
2.	Allied lines .....	3,072,973	246,712			3,319,685
3.	Farmowners multiple peril .....					
4.	Homeowners multiple peril .....	6,451,703				6,451,703
5.	Commercial multiple peril .....	18,382,818	196,245			18,579,063
6.	Mortgage guaranty .....					
8.	Ocean marine .....	83,959				83,959
9.	Inland marine .....	58,866	4,385			63,251
10.	Financial guaranty .....					
11.1	Medical professional liability - occurrence .....					
11.2	Medical professional liability - claims-made .....					
12.	Earthquake .....	1,939,634	89,902			2,029,536
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 .....	2,405,469	186			2,405,655
17.2	Other liability - claims-made .....					
17.3	Excess workers' compensation .....					
18.1	Products liability - occurrence .....	67,593				67,593
18.2	Products liability - claims-made .....					
19.1, 19.2	Private passenger auto liability .....	1,586,637	151			1,586,788
19.3, 19.4	Commercial auto liability .....	1,874,659	474			1,875,133
21.	Auto physical damage .....	9,577,512	500,392			10,077,904
22.	Aircraft (all perils) .....					
23.	Fidelity .....	783				783
24.	Surety .....	161,204	3,912			165,116
26.	Burglary and theft .....	7,432				7,432
27.	Boiler and machinery .....	(48,987)	45,434			(3,553)
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 .....	47,170,535	1,199,863			48,370,398
36.	Accrued retrospective premiums based on experience .....					
37.	Earned but unbilled premiums .....					
38.	Balance (Sum of Line 35 through Line 37) .....					48,370,398
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.  
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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 .....	5,796,193				4,789,199	1,006,994
2. Allied lines .....	11,457,238				9,458,299	1,998,939
3. Farmowners multiple peril .....						
4. Homeowners multiple peril .....	16,503,054				12,173,675	4,329,379
5. Commercial multiple peril .....	35,215,681				21,854,691	13,360,990
6. Mortgage guaranty .....						
8. Ocean marine .....	684,850				467,378	217,472
9. Inland marine .....	732,523				697,795	34,728
10. Financial guaranty .....						
11.1 Medical professional liability - occurrence .....						
11.2 Medical professional liability - claims-made .....						
12. Earthquake .....	6,572,329				5,304,478	1,267,851
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 .....	6,928,169				2,548,150	4,380,019
17.2 Other liability - claims-made .....						
17.3 Excess workers' compensation .....						
18.1 Products liability - occurrence .....	106,750				5,646	101,104
18.2 Products liability - claims-made .....						
19.1, 19.2 Private passenger auto liability .....	2,949,244				49,263	2,899,981
19.3, 19.4 Commercial auto liability .....	3,283,197				342,437	2,940,760
21. Auto physical damage .....	18,325,041				138,096	18,186,945
22. Aircraft (all perils) .....						
23. Fidelity .....	1,259					1,259
24. Surety .....	766,106				377,044	389,062
26. Burglary and theft .....	11,950					11,950
27. Boiler and machinery .....	255,652				249,473	6,179
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 .....	109,589,236				58,455,624	51,133,612
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 \$ .....



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	1,376,441		686,335	690,106	324,531	114,037	900,600	63.0
2. Allied lines	518,785		12,179	506,606	603,429	118,876	991,159	69.3
3. Farmowners multiple peril								
4. Homeowners multiple peril	1,121,656		35,169	1,086,487	458,270	696,598	848,159	59.3
5. Commercial multiple peril	6,671,622		794,401	5,877,221	8,720,091	7,736,155	6,861,157	480.1
6. Mortgage guaranty								
8. Ocean marine	225,008		134,975	90,033	22,679	3,000	109,712	7.1
9. Inland marine	15,806		14,269	1,537	19,830	5,733	15,634	1.1
10. Financial guaranty								
11.1 Medical professional liability - occurrence								
11.2 Medical professional liability - claims-made								
12. Earthquake	815			815	11,565	(13,015)	25,395	1.8
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	2,028,002		801,785	1,226,217	2,727,903	2,075,693	1,878,427	131.1
17.2 Other liability - claims-made								
17.3 Excess workers' compensation								
18.1 Products liability - occurrence						3,500	(3,500)	
18.2 Products liability - claims-made								
19.1, 19.2 Private passenger auto liability	4,026,427		395,199	3,631,228	4,245,932	2,751,626	5,125,534	358.6
19.3, 19.4 Commercial auto liability	2,385,313		106,227	2,279,086	2,072,210	1,843,018	2,508,278	175.5
21. Auto physical damage	12,976,891		128,231	12,848,660	2,033,274	1,711,064	13,170,870	921.5
22. Aircraft (all perils)								
23. Fidelity								
24. Surety	46,189		3,651	42,538	145,960	26,692	161,806	11.3
26. Burglary and theft	2,860			2,860		3,000	(140)	
27. Boiler and machinery	170,340		170,338	2	11,783	(116,499)	128,284	9.0
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	31,566,155		3,282,759	28,283,396	21,397,457	16,959,478	32,721,375	2,289.4
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 2016 OF THE REAL LEGACY ASSUR CO INC

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	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	Net Losses Unpaid (Columns 4 plus 5 plus 6 minus 7)	Net Unpaid Loss Adjustment Expenses
1. Fire	6,183,000		5,880,232	302,768	32,873		11,110	324,531	774,919
2. Allied lines	802,250		257,895	544,355	73,680		14,606	603,429	147,533
3. Farmowners multiple peril									
4. Homeowners multiple peril	167,900		2,750	165,150	374,068		80,948	458,270	36,159
5. Commercial multiple peril	5,712,654		501,214	5,211,440	4,979,410		1,470,759	8,720,091	1,493,830
6. Mortgage guaranty									
8. Ocean marine	74,256		51,577	22,679				22,679	8,317
9. Inland marine	154,823		149,818	5,005	27,205		12,380	19,830	19,328
10. Financial guaranty									
11.1 Medical professional liability - occurrence									
11.2 Medical professional liability - claims-made									
12. Earthquake					22,675		11,110	11,565	
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	1,014,524			1,014,524	2,233,289		519,910	2,727,903	349,872
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	2,198,090		288,553	1,909,537	3,256,655		920,260	4,245,932	424,024
19.3, 19.4 Commercial auto liability	2,613,570		595,762	2,017,808	102,018		47,616	2,072,210	485,135
21. Auto physical damage	2,005,035		22,770	1,982,265	51,009			2,033,274	336,055
22. Aircraft (all perils)									
23. Fidelity									
24. Surety	103,950		42,997	60,953	132,624		47,617	145,960	46,506
26. Burglary and theft									
27. Boiler and machinery	15,000		14,999	1	49,876		38,094	11,783	1,854
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	21,045,052		7,808,567	13,236,485	11,335,382		3,174,410	21,397,457	4,123,532
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	3,393,267			3,393,267
1.2 Reinsurance assumed				
1.3 Reinsurance ceded	512,483			512,483
1.4 Net claim adjustment services (Line 1.1 plus Line 1.2 minus Line 1.3)	2,880,784			2,880,784
2. Commission and brokerage:				
2.1 Direct excluding contingent		22,143,151		22,143,151
2.2 Reinsurance assumed excluding contingent				
2.3 Reinsurance ceded excluding contingent		6,411,540		6,411,540
2.4 Contingent - direct		100,000		100,000
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)		15,831,611		15,831,611
3. Allowances to manager and agents				
4. Advertising		27,038		27,038
5. Boards, bureaus and associations		1,362,297		1,362,297
6. Surveys and underwriting reports		5,344		5,344
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	855,483	1,575,271	15,129	2,445,883
8.2 Payroll taxes	127,216	218,047	959	346,222
9. Employee relations and welfare	400,027	1,006,597	4,362	1,410,986
10. Insurance		130,889		130,889
11. Directors' fees		20,186		20,186
12. Travel and travel items	207,955	255,630		463,585
13. Rent and rent items	224,164	512,870	2,256	739,290
14. Equipment	116,049	224,365		340,414
15. Cost or depreciation of EDP equipment and software		157,668	648	158,316
16. Printing and stationery	59,972	67,319	296	127,587
17. Postage, telephone and telegraph, exchange and express	74,434	92,024	354	166,812
18. Legal and auditing		215,922		215,922
19. Totals (Line 3 through Line 18)	2,065,300	5,871,467	24,004	7,960,771
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		995,647		995,647
20.2 Insurance department licenses and fees	126,571	613,670		740,241
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)		6,875		6,875
20.5 Total taxes, licenses and fees (Line 20.1 plus Line 20.2 plus Line 20.3 plus Line 20.4)	126,571	1,616,192		1,742,763
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	6,916	507,910	2,211	517,037
25. Total expenses incurred	5,079,571	23,827,180	26,215	(a) 28,932,966
26. Less unpaid expenses - current year	4,123,532	1,740,995		5,864,527
27. Add unpaid expenses - prior year	3,814,770	1,968,145		5,782,915
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)	4,770,809	24,054,330	26,215	28,851,354
DETAILS OF WRITE-INS				
2401. EDP Service Fees		322,154	1,417	323,571
2402. Other expenses	6,916	185,756	794	193,466
2403.				
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)	6,916	507,910	2,211	517,037

