

**ANNUAL STATEMENT**

**OF THE**

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**AMERICAN STATES PREFERRED INSURANCE COMPANY**

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**of** **INDIANAPOLIS**

**STATE OF** **INDIANA**

**TO THE**

**Insurance Department**

**OF THE**

**FOR THE YEAR ENDED**

**December 31, 2018**

**PROPERTY AND CASUALTY**

**2018**



37214201820100100

ANNUAL STATEMENT

For the Year Ended December 31, 2018  
OF THE CONDITION AND AFFAIRS OF THE

American States Preferred Insurance Company

NAIC Group Code	0111	0111	NAIC Company Code	37214	Employer's ID Number	35-1466792
	(Current Period)	(Prior Period)				
Organized under the Laws of	Indiana	State of Domicile or Port of Entry			IN	
Country of Domicile	United States of America					
Incorporated/Organized	July 26, 1979			Commenced Business	September 26, 1979	
Statutory Home Office	350 East 96th Street			Indianapolis, IN, US 46240		
	(Street and Number)			(City or Town, State, Country and Zip Code)		
Main Administrative Office	175 Berkeley Street			(Street and Number)		
	Boston, MA, US 02116			617-357-9500 x41177		
	(City or Town, State, Country and Zip Code)			(Area Code) (Telephone Number)		
Mail Address	175 Berkeley Street			Boston, MA, US 02116		
	(Street and Number or P.O. Box)			(City or Town, State, Country and Zip Code)		
Primary Location of Books and Records	175 Berkeley Street			Boston, MA, US 02116		
	(Street and Number)			(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)		
Internet Web Site Address	www.safeco.com					
Statutory Statement Contact	Lindsey Pendergast			617-357-9500 x41177		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	Statutory.Compliance@LibertyMutual.com			857-224-1430		
	(E-Mail Address)			(Fax Number)		

OFFICERS

Chairman of the Board  
Mark Charles Touhey #

	Name	Title
1.	James Michael MacPhee	President and Chief Executive Officer
2.	Mark Charles Touhey #	Senior Vice President and Secretary
3.	Laurance Henry Soyer Yahia	Senior Vice President and Treasurer

VICE-PRESIDENTS

Name	Title	Name	Title
Alison Brooke Erbig	Senior Vice President and Comptroller	Neeti Bhalla Johnson	EVP and Chief Investment Officer
James Francis Kelleher #	EVP and Chief Legal Officer	Christopher Locke Peirce #	EVP and Chief Financial Officer

DIRECTORS OR TRUSTEES

Matthew Paul Dolan #	Alison Brooke Erbig	Michael Joseph Fallon #	Julie Marie Haase
James Michael MacPhee	Sean Bulman McSweeney	Elizabeth Julia Morahan #	Francis William Robinson, Jr. #
Craig Kendall Sanford #	Mark Charles Touhey		

State of Massachusetts

County of Suffolk 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.

(Signature)	(Signature)	(Signature)
James Michael MacPhee	Mark Charles Touhey #	Laurance Henry Soyer Yahia
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President and Chief Executive Officer	Senior Vice President and Secretary	Senior Vice President and Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to (or affirmed) before me this on this  
15th day of January, 2019, by

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	21,856,079		21,856,079	21,662,736
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 0, Schedule E - Part 1), cash equivalents (\$ 540,183, Schedule E - Part 2), and short-term investments (\$ 0, Schedule DA)	540,183		540,183	402,558
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities lending reinvested collateral assets (Schedule DL)	1,175,069		1,175,069	1,169,202
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	23,571,331		23,571,331	23,234,496
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	112,056		112,056	111,339
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
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	96,353		96,353	
18.2 Net deferred tax asset	100,000	100,000		134,000
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	22		22	22
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets				
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	23,879,762	100,000	23,779,762	23,479,857
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	23,879,762	100,000	23,779,762	23,479,857

DETAILS OF WRITE-IN LINES				
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.				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)				