(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) 2,070,774	1,615,893
1.1 Bonds exempt from U. S. tax	(a)	
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)		190,153
2.21 Common stocks of affiliates	202,109	
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 249,028	231,582
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	2,521,911	2,037,628
11. Investment expenses		(g) 26,215
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)		26,215
17. Net investment income (Line 10 minus Line 16)		2,011,413
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 \$ 8,120 accrual of discount less \$ 390,250 amortization of premium and less \$ 224,686 paid for accrued interest on purchases.	(f) Includes \$ accrual of discount less \$ amortization of premium.	
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.	(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.	
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.	(h) Includes \$ interest on surplus notes and \$ interest on capital notes.	
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.	(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.	
(e) Includes \$ accrual of discount less \$ 14,887 amortization of premium and less \$ 4,715 paid for accrued interest on purchases.		

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	7,518		7,518		
1.1 Bonds exempt from U. S. tax				(515,309)	
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates				(46,509)	
2.2 Common stocks (unaffiliated)				(2,792,291)	
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)	7,518		7,518	(3,354,109)	
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 .....	2,568,048	2,851,063	283,015
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 .....		4,959,167	4,959,167
19. Guaranty funds receivable or on deposit .....			
20. Electronic data processing equipment and software .....	2,878,815	2,471,627	(407,188)
21. Furniture and equipment, including health care delivery assets .....	1,231,401		(1,231,401)
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 .....	1,958,032	558,069	(1,399,963)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25) .....	8,636,296	10,839,926	2,203,630
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28. Total (Line 26 and Line 27) .....	8,636,296	10,839,926	2,203,630
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. Other Assets .....	290,185	558,069	267,884
2502. Prepaid Pension Cost .....	1,667,847		(1,667,847)
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) .....	1,958,032	558,069	(1,399,963)

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Real Legacy Assurance Company, Inc. (the Company) is organized under the laws of the Commonwealth of Puerto Rico to write principally commercial multiple peril and auto liability/physical insurance. The Company is a wholly owned subsidiary of Cooperativa de Seguros Múltiples de Puerto Rico (Parent Company or Cooperativa). The Company's business activities are with insureds located within Puerto Rico, the U.S. Virgin Islands and British Virgin Islands.

Business written through general insurance agents is collected by the general agents and remitted to the Company, net of commissions. Remittances are due 55 days after the closing date of the general agent's current account.

The accompanying financial statements of Real Legacy Assurance Company, Inc. have been prepared on the basis of accounting practices prescribed or permitted by the Commissioner of Insurance of the Commonwealth of Puerto Rico (Commissioner of Insurance), which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP).

The Commissioner of Insurance requires insurance companies domiciled in Puerto Rico to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual subject to any deviation prescribed or permitted by the Office of the Commissioner of Insurance.

The Commissioner of Insurance has the right to permit other specific practices that may deviate from prescribed practices. The Commissioner of Insurance has adopted certain permitted accounting practices, which differ from those found in NAIC SAP. To that effect, the Commissioner of Insurance permitted the recognition of the deferred tax liability resulting from the contributions made over the years to the catastrophe loss reserve trust fund that would otherwise resulted under NAIC SAP.

The Commissioner of Insurance also permitted the Company the recognition of the actuarial loss related to an early retirement window that occurred in 2013 as a charge to unassigned funds (surplus) and to be amortized into net periodic pension cost within three years.

The monetary effects on statutory capital and surplus of using accounting practices permitted by the Commissioner of Insurance at December 31, 2016 and December 31, 2015 are as follows:

	2016	2015
Statutory capital and surplus per accompanying statutory financial statements	\$ 36,413,797	\$ 48,378,149
Practice of not recognizing deferred tax liability for catastrophe loss reserve trust fund contributions	-	(12,115,203)
Statutory capital and surplus in accordance with NAIC SAP	\$ 36,413,797	\$ 36,262,946

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

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. It also requires estimates in the disclosure of contingent assets and liabilities. Unpaid losses and loss adjustment expenses include an amount

## NOTES TO FINANCIAL STATEMENTS

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determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined. Actual results could differ from these estimates.

### C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contract. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for both direct and ceded business. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable. In addition, the Company uses the following accounting policies:

- a. Short-term investments are stated at cost.
- b. Investments are valued in accordance with rules promulgated by National Association of Insurance Commissioners (NAIC). Bonds are stated at cost adjusted for amortization of premiums and accretion of discounts. The disclosures of estimated fair values are based on NAIC -quoted prices when available. If quoted prices are not available, fair values are based on quoted market prices of comparable instruments or values obtained from independent pricing services. Investment transactions are included on the basis of the trade date. The interest method is used to record bond amortization. The Company monitors the difference between the cost and estimated fair value of their investments. A decline in the fair value below cost that is deemed to be other than temporary results in a reduction in the carrying amount to fair value with a charge to operations and a new cost basis for the security is established.
- c. Common stocks from investment in subsidiary are accounted for under the statutory equity method and adjusted to reflect the equity in the results of operations as an increase or decrease in surplus.
- d. The Company does not own preferred stocks.

### Note 2 - Accounting Changes and corrections of errors

During the year ended December 31, 2016, the Company became aware of an accounting error that occurred in previous years. The accounting error resulted in a reduction in the surplus of approximately \$4.6 million. The Company has requested the Commissioner of Insurance a permitted practice to permit the Company record the corresponding adjustment during year 2016 as "Aggregate write-ins for special surplus funds" with the description "Correction of an error in previously reported financial statements".

### Note 3 - Business Combinations and Goodwill

Not applicable

### Note 4 - Discontinued Operations

Not applicable

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5 - Investments**

A. Mortgage loans or real estate.

Not applicable

B. Debt restructuring

Not applicable

C. Reverse mortgages

Not applicable

D. Loan – backed securities

Not applicable

E. Repurchase agreements

Not applicable

F. Real Estate

Not applicable

G. Low income housing tax credits

Not applicable

**Note 6 - Joint Ventures, Partnerships and Limited Liability Companies**

Not applicable

**Note 7 - Investment Income**

There are no exclusions from investment income due and accrued since the balance is admitted in its entirety.

**Note 8 - Derivative Instruments**

The Company does not own derivatives.

**Note 9 - Income Taxes**

The Commonwealth of Puerto Rico enacted on September 1, 2004 the General Law of Cooperative Institutions of 2004 (“Law No. 239”), which provides a 100% exemption from income tax, and property and municipal taxes to cooperative institutions, including its affiliates and subsidiaries entities.

Prior to July 1, 2016, the Company had operated as a regular corporation for income tax purposes. Effective July 1, 2016, the Company is under the tax exemption of its ultimate parent company, Grupo Cooperativo Seguros Múltiples, which operates under the provisions of Law 239 and therefore is exempt from all taxes levied by the Commonwealth of Puerto Rico or any political subdivision thereof. As a result, the Company will not incur prospectively any additional income tax obligations, and future financial statements will not include any additional tax obligations, nor provision for income taxes. Prior to the change in tax status, income taxes currently payable and deferred income taxes were recorded in the Company’s financial statements.



## NOTES TO FINANCIAL STATEMENTS

Prior to July 1, 2016, income taxes were accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities were measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The Company reviewed its deferred tax assets for recoverability and establishes a valuation allowance based on historical taxable income, projected future taxable income, applicable tax strategies, and the expected timing of the reversal of existing temporary differences. A valuation allowance was provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company recognized deferred tax assets for the future tax consequences attributable to differences between the financial statements carrying amounts and the respective tax bases for income tax expense calculations. The components of the net deferred tax assets recognized in the Company's statements are as follows:

**Gross deferred tax assets:**

	December 31, 2016	December 31, 2015
Employee benefits plan	-	2,518,657
Deferred compensation	-	190,564
Unrealized loss on Government bonds of the Commonwealth of Puerto Rico and its instrumentalities	-	1,058,806
Unrealized loss on Closed-ended bond mutual funds	-	592,983
Non-admitted assets	-	2,293,496
Total gross deferred tax assets	-	6,654,506
Non-admitted deferred tax assets	-	6,610,956
Net admitted deferred tax assets	-	43,550

**A. Current Income Tax**

Current income taxes incurred consist of the following major components:

Description	31-Dec-16	31-Dec-15
Current Income Tax Expense Taxes recovered – Prior year under/(over) accrual of tax reserves	-	108,720
Current income taxes incurred	-	108,720

Income tax expense differed from the amount computed by applying the Puerto Rico statutory income tax rate to the income before income taxes mainly as a result of the exempt interest income and catastrophe reserve deduction.

**B. Operating Loss and Tax Credit Carry forwards**

Not applicable

**C. Consolidated Federal Income Tax Return**

Not applicable

## NOTES TO FINANCIAL STATEMENTS

### Note 10 - Information concerning Parent, Subsidiary and Affiliated companies:

#### A. B. & C.

The Company is the owner of 100% of the outstanding common stock of Overseas Insurance Agency, Inc. The Company accounts for this investment under the statutory equity method. After making the necessary adjustments to account for this investment, the unassigned surplus was charged \$(2,792,291) and \$(3,219,992) in 2016 and 2015, respectively. The Agency charges the Company a monthly fee for the use of certain property and equipment. Related party transactions also include an allocation of rental from the Company of the office space occupied by the Agency. The company also charges the Agency for other administrative expenses associated with the operation of the Agency.

On April 7, 2014, the Company acquired all the issued and outstanding shares of common stock of Island Heritage Insurance, A.I., a Puerto Rico Corporation duly licensed to operate as an international insurer. Island Heritage has been inactive during 2016.

On December 31, 2016 and 2015, the Company made a capital contribution of \$5 million and \$3 million, respectively, to Overseas.

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

The gross premiums written placed through Overseas amounted to \$65,128,726 and \$62,093,603 for 2016 and 2015 respectively. The following is a summary of other transactions with Overseas during the years ended December 31, 2015 and 2016.

	2016	2015
Commissions Paid	14,020,023	13,167,681
Allocation for rental office space	350,897	350,897
Allocation from Overseas for cost of fixed assets	112,062	144,362
Allocation to Overseas for general business expenses	2,370,999	2,370,999

At December 31, 2016 and December 31, 2015, the Company reported a balance (due to)/from its subsidiary of \$613,231 and \$414,760 respectively. These arrangements require that intercompany balances be settled within 60 days.

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

Not applicable

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

The Company has agreed to provide certain management and data processing services to its wholly-owned subsidiary. The Parent has agreed to provide certain management services to the Company.

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

100% of the outstanding shares of the Company are owned by Cooperativa de Seguros Multiples de Puerto Rico, an insurance company based in San Juan, Puerto Rico.

## NOTES TO FINANCIAL STATEMENTS

### Note 11 - Debt

The Company has a revolving line of credit with Scotiabank in the amount of \$12 million bearing interest at Libor plus 150 basis points. The Company has carve-out \$250,000 of the line of credit and has this amount available in favor of the British Virgin Islands Financial Services Commission as a requirement to perform business on the British Virgin Islands. The outstanding balance on this line at December 31, 2016 and December 31, 2015 is \$0.

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

#### A. Defined Benefit Plans

The Company sponsors a non-contributory defined benefit pension plan covering all of its employees and those of its wholly owned subsidiary. The benefits are based on the years of service and employees' average annual compensation as defined in the plan document. The measurement date used to determine pension benefit measures for the defined benefit pension plan is December 31.

The Company's funding policy is to contribute annually the minimum funding requirement under the Employee Retirement Income Security Act of 1974 and related regulations. For year 2016 and 2015 the actuarial valuation indicated a minimum employer contribution requirement of \$1,000,000 and \$1,500,000 respectively. Each year the Company charges as pension expense the amount funded during the year and the plan is funded in accordance with ERISA requirements subject to management's discretion and IRS minimum and maximum limitations.

Statement of Statutory Accounting Principles (SSAP No. 102) became effective Jan. 1, 2013. This SSAP requires that any underfunded defined benefit pension amounts, as determined when the projected benefit obligation exceeds the fair value of plan assets, to be recognized as a liability under SSAP No. 5R. At transition, the unrecognized transition obligation amounted to \$2,641,247.

The discount rate assumed rate of return used to determine the actuarial present value of the accumulated plan benefits was change from 5.48% at December 31, 2015 to 4.42% at December 31, 2016. The actuarial cost method used to calculate the pension contribution was the aggregate cost method. Plan assets consist mainly of investments in U.S. Government securities, mutual funds and cash.