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)		
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)		
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)		
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		490
7.2 Net deferred tax liability	17,000	
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 49,468,163 and including warranty reserves of \$ 0 and accrued accident and health experience rating refunds including \$ 0 for medical loss ratio rebate per the Public Health Service Act)		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20)		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ 0 certified) (Schedule F, Part 3 Column 78)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	3,464	3,510
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending	1,175,069	1,169,202
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities		
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	1,195,533	1,173,202
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	1,195,533	1,173,202
29. Aggregate write-ins for special surplus funds		
30. Common capital stock	5,000,000	5,000,000
31. Preferred capital stock		
32. Aggregate write-ins for other-than-special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	13,232,251	13,232,251
35. Unassigned funds (surplus)	4,351,977	4,074,405
36. Less treasury stock, at cost:		
36.1 0 shares common (value included in Line 30 \$ 0)		
36.2 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	22,584,228	22,306,656
38. Totals (Page 2, Line 28, Col. 3)	23,779,761	23,479,858

DETAILS OF WRITE-IN LINES		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)		
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)		
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)		
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)		
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)		
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)		
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	468,681	400,062
10. Net realized capital gains (losses) less capital gains tax of \$ (5,903) (Exhibit of Capital Gains (Losses))	(22,205)	(16,716)
11. Net investment gain (loss) (Lines 9 + 10)	446,476	383,346
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income	(1)	
15. Total other income (Lines 12 through 14)	(1)	
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	446,475	383,346
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)	446,475	383,346
19. Federal and foreign income taxes incurred	17,903	70,001
20. Net income (Line 18 minus Line 19) (to Line 22)	428,572	313,345
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	22,306,656	22,006,753
22. Net income (from Line 20)	428,572	313,345
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0		
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(109,000)	(58,000)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(42,000)	44,558
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	277,572	299,903
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	22,584,228	22,306,656

DETAILS OF WRITE-IN LINES		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		
1401. Other Income / (expense)	(1)	
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(1)	
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)		

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	(1,825)	
2. Net investment income	460,821	376,002
3. Miscellaneous income	(1)	
4. Total (Lines 1 through 3)	458,995	376,002
5. Benefit and loss related payments		
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions		
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	108,842	230,756
10. Total (Lines 5 through 9)	108,842	230,756
11. Net cash from operations (Line 4 minus Line 10)	350,153	145,246
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	7,758,370	14,393,913
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	4,162,540	2,103,589
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	11,920,910	16,497,502
13. Cost of investments acquired (long-term only):		
13.1 Bonds	7,972,678	15,651,181
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	4,168,407	2,272,631
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	12,141,085	17,923,812
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)	(220,175)	(1,426,310)
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		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	7,646	169,268
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	7,646	169,268
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	137,624	(1,111,796)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	402,559	1,514,355
19.2 End of year (Line 18 plus Line 19.1)	540,183	402,559

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

20.0001		
20.0002		
20.0003		

**NONE      Underwriting and Investment Exhibit - Part 1**

**NONE      Underwriting and Investment Exhibit - Part 1A**

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B – PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6
	Direct Business (a)	2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	194,435			194,435		
2. Allied lines	179,425			179,425		
3. Farmowners multiple peril						
4. Homeowners multiple peril	10,724,666			10,724,666		
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	92,300			92,300		
10. Financial guaranty						
11.1 Medical professional liability--occurrence						
11.2 Medical professional liability--claims-made						
12. Earthquake	53,192			53,192		
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	22,761			22,761		
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	56,407,007			56,407,007		
19.3,19.4 Commercial auto liability	5,733,710			5,733,710		
21. Auto physical damage	47,871,850			47,871,850		
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	X X X					
32. Reinsurance-nonproportional assumed liability	X X X					
33. Reinsurance-nonproportional assumed financial lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	121,279,346			121,279,346		

DETAILS OF WRITE-IN LINES						
3401.		NONE				
3402.						
3403.						
3498. Sum of remaining write-ins for Line 34 from overflow page						
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)						