The following sets forth the plan's benefit obligation, non-vested pension benefit obligation, fair value of plan assets, funded status and prepaid benefit cost at December 31, 2016 and 2015:

	2016	2015
Change in benefit obligation:		
Projected benefit obligation at beginning of year	24,731,137	30,814,151
Service cost	-	556,627
Interest cost	1,312,495	1,333,612
Amendments	-	(2,163,016)
Benefit payments	(1,546,581)	(1,510,968)
Actuarial loss	4,384,760	(4,299,269)
Projected benefit obligation at end of year	28,881,811	24,731,137

The following sets forth the plan's benefit obligation, fair value of plan assets, funded status, and prepaid benefit cost at December 31, 2016 and 2015:

NOTES TO FINANCIAL STATEMENTS

	2016	2015
Projected benefit obligation at December 31	28,881,811	24,731,137
Fair value of plan assets at December 31	19,905,375	18,467,419
Unfunded Status	8,976,436	6,263,718
Accrued benefit cost recognized in the statutory statements of admitted assets, liabilities, and capital and surplus	(1,656,721)	(194,375)

Weighted average assumptions used to determine benefit obligation and net cost at December 31, 2016 and 2015 were as follows:

	2016	2015
Discount rate	4.42%	5.48%
Expected return on plan assets	5.80	5.00
Rate of compensation increase	N/A	3.00
Reconciliation of funded status	(8,976,436)	(6,263,718)
Unrecognized transaction (asset)/obligation	-	-
Unrecognized prior service cost	-	-
Unrecognized prior service cost-SSAP 102	-	-
Unrecognized actuarial loss	10,633,157	6,069,344
Prepaid benefit cost	1,656,721	(194,374)

The components of net periodic benefit cost for the years ended December 31, 2016 and 2015 are as follows:

	2016	2015
Service cost	-	556,627
Interest cost	1,312,495	1,333,612
Expected return on assets	(915,804)	(957,278)
Amortization of transition obligation	-	22,777
Amortization of prior service cost-Amendment	-	(9,698)
Amortization of prior service cost-SSAP 102	-	-
Amortization of actuarial loss	115,714	527,581
Curtailment credit	-	(173,163)
Net periodic pension cost	512,405	1,300,458

B. Plan Assets

The following table present assets and liabilities that are measured at fair value on a recurring basis at December 31, 2016 and 2015:

NOTES TO FINANCIAL STATEMENTS

Fair Value Measurement at December 31, 2016					
		Quoted price in active markets for identical assets (Level 1)		Significant observable inputs (Level 2)	Significant observable inputs (Level 3)
Total					
Asset category:					
Cash	\$	2,954,796	\$	2,954,796	-
Mutual Funds		7,004,093	\$	7,004,093	-
Fixed Income Securities:					
U.S. Governments		2,435,339		2,435,339	-
Bonds					-
Minicipal Bonds		2,976,091		2,976,091	-
Corporate Bonds		4,535,056		4,535,056	-
Total	\$	19,905,375	\$	9,958,889	\$ 9,946,486
					-

Fair Value Measurement at December 31, 2015								
		Quoted price in active markets for identical assets (Level 1)		Significant observable inputs (Level 2)		Significant observable inputs (Level 3)		
Total								
Asset category:								
Cash	\$	5,831,522	\$	5,832,522	\$	-	-	
Mutual Funds		2,912,600	\$	2,912,600		-	-	
Fixed Income securities:								
U.S. governments bonds		1,971,377		-	1,971,377		-	
Minicipal Bonds		3,397,249		-	3,397,249		-	
Asset-backed securities		4,354,670		-	4,354,670		-	
Certificate of deposits		-		-	-		-	
Total	\$	18,467,418	\$	8,745,122	\$	9,723,296	\$	-

The asset allocations of the Company’s pension benefits as of the December 31, 2016 measurement dates were as follows:

Asset category	%
Debt securities	49%
Mutual funds	36%
Cash and cash equivalent	15%
	100%

The Company’s investment policies and strategies for the pension benefits plan do not use target allocations for the individual asset categories. The Company’s investment goals are to maximize returns subject to specific risk management policies. Its risk management policies permit investments in mutual funds and prohibit direct investments in corporate debt and equity securities and derivative financial instruments. The Company addresses diversification by the use of mutual fund investments whose underlying investments are in domestic and international fixed income securities and domestic and international equity securities. These mutual funds are readily marketable and can be sold to fund benefit payment

## NOTES TO FINANCIAL STATEMENTS

obligations as they become payable.

The Company expects to contribute \$1,100,000 to its pension plan in 2017. The benefits expected to be paid by the pension plan are as follows:

Year ending December 31:

2017	1,606,309
2018	1,599,596
2019	1,598,607
2020	1,632,643
2021	1,635,772
2022-2026	8,461,127

The expected benefits are based on the same assumptions used to measure the Company's benefits obligation at December 31, 2016 and include estimated future employee service.

### C. Defined Contribution Plans

Real Legacy Assurance Company employees are covered by a qualified defined contribution plan sponsored by the Company. Each plan participant can make contributions to the plan up to an amount not exceeding the maximum deferral amount specified by local law. The Company contributes 100% of the participant's contribution not to exceed 4% of the participant's compensation. The Company's contribution for the plan was \$88,101 and \$64,993 in the 2016 and 2015 respectively.

### D. Multi-employer Plans

Not applicable.

### E. Consolidated/Holding Company Plans

Not applicable.

### F. Post-employment Benefits and Compensated Absences

The Company has no obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacations. The liability for earned but untaken vacations has been accrued.

### G. Impact of Medicare Modernization Act on Postretirement Benefits

Not Applicable.

## **Note 13 - Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**

### A. Outstanding Shares

The Company has 300,000 shares of \$10 par value common stock authorized issued and outstanding. The Company has no preferred stock authorized, issued or outstanding.

**NOTES TO FINANCIAL STATEMENTS**

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B. The Company has no preferred stock outstanding.

C. Dividend Restrictions

Dividends on common stock are paid as declared by the Board of Directors of the Company. Under applicable Puerto Rico insurance laws and regulations, the Company is required to maintain minimum capital stock of \$3,000,000. The payment of dividends is limited to unassigned surplus reported using statutory accounting principles.

Under local government regulations, the Company is required to establish a reserve for insurance written subject to catastrophic losses. The amount needed to comply with the catastrophe reserve requirement is based on the net direct catastrophe insurance premiums written in Puerto Rico. The Commissioner of Insurance of Puerto Rico will determine each year the percentage of contribution required. For 2016 this was 1.0% of the direct catastrophe premiums written subject to the reserve.

In addition, in August 1994, the Commissioner of Insurance issued a rule which limited the additions to the reserve if the ratio of the catastrophe reserve over the balance of capital and unassigned surplus is greater than the ratio of net direct catastrophe premiums over total premiums for the year. During 2006 a change to this requirement was made allowing insurers to increase the catastrophe reserve until it reaches an amount equal to 2% of its probable maximum loss (PML). If this reserve exceeds this figure, then the Company could be able to withdraw any excess after a written request to the Commissioner of Insurance.

D. Changes in Special Surplus Funds

During 2016, Special Surplus Funds increased by \$325,602 as a result of interest earned on securities during the year.

E. Changes in Unassigned Funds

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

(10) . The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is

\$ ..... (16,618,490)

F. Surplus Notes Not applicable

G. Quasi Reorganizations

Not applicable

**Note 14 - Contingencies**

A. Contingent Commitments

The Company has no commitments to affiliates or other entities. The Company has made no guarantees on behalf of affiliates.

B. Assessments

The Company is subject to guaranty fund and other assessments. Guaranty fund assessments should be accrued at the time of insolvencies. Other assessments should be accrued either at the time of assessments or, in the case of premium based assessments, at the time the premiums were written.

## NOTES TO FINANCIAL STATEMENTS

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For the period ended December 31, 2016 there was no guaranty fund assessment declared by the Puerto Rico Guaranty Fund Assessment Association. These represent management's best estimates based on information available from the P. R. Guaranty Insurance Association and may change due to many factors including the Company's share of the ultimate cost of current insolvencies.

Pursuant to Article 12 of Rule LXIX of the Insurance Code, the Company participates in the Compulsory Vehicle Liability Insurance Joint Underwriting Association. The Association was organized during 1997 to subscribe insurance coverage of motor vehicles property damage liability risk commencing on January 1, 1998. As a participant, the Company shares the risk proportionately with other participants, based on a formula established by the Insurance Code. During 2015, the Company credited operations by \$200,928 for experience refunds received from the Association.

The Company is subject to various claims and lawsuits in the ordinary course of business, primarily relating to insurance policy claims. While the outcome of these lawsuits cannot be predicted, management is of the opinion, based on the advice of our legal counsel, that the Company's liability from these lawsuits, if any, will not have a material adverse effect upon the Company's financial position.

### C. Gain contingencies Not Applicable

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

Not Applicable

### E. All Other Contingencies

The Company is a member of Syndicate for the Joint Underwriting of Medical-Hospital Professional Liability Insurance ("SIMED"). SIMED was 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 SIMED cannot meet its obligations. During 2016 and 2015 no assessments or payments were incurred for this contingency.

The Company is a member of the Puerto Rico Property Casualty Insurance Guaranty Association. As a member, the company is required to provide funds to pay losses and reimbursements of unearned premiums of insolvent insurers. There were no assessments for insolvent insurers during 2016 and 2015.

Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company. The Company has no asset that it considers to be impaired.

## Note 15 - Leases

### A. Lessee Leasing Arrangements

The Company leases its operating facilities and certain other equipment. Rent expense amounted to approximately \$625,396 for December 31, 2016 and 2015. Future minimum lease payments under non-cancelable operating leases related to the office building (expiring in 2016) facilities (with initial or remaining lease terms in excess of one year) are \$625,396.

## Note 16 - Information about Financial Instrument with Off-Balance Sheet Risk and with concentrations of Credit Risk



NOTES TO FINANCIAL STATEMENTS

A. Financial Instruments with Off-Balance Sheet Risk

Not applicable

B. Financial Instrument with Concentrations of Credit Risk

Not applicable

**Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

A. Transfers of Receivables Reported as Sales Not applicable

B. Transfers and Servicing of Financial Assets Not applicable

C. Wash Sales Not applicable

**Note 18 - Gain or Loss from Uninsured Accident and health Plans and the uninsured Portion of Partially Insured Plans**

A. Administrative Services Only (ASO) Plans Not applicable

B. Administrative Services Contract (ASC) Plans Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

**Note 19 - Direct Premiums Written/Produced by Managing General Agents/ Third party Administrator**

Authority	Name	FEI Number	Premium Written
B,U,P	Overseas Insurance Agency	66-0442203	65,133,784
B,U,P	Arieta & Son	66-0593805	16,036,033
B,U,P	Global Insurance	66-0356202	7,094,399
B,U,P	J. Jaramillo Insurance, Inc.	66-0727754	3,482,159
B,U,P	Seguros N. Colón	66-0531812	2,051,525

**Note 20 - Fair Value Measurements**

Fair value hierarchy

The Company follows SSAP 100 which establishes an accounting standard for fair value measurement of financial assets and financial liabilities and for fair values measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The accounting standard establishes a fair value hierarchy that prioritizes the inputs to 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 the fair values hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for the identical assets or liabilities that the Company has the ability to access at the measurement date.

NOTES TO FINANCIAL STATEMENTS

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.  
Level 3 inputs are unobservable inputs for the asset or liability.

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

The following table presents assets and liabilities that are measured at fair value on recurring basis at December 31, 2016 and December 31, 2015.

(1) Fair Value Measurements at Reporting Date

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
Assets at fair value				
Bonds		2,255,484		2,255,484
Common Stocks	2,987,600	1,174,808		4,162,408
20A1A99 - Assets at fair value	2,987,600	3,430,292		6,417,892

(2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

Description	Balance at Beginning of Period	Transfers in Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at End of Period

C. Practicable to Estimate Fair Value

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Aggregate fair value for all financial instruments						
Bonds	95,043,133	97,625,875		95,043,133		
Short Term	1,099,145	1,009,639		1,099,145		
Common Stocks	4,162,410	4,162,410	2,987,600	1,174,809		
20C9999 - Aggregate fair value for all financial instruments						

D. Not Practicable to Estimate Fair Value

Type or Class of Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation

20D9999 - Not practicable for an entity to estimate the fair value of a financial instrument

Note 21 - Other Items

A. Extraordinary items

Not applicable

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures.

Assets in the amount of \$44,369,019 and \$44,042,417 at December 31, 2016 and December 31, 2015 were on deposit with government authorities or trustees as required by law.

D. Accounts receivable for uninsured plans

Not applicable

E. Business interruption insurance recoveries

**NOTES TO FINANCIAL STATEMENTS**

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Not applicable

F. State transferable tax credits

Not applicable

G. Subprime-Mortgage-Related Risk Exposure

Not applicable

**Note 22 - Subsequent Events**

There were no subsequent events to balance sheet date meriting disclosure.

**Note 23 - Reinsurance**

A. Unsecured Reinsurance Recoverable

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsurers, authorized or unauthorized, that exceeds 3% of policyholders' surplus. The Company does not have reinsurance recoverable for paid losses and loss adjustment expenses that exceed 5% of policyholders' surplus for an individual reinsurer or 10% of policyholders' surplus in aggregate.

B. Reinsurance Assumed and Ceded

Not applicable

C. Uncollectible Reinsurance

Not applicable

D. Commutation of Ceded Reinsurance

Not applicable

E. Retroactive Reinsurance

Not applicable

F. Reinsurance Accounted for as a Deposit

Not applicable

**Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination**

Not applicable

**Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses**

Reserves as of December 31, 2016 and December 31, 2015 were \$25,523 million and \$20,774 million, respectively. As of December 31, 2016 and December 31, 2015, \$12,427 million and \$10,528 million, respectively have been paid for incurred losses and loss

**NOTES TO FINANCIAL STATEMENTS**

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adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$13,524 million as a result of re-estimation of unpaid losses and loss adjustment expenses principally on multiple perils and the other accident lines. Therefore, there has been a \$7.5 million unfavorable loss development since December 31, 2015. Original estimates are increased or decreased as additional information becomes available regarding individual claims.

**Note 26 - Intercompany Pooling Arrangements**

Not Applicable

**Note 27 - Structured Settlements**

Not Applicable

**Note 28- Health Care Receivables**

Not Applicable

**Note 29 - Participating Policies**

Not Applicable

**Note 30 - Premium Deficiency Reserves**

Not Applicable

**Note 31 - High Deductibles**

Not Applicable

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

Not applicable

**Note 33 - Asbestos and Environment Reserves**

Not applicable

**Note 34 - Subscriber Savings Accounts**

Not applicable

**Note 35 - Multiple Peril Crop Insurance**

Not applicable

**Note 36 - Financial Guaranty Insurance**

Not applicable

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE REAL LEGACY ASSUR CO INC

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 (X) No ( )
- 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 (X) No ( ) N/A ( )
- 1.3

State Regulating?