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes ☐ No ☒

If yes: 1. The amount of such installment premiums \$ 0

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 0



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5  Net Losses Unpaid Current Year (Part 2A, Col. 8)	6  Net Losses Unpaid Prior Year	7  Losses Incurred Current Year (Cols. 4 + 5 - 6)	8  Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1  Direct Business	2  Reinsurance Assumed	3  Reinsurance Recovered	4  Net Payments (Cols. 1 + 2 - 3)				
1. Fire								
2. Allied lines	5,418		5,418					
3. Farmowners multiple peril								
4. Homeowners multiple peril	3,224,901		3,224,901					
5. Commercial multiple peril								
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine	5,029		5,029					
10. Financial guaranty								
11.1 Medical professional liability—occurrence								
11.2 Medical professional liability—claims-made								
12. Earthquake								
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability—occurrence	10,000		10,000					
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	36,486,719		36,486,719					
19.3,19.4 Commercial auto liability	4,079,031		4,079,031					
21. Auto physical damage	26,952,600		26,952,600					
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-nonproportional assumed property	X X X							
32. Reinsurance-nonproportional assumed liability	X X X							
33. Reinsurance-nonproportional assumed financial lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	70,763,698		70,763,698					

DETAILS OF WRITE-IN LINES							
3401.							
3402.							
3403.							
3498. Sum of remaining write-ins for Line 34 from overflow page							
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)							

NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire					1,789		1,789		
2. Allied lines					3,271		3,271		
3. Farmowners multiple peril									
4. Homeowners multiple peril	379,202		379,202		695,911		695,911		
5. Commercial multiple peril									
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine					1,882		1,882		
10. Financial guaranty									
11.1 Medical professional liability—occurrence									
11.2 Medical professional liability—claims-made									
12. Earthquake									
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)									
15. Other accident and health								(a)	
16. Workers' compensation									
17.1 Other liability—occurrence					2,237		2,237		
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	28,621,318		28,621,318		10,713,717		10,713,717		
19.3,19.4 Commercial auto liability	3,058,839		3,058,839		4,991,787		4,991,787		
21. Auto physical damage	67,057		67,057		916,788		916,788		
22. Aircraft (all perils)									
23. Fidelity									
24. Surety									
26. Burglary and theft									
27. Boiler and machinery									
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-nonproportional assumed property	X X X				X X X				
32. Reinsurance-nonproportional assumed liability	X X X				X X X				
33. Reinsurance-nonproportional assumed financial lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	32,126,416		32,126,416		17,327,382		17,327,382		
DETAILS OF WRITE-IN LINES									
3401.									
3402.									
3403.									
3498. Sum of remaining write-ins for Line 34 from overflow page									
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)									

NONE

(a) Including \$ 0 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	2,075,039			2,075,039
1.2 Reinsurance assumed				
1.3 Reinsurance ceded	2,075,039			2,075,039
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)				
2. Commission and brokerage:				
2.1 Direct, excluding contingent		13,925,634		13,925,634
2.2 Reinsurance assumed, excluding contingent				
2.3 Reinsurance ceded, excluding contingent		13,925,634		13,925,634
2.4 Contingent—direct		(37)		(37)
2.5 Contingent—reinsurance assumed				
2.6 Contingent—reinsurance ceded		(37)		(37)
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)				
3. Allowances to manager and agents				
4. Advertising			26	26
5. Boards, bureaus and associations			14	14
6. Surveys and underwriting reports			15	15
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries			22,567	22,567
8.2 Payroll taxes			931	931
9. Employee relations and welfare			2,546	2,546
10. Insurance			1,442	1,442
11. Directors' fees			(1)	(1)
12. Travel and travel items			649	649
13. Rent and rent items			1,316	1,316
14. Equipment			4,159	4,159
15. Cost or depreciation of EDP equipment and software			1,251	1,251
16. Printing and stationery			58	58
17. Postage, telephone and telegraph, exchange and express			449	449
18. Legal and auditing			1,154	1,154
19. Totals (Lines 3 to 18)			36,576	36,576
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0				
20.2 Insurance department licenses and fees				
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)				
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses			4,376	4,376
25. Total expenses incurred			40,952	(a) 40,952
26. Less unpaid expenses—current year				
27. Add unpaid expenses—prior year				
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)			40,952	40,952

DETAILS OF WRITE-IN LINES				
2401. Other expenses			4,376	4,376
2402.				
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)			4,376	4,376

(a) Includes management fees of \$ 40,953 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a) 397,193	396,566
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 98,575	99,920
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 11,172	11,172
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	1,976	1,976
10. Total gross investment income	508,916	509,634
11. Investment expenses		(g) 40,953
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)		40,953
17. Net investment income (Line 10 minus Line 16)		468,681

DETAILS OF WRITE-IN LINES		
0901. Miscellaneous Income/(Expense)	1,976	1,976
0902.		
0903.		
0998. Summary of remaining write-ins for Line 09 from overflow page		
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)	1,976	1,976
1501.	NONE	
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 \$ 23,830 accrual of discount less \$ 16,688 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (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	(26,423)		(26,423)		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	(1,685)		(1,685)		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	(28,108)		(28,108)		

DETAILS OF WRITE-IN LINES					
0901.	NONE				
0902.					
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 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 lines			
3.2 Other than first lines			
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 (Lines 1 to 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			
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	100,000	58,000	(42,000)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets			
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	100,000	58,000	(42,000)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	100,000	58,000	(42,000)

DETAILS OF WRITE-IN LINES			
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.			
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)			

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the State of Indiana, the accompanying financial statements of American States Preferred Insurance Company (the “Company”) have been prepared in conformity with the National Association of Insurance Commissioners (“NAIC”) Accounting Practices and Procedures Manual (“APP Manual”).

The Company does not have any prescribed or permitted accounting practices.

NET INCOME

	SSAP #	F/S Page	F/S Line #	2018	2017
1. American States Preferred Insurance Company state basis (Page 4, Line 20, Columns 1 & 3)	XXX	XXX	XXX	\$ 428,573	\$ 313,344
2. State Prescribed Practices that increase/(decrease) NAIC SAP: NONE					
3. State Permitted Practices that increase/(decrease) NAIC SAP: NONE					
4. NAIC SAP (1-2-3=4)	XXX	XXX	XXX	\$ 428,573	\$ 313,344

SURPLUS

5. Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 22,584,229	\$ 22,306,656
6. State Prescribed Practices that increase/(decrease) NAIC SAP: NONE					
7. State Permitted Practices that increase/(decrease) NAIC SAP: NONE					
8. NAIC SAP (5-6-7=8)	XXX	XXX	XXX	\$ 22,584,229	\$ 22,306,656

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. Actual results could differ from these estimates.

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro-rata methods. 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 applies the following accounting policies, where applicable:

- Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the Purposes and Procedures Manual of the NAIC Investment Analysis Office (SVO Manual).
- Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the SVO Manual.
- Common stocks are carried at fair value, except that investments in stocks of subsidiaries, controlled and affiliated (“SCA”) companies are carried according to Note 1C(7).
- Preferred stocks are carried at cost or fair value as specified by the SVO Manual. Preferred stocks of SCA companies are carried according to Note 1C(7).
- Mortgage loans are carried at unpaid principal balances, less impairments as specified by the SVO Manual.
- Mortgage backed/asset backed securities are carried at amortized cost or fair value based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are based on market expectations. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.
- Investments in SCA companies are carried in accordance with SSAP No. 97, *Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88* , and the SVO Manual.
- Investments in joint ventures, partnerships, and limited liability companies are carried in accordance with SSAP No. 48, *Joint Ventures, Partnerships and Limited Liability Companies* , and the SVO Manual.
- Derivative Securities, refer to Note 8.
- Investment income is anticipated as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property Casualty Contracts - Premiums* . Refer to Note 30.
- Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and an amount, based on past experience, for losses and loss adjustment expenses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods, for making such estimates and for establishing the resulting liability, are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.
- The Company did not change its capitalization policy in 2018.
- The Company has no pharmaceutical rebate receivables.

D. Going Concern

The Company is not aware of any conditions that would impact its ability to continue as a going concern.

Note 2 – Accounting Changes and Corrections of Errors

There were no material changes in accounting principles and/or correction of errors.

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

The Company did not enter into any statutory purchases during the year.

B. Statutory Mergers

The Company did not enter into any statutory mergers during the year.

C. Impairment Loss

The Company did not recognize an impairment loss during the period.

Note 4 – Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company does not invest in mortgage loans.

B. Debt Restructuring

Not applicable.