Puerto Rico
- 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.

12/31/2010
- 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.

12/31/2010
- 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).

11/30/2011
- 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 (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 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?

KPMG LLP American International Plaza Suite 1100 250 Muoz Rivera Avenue San Juan, PR 00918-1819
- 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?

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 ( )

13.3 Have there been any changes made to any of the trust indentures during the year?Yes ( ) No ( )

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

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 (X) No ( )
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:\$ 613,231

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 (X) No ( )

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

\$ ..... 2,355,000

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

\$ ..... 44,368,019

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
SCOTIABANK .....	SAN JUAN, PUERTO RICO .....
BANCO POPULAR DE PUERTO RIO .....	SAN JUAN, PUERTO RICO .....
CITIBANK .....	SAN JUAN, PUERTO RICO .....
SANTANDER SECURITIES .....	SAN JUAN, PUERTO RICO .....
MERRILL LYNCH .....	GUAYNABO, 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 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 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"]

<div>1</div> <div>Name of Firm or Individual</div>	<div>2</div> <div>Affiliation</div>
--	-------------------------------------

BLACKROCK ..... 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 assets? Yes (X) No ( )

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 assets? Yes ( ) No (X)

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.

<div>1</div> <div>Central Registration Depository Number</div>	<div>2</div> <div>Name of Firm or Individual</div>	<div>3</div> <div>Legal Entity Identified (LEI)</div>	<div>4</div> <div>Registered With</div>	<div>5</div> <div>Investment Management Agreement (IMA) Filed</div>
--	--	---	---	---

..... BLACKROCK .....

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:

<div>1</div> <div>CUSIP Number</div>	<div>2</div> <div>Name of Mutual Fund</div>	<div>3</div> <div>Book/Adjusted Carrying Value</div>
--------------------------------------	---	--

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

<div>1</div> <div>Name of Mutual Fund (from question 29.2)</div>	<div>2</div> <div>Name of Significant Holding of the Mutual Fund</div>	<div>3</div> <div>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding</div>	<div>4</div> <div>Date of Valuation</div>
--	--	--	---

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.

	<div>1</div> <div>Statement (Admitted) Value</div>	<div>2</div> <div>Fair Value</div>	<div>3</div> <div>Excess of Statement over Fair Value (-) , or Fair Value over Statement (+)</div>
30.1 Bonds .....	\$ ..... 98,725,514	\$ ..... 96,142,275	\$ ..... (2,583,239)
30.2 Preferred stocks .....	\$ .....	\$ .....	\$ .....
30.3 Totals.....	\$ ..... 98,725,514	\$ ..... 96,142,275	\$ ..... (2,583,239)

30.4 Describe the sources or methods utilized in determining the fair values:  
The fair values were determined by broker or custodian, exchanges and Bloomberg  
.....

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? \$ ..... 351,694

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.

<div>1</div> <div>Name</div>	<div>2</div> <div>Amount Paid</div>
Insurance Services Offices .....	\$ ..... 351,694
.....	\$ .....
.....	\$ .....
.....	\$ .....



GENERAL INTERROGATORIES  
PART 1 - COMMON INTERROGATORIES

34.1 Amount of payments for legal expenses, if any? \$ ..... 31,517

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
.....	\$.....
.....	\$.....
.....	\$.....
.....	\$.....

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
.....	\$.....
.....	\$.....
.....	\$.....
.....	\$.....

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:

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)

.....

1

Current Year

2

Prior Year

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

6.4

Does the reporting entity carry catastrophe 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 uninsured 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.

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 (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;  
(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 the 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 31 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,  
(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  
(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)  
Yes ( ) No (X)  
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 ( ) N/A (X)

11.1

Has this 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

\$.....

12.12

Unpaid underwriting expenses (including loss adjustment expenses)

\$.....

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:

\$.....

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)

## GENERAL 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.	50,000,000							
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:								
	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;"></td> <td style="width: 20%; text-align: center;">1 Direct Losses Incurred</td> <td style="width: 20%; text-align: center;">2 Direct Losses Unpaid</td> <td style="width: 20%; text-align: center;">3 Direct Written Premium</td> <td style="width: 20%; text-align: center;">4 Direct Premium Unearned</td> <td style="width: 20%; text-align: center;">5 Direct Premium Earned</td> </tr> </table>		1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned		
	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)							
	Incurred 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 2016	2 2015	3 2014	4 2013	5 2012
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)	13,267,360	13,520,591	13,189,495	13,051,595	11,583,352
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)	42,895,274	47,596,973	51,743,424	51,889,957	53,158,878
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	52,659,237	54,896,900	51,769,611	49,736,380	43,531,799
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	767,365	795,675	716,376	433,493	285,074
5. Nonproportional reinsurance lines (Lines 31, 32 and 33)					
6. Total (Line 35)	109,589,236	116,810,139	117,418,906	115,111,425	108,559,103
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)	10,321,864	11,182,015	10,398,671	10,438,048	7,264,208
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)	22,507,407	23,548,575	20,064,036	14,998,306	11,872,816
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	17,914,020	20,622,788	17,664,116	12,133,333	12,313,194
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	390,321	458,037	718,222	151,591	121,832
11. Nonproportional reinsurance lines (Line 31, 32 and 33)					
12. Total (Line 35)	51,133,612	55,811,415	48,845,045	37,721,278	31,572,050
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(7,453,259)	6,028	1,538,269	(590,508)	(816,657)
14. Net investment gain (loss) (Line 11)	2,018,931	(5,989,348)	2,559,809	2,553,378	2,527,869
15. Total other income (Line 15)				3,012,277	
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)		108,720	(123,079)	181,581	
18. Net income (Line 20)	(5,434,328)	(6,092,040)	4,221,157	4,793,566	1,711,212
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Column 3)	143,900,041	147,310,152	151,898,438	156,994,766	162,234,164
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1)	24,655,167	27,683,367	24,830,379	29,221,624	23,875,785
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)	107,486,244	98,932,003	101,379,649	99,707,775	99,609,988
22. Losses (Page 3, Line 1)	21,397,457	16,959,478	16,727,806	15,922,755	18,197,454
23. Loss adjustment expenses (Page 3, Line 3)	4,123,532	3,814,770	3,543,895	3,936,171	4,466,136
24. Unearned premiums (Page 3, Line 9)	48,370,398	51,411,433	49,150,248	46,867,554	45,353,132
25. Capital paid up (Page 3, Line 30 and Line 31)	10,000,000	3,000,000	3,000,000	3,000,000	3,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	36,413,797	48,378,149	50,518,789	57,286,991	62,624,176
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	9,762,030	4,145,627	14,741,036	(2,178,442)	(1,324,084)
Risk-Based Capital Analysis					
28. Total adjusted capital	36,413,797	48,378,149	50,518,789	57,286,991	62,624,176
29. Authorized control level risk-based capital	6,480,889	6,141,903	5,987,047	5,935,682	5,752,689
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)	88.0	81.7	86.1	93.0	80.5
31. Stocks (Line 2.1 and Line 2.2)	(3.8)	(9.0)	(7.1)	(5.6)	0.5
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)	15.8	27.3	20.9	12.7	19.0
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)	(8,383,337)	(10,591,050)	(10,370,260)	(8,941,231)	(4,555,609)
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	(8,383,337)	(10,591,050)	(10,370,260)	(8,941,231)	(4,555,609)
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)	(23.0)	(21.9)	(20.5)	(15.6)	(7.3)