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loaned Backed Securities

- Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
- All Loaned Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate as of December 31, 2018: None
- Each Loaned Backed Security with a recognized other-than-temporary impairment held by the company at December 31, 2018: None
- All impaired Loaned Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2018:
  - The aggregate amount of unrealized losses:

1. Less than 12 Months	\$	(4,898)
2. 12 Months or Longer	\$	(137,052)
  - The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	\$	1,258,386
2. 12 Months or Longer	\$	4,311,246

NOTES TO FINANCIAL STATEMENTS

5. The Company reviews fixed income securities for impairment on a quarterly basis. Securities are reviewed for both quantitative and qualitative considerations including, but not limited to: (a) the extent of the decline in fair value below book value, (b) the duration of the decline, (c) significant adverse changes in the financial condition or near term prospects of the investment or issuer, (d) significant change in the business climate or credit ratings of the issuer, (e) general market conditions and volatility, (f) industry factors, and (g) the past impairment of the security holding or the issuer. If the Company believes a decline in the value of a particular investment is temporary, the decline is recorded as an unrealized loss in policyholders' equity. If the decline is believed to be "other-than-temporary," and the Company believes it will not be able to collect all cash flows due on its fixed income securities, then the carrying value of the investment is written down to the expected cash flow amount and a realized loss is recorded as a credit impairment.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

1. The Company has not entered into any repurchase agreements during the year. Refer to Note 17B for the policy on requiring collateral for securities lending.
2. The Company has not pledged any of its assets as collateral as of December 31, 2018.
3. Collateral Received

a. Aggregate Amount Collateral Received

	Fair Value
1. Securities Lending	
(a) Open	\$ 1,175,069
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	1,175,069
(g) Securities Received	-
(h) Total Collateral Received	\$ 1,175,069
2. Dollar Repurchase Agreement	\$ -
(a) Open	-
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	-
(g) Securities Received	-
(h) Total Collateral Received	\$ -

b. The fair value of that collateral and of the portion of that collateral that it has sold or re-

\$	1,175,069
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c. All collateral is received in the form of cash and/or securities equal to or in excess of 102% of the loaned value and are maintained in a separate custody account. Cash collateral is reinvested into short-term investments as outlined in the terms of the investment agreement. Per the terms of the investment agreement the Company has the right and ability to redeem any eligible securities on short notice.

4. Securities Lending Transactions Administered by an Affiliated Agent

The Company's security lending transactions are not administered by an affiliate agent.

5. Collateral Reinvestment

a. Aggregate Amount Collateral Received

	Amortized Cost	Fair Value
1. Securities Lending		
(a) Open	\$ -	\$ -
(b) 30 Days or Less	692,068	692,068
(c) 31 to 60 Days	338,869	338,869
(d) 61 to 90 Days	144,132	144,132
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	1,175,069	1,175,069
(l) Securities Received	-	-
(m) Total Collateral Reinvested	\$ 1,175,069	\$ 1,175,069
2. Dollar Repurchase Agreement		
(a) Open	\$ -	\$ -
(b) 30 Days or Less	-	-
(c) 31 to 60 Days	-	-
(d) 61 to 90 Days	-	-
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	-	-
(l) Securities Received	-	-
(m) Total Collateral Reinvested	\$ -	\$ -

b. The reporting entity's sources of cash that it uses to return the cash collateral is dependent on the liquidity of the current market conditions. Under current conditions, the reporting entity could liquidate all or a portion of its cash collateral reinvestment securities in order to meet the collateral calls that could come due under a worst-case scenario.

6. The Company has not accepted collateral that it is not permitted by contract or custom to sell or re-pledge.

7. The Company has not accepted collateral that extends beyond one year from the reporting date for securities lending transactions.

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not applicable.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not applicable.

H. Repurchase Agreements Transactions Accounted for as a Sales

Not applicable.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not applicable.

J. Real Estate

The Company does not hold any investments in real estate.

K. Investments in Low-Income Housing Tax Credits ("LIHTC")

The Company does not hold investments in low-income housing tax credits.