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2016	2 2015	3 2014	4 2013	5 2012
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	(3,354,109)	(813,396)	(5,682,521)	(6,676,123)	(2,741,331)
52. Dividends to stockholders (Line 35)			(1,500,000)		
53. Change in surplus as regards policyholders for the year (Line 38)	(11,964,352)	(2,140,640)	(6,768,202)	(5,337,185)	(4,758,567)
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)	8,439,742	5,387,518	5,455,604	7,124,955	6,658,832
55. Property lines (Lines 1, 2, 9, 12, 21 and 26)	14,891,598	11,700,593	10,053,289	9,934,791	5,996,633
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	8,188,626	10,863,320	10,056,481	7,677,236	8,633,881
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	46,189	70,682	5,937	295,654	5,500
58. Nonproportional reinsurance lines (Lines 31, 32, and 33)					
59. Total (Line 35)	31,566,155	28,022,113	25,571,311	25,032,636	21,294,846
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)	7,136,531	4,556,574	3,911,574	3,091,306	2,597,273
61. Property lines (Lines 1, 2, 9, 12, 21 and 26)	14,050,584	11,207,303	7,773,209	5,668,464	3,492,602
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	7,053,743	7,934,798	5,365,935	6,108,384	7,444,728
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 and 34)	42,538	57,836	3,565	76,867	1,375
64. Nonproportional reinsurance lines (Lines 31, 32, and 33)					
65. Total (Line 35)	28,283,396	23,756,511	17,054,283	14,945,021	13,535,978
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)	60.4	44.8	38.4	35.0	28.7
68. Loss expenses incurred (Line 3)	9.4	8.5	8.3	10.9	14.3
69. Other underwriting expenses incurred (Line 4)	44.0	46.6	50.0	55.7	59.6
70. Net underwriting gain (loss) (Line 8)	(13.8)		3.3	(1.6)	(2.5)
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)	46.6	44.8	47.7	45.5	60.5
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)	69.8	53.3	46.7	45.9	43.0
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)	140.4	115.4	96.7	65.8	50.4
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)	5,425	796	(1,432)	(4,332)	(6,977)
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)	11.2	1.6	(2.5)	(6.9)	(10.4)
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)	2,402	(875)	(6,978)	(11,954)	(4,729)
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)	4.8	(1.5)	(11.1)	(17.7)	(7.1)

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
	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)	Number of Claims Reported - Direct and Assumed
				4  Direct and Assumed	5  Ceded	6  Direct and Assumed	7  Ceded	8  Direct and Assumed	9  Ceded			
1. Prior .....	X X X	X X X	X X X	..... 6	..... 6	..... 270	..... 79	.....	.....	.....	..... 191	X X X
2. 2007 .....	132,797	87,615	45,182	19,561	6,413	3,958	662	2,316	.....	.....	18,760	X X X
3. 2008 .....	127,003	83,448	43,555	19,505	6,682	3,312	662	2,086	.....	.....	17,559	X X X
4. 2009 .....	124,722	85,908	38,814	21,789	8,118	2,859	537	2,065	.....	.....	18,058	X X X
5. 2010 .....	118,209	83,786	34,423	22,485	10,575	3,485	1,377	2,030	.....	.....	16,048	X X X
6. 2011 .....	120,116	77,004	43,112	22,133	8,799	2,215	352	1,814	.....	.....	17,011	X X X
7. 2012 .....	112,955	80,897	32,058	20,309	7,965	1,672	266	1,597	.....	.....	15,347	X X X
8. 2013 .....	108,232	72,027	36,205	19,299	4,845	1,143	160	1,563	.....	.....	17,000	X X X
9. 2014 .....	118,010	71,447	46,563	19,887	2,601	1,726	185	1,536	.....	.....	20,363	X X X
10. 2015 .....	116,756	63,206	53,550	23,606	1,656	1,541	81	1,352	.....	.....	24,762	X X X
11. 2016 .....	113,970	59,796	54,174	20,744	2,341	1,089	224	1,119	.....	.....	20,387	X X X
12. Totals .....	X X X	X X X	X X X	..... 209,324	..... 60,001	..... 23,270	..... 4,585	..... 17,478	.....	.....	..... 185,486	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	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.	4,495	4,277	260	149	193	168			502			856	X X X
2.	205	90	78	57	50	37			28			177	X X X
3.	30	6	16		13	1			4			56	X X X
4.	72		59	2	14				8			151	X X X
5.	412	297	101	20	43	24			53			268	X X X
6.	67	10	40	8	21	1			8			117	X X X
7.	608	212	138	12	52	12			75			637	X X X
8.	593	60	358	22	94	8			77			1,032	X X X
9.	2,309	194	1,281	164	309	28			285			3,798	X X X
10.	3,543	103	2,216	175	580	22			463			6,502	X X X
11.	8,711	2,559	6,789	2,565	574	119			1,098			11,929	X X X
12.	21,045	7,808	11,336	3,174	1,943	420			2,601			25,523	X X X

	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. ....	X X X	X X X	X X X	X X X	X X X	X X X	.....	.....	X X X	..... 329	..... 527
2. ....	26,196	7,259	18,937	19.7	8.3	41.9	.....	.....	.....	136	41
3. ....	24,966	7,351	17,615	19.7	8.8	40.4	.....	.....	.....	40	16
4. ....	26,866	8,657	18,209	21.5	10.1	46.9	.....	.....	.....	129	22
5. ....	28,609	12,293	16,316	24.2	14.7	47.4	.....	.....	.....	196	72
6. ....	26,298	9,170	17,128	21.9	11.9	39.7	.....	.....	.....	89	28
7. ....	24,451	8,467	15,984	21.6	10.5	49.9	.....	.....	.....	522	115
8. ....	23,127	5,095	18,032	21.4	7.1	49.8	.....	.....	.....	869	163
9. ....	27,333	3,172	24,161	23.2	4.4	51.9	.....	.....	.....	3,232	566
10. ....	33,301	2,037	31,264	28.5	3.2	58.4	.....	.....	.....	5,481	1,021
11. ....	40,124	7,808	32,316	35.2	13.1	59.7	.....	.....	.....	10,376	1,553
12. ....	X X X	X X X	X X X	X X X	X X X	X X X	.....	.....	X X X	..... 21,399	..... 4,124

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 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016	11 One Year	12 Two Year
1. Prior .....	8,663	8,432	6,690	6,103	7,009	4,542	3,147	100	100	545	445	445
2. 2007 .....	17,467	18,563	18,341	17,251	17,704	17,473	17,241	17,105	17,089	16,593	(496)	(512)
3. 2008 .....	X X X	15,979	17,143	15,764	16,128	15,961	15,725	15,678	15,785	15,525	(260)	(153)
4. 2009 .....	X X X	X X X	19,409	16,985	17,561	16,562	16,348	16,279	16,169	16,136	(33)	(143)
5. 2010 .....	X X X	X X X	X X X	16,427	15,634	15,549	15,731	14,779	14,231	14,233	2	(546)
6. 2011 .....	X X X	X X X	X X X	X X X	16,230	16,119	15,821	15,558	15,358	15,306	(52)	(252)
7. 2012 .....	X X X	X X X	X X X	X X X	X X X	13,171	13,827	13,714	13,935	14,312	377	598
8. 2013 .....	X X X	X X X	X X X	X X X	X X X	X X X	14,044	15,366	16,047	16,392	345	1,026
9. 2014 .....	X X X	X X X	X X X	X X X	X X X	X X X	X X X	20,401	20,708	22,340	1,632	1,939
10. 2015 .....	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	25,984	29,449	3,465	X X X
11. 2016 .....	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	30,099	X X X	X X X
12. Totals											5,425	2,402

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 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior .....	0 0 0	4,696	6,975	8,549	9,554	5,708	5,994			191	X X X	X X X
2. 2007 .....	6,798	11,474	13,347	14,504	15,500	16,015	16,382	16,544	16,608	16,444	X X X	X X X
3. 2008 .....	X X X	7,077	11,017	12,778	13,978	14,810	15,173	15,298	15,386	15,473	X X X	X X X
4. 2009 .....	X X X	X X X	6,698	12,378	14,029	15,152	15,668	15,888	15,979	15,993	X X X	X X X
5. 2010 .....	X X X	X X X	X X X	6,944	11,002	12,526	13,486	13,803	14,084	14,018	X X X	X X X
6. 2011 .....	X X X	X X X	X X X	X X X	7,836	12,636	14,288	14,890	15,116	15,197	X X X	X X X
7. 2012 .....	X X X	X X X	X X X	X X X	X X X	6,735	10,894	12,052	13,464	13,750	X X X	X X X
8. 2013 .....	X X X	X X X	X X X	X X X	X X X	X X X	8,626	12,306	14,530	15,437	X X X	X X X
9. 2014 .....	X X X	X X X	X X X	X X X	X X X	X X X	X X X	10,969	16,052	18,827	X X X	X X X
10. 2015 .....	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	16,427	23,410	X X X	X X X
11. 2016 .....	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	19,268	X X X	X X X

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 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016
1. Prior .....	4,887	4,000	1,689	576	1,171	1,089	1,244	64	67	111
2. 2007 .....	3,787	2,754	1,829	540	587	382	173		119	21
3. 2008 .....	X X X	3,182	2,178	617	565	302	161	148	248	16
4. 2009 .....	X X X	X X X	3,744	1,429	1,430	405	183	234	111	57
5. 2010 .....	X X X	X X X	X X X	3,683	1,044	788	883	164	32	81
6. 2011 .....	X X X	X X X	X X X	X X X	2,040	760	450	301	86	32
7. 2012 .....	X X X	X X X	X X X	X X X	X X X	1,909	1,058	615	185	126
8. 2013 .....	X X X	X X X	X X X	X X X	X X X	X X X	1,189	277	531	336
9. 2014 .....	X X X	X X X	X X X	X X X	X X X	X X X	X X X	3,932	1,551	1,117
10. 2015 .....	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	3,030	2,041
11. 2016 .....	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	4,224



SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

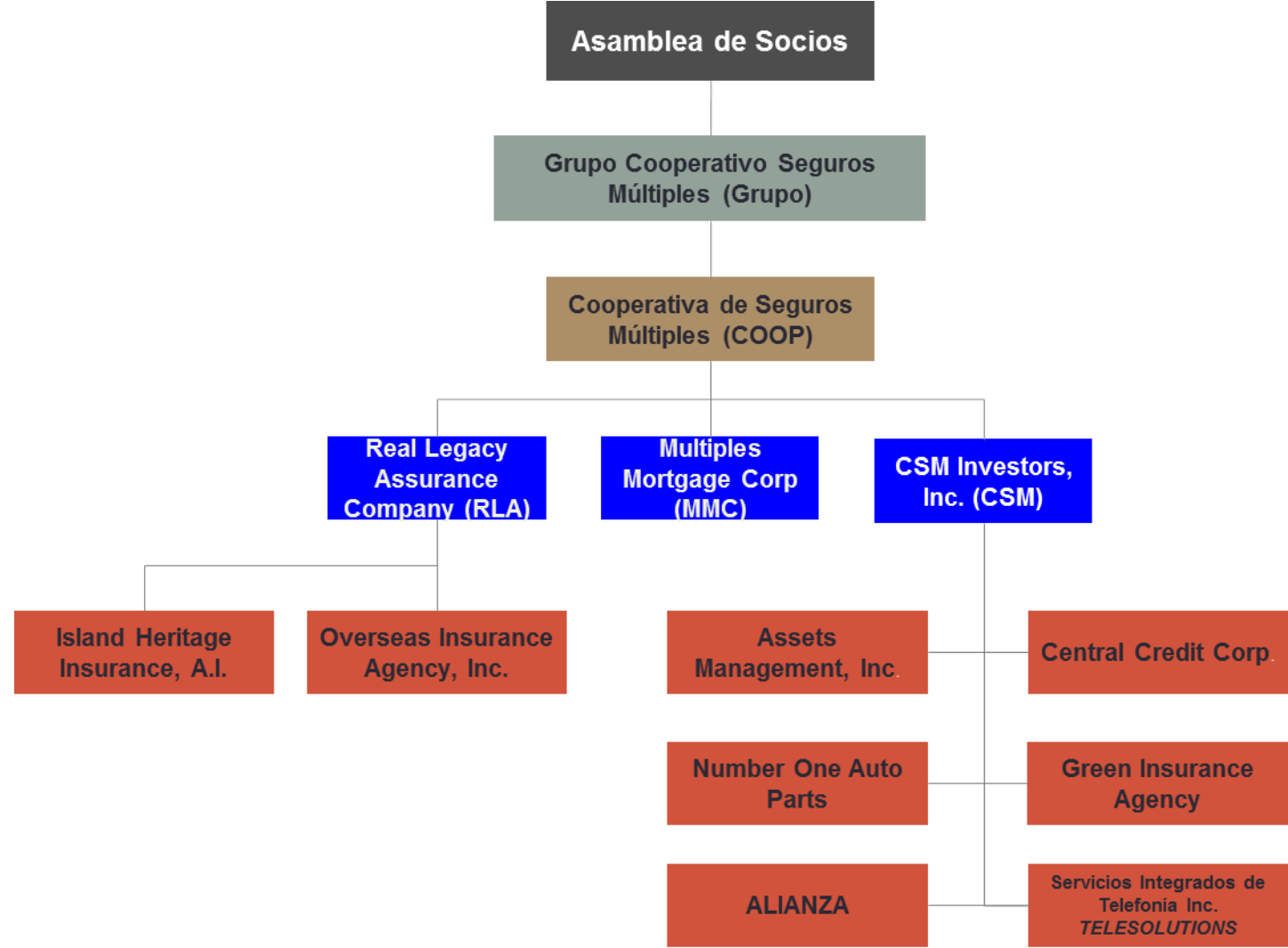
Allocated By States And Territories

States , Etc.	1	Gross Premiums , Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
	Active Status	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
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	L	92,193,563	96,088,976	30,767,969	37,743,222	30,800,542		
55. U.S. Virgin Islands .....	VI	L	12,737,160	13,253,846	493,411	592,755	478,807		
56. Northern Mariana Islands .....	MP	N							
57. Canada .....	CAN	N							
58. Aggregate other alien .....	OT	X X X	4,662,430	4,627,382	304,774	584,014	1,101,084		
59. Totals .....	(a).....2	109,593,153	113,970,204		31,566,154	38,919,991	32,380,433		
DETAILS OF WRITE-INS									
58001. BVI .....	X X X	4,662,430	4,627,382		304,774	584,014	1,101,084		
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	4,662,430	4,627,382		304,774	584,014	1,101,084		

(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.



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