L. Restricted Assets

1. Restricted Assets (Included Pledge)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted						
	Current Year						Increase/ (Decrease) (5 minus 6)
	1 Total General Account (G/A)	2 G/A Supporting Protected Cell Account Activity (a)	3 Total Protected Cell Account Restricted Assets	4 Protected Cell Account Assets Supporting G/A Activity (b)	5 Total (1 plus 3)	6 Total From Prior Year	
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Collateral held under security lending	1,175,069	-	-	-	1,175,069	1,169,202	5,867
c. Subject to repurchase agreements	-	-	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-
e. Subjects to dollar repurchase agreements	-	-	-	-	-	-	-
f. Subject to dollar reverse repurchase	-	-	-	-	-	-	-
g. Placed under option contracts	-	-	-	-	-	-	-
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	-	-	-	-	-	-	-
i. FHLB capital stock	-	-	-	-	-	-	-
j. On deposit with states	5,639,165	-	-	-	5,639,165	5,598,449	40,716
k. On deposit with other regulatory bodies	-	-	-	-	-	-	-
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-	-	-
m. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-	-	-
o. Total Restricted Assets	\$ 6,814,234	\$ -	\$ -	\$ -	\$ 6,814,234	\$ 6,767,651	\$ 46,583
(a) Subset of column 1							
(b) Subset of column 3							

			Percentage
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NOTES TO FINANCIAL STATEMENTS

Restricted Asset Category	8	9	10	11
	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	0%	0%
b. Collateral held under security lending	-	1,175,069	4.94%	4.94%
c. Subject to repurchase agreements	-	-	0%	0%
d. Subject to reverse repurchase agreements	-	-	0%	0%
e. Subjects to dollar repurchase agreements	-	-	0%	0%
f. Subject to dollar reverse repurchase	-	-	0%	0%
g. Placed under option contracts	-	-	0%	0%
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	-	-	0%	0%
i. FHLB capital stock	-	-	0%	0%
j. On deposit with states	-	5,639,165	23.71%	23.71%
k. On deposit with other regulatory bodies	-	-	0%	0%
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	0%	0%
m. Pledged as collateral not captured in other categories	-	-	0%	0%
n. Other restricted assets	-	-	0%	0%
o. Total Restricted Assets	\$ -	\$ 6,814,234	28.66%	28.66%

( c ) Column 5 divided by Asset Page, Column 1, Line 28  
( d ) Column 9 divided by Asset Page, Column 3, Line 28

2. Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are reported in the Aggregate)

Not applicable.

3. Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are reported in the Aggregate)

Not applicable.

4. Collateral Received and Reflected as Assets within the Reporting Entity's Financial Statements

Collateral Assets	1	2	3	4
	Book/ Adjusted Carrying Value (BACV)	Fair Value	% of BACV to Total Assets (Admitted and Nonadmitted)*	% of BACV to Total Admitted Assets**
a. Cash	\$ -	\$ -	0%	0%
b. Schedule D, Part 1	-	-	0%	0%
c. Schedule D, Part 2, Section 1	-	-	0%	0%
d. Schedule D, Part 2, Section 2	-	-	0%	0%
e. Schedule B	-	-	0%	0%
f. Schedule A	-	-	0%	0%
g. Schedule BA, Part 1	-	-	0%	0%
h. Schedule DL, Part 1	1,175,069	1,175,069	4.94%	4.94%
i. Other	-	-	0%	0%
j. Total Collateral Assets	\$ 1,175,069	\$ 1,175,069	4.94%	4.94%

\* Column 1 divided by Asset Page, Line 26 (Column 1)

\*\* Column 1 divided Asset Page, Line 26 (Column 3)

k. Recognized Obligation Return Collateral	1	2
	Amount	% of Liability to Total Liabilities
	\$ 1,175,069	98.29%

\* Column 1 divided by Liability Page, Line 26

- M. Working Capital Finance Investments

The Company does not invest in working capital finance investments.

- N. Offsetting and Netting of Assets and Liabilities

Not applicable.

- O. Structured Notes

Not applicable.

- P. 5\* Securities

Not applicable.

- Q. Short Sales

Not applicable.

- R. Prepayment Penalty and Acceleration Fees

Not applicable.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

- A. Investments in joint ventures, partnerships and limited liability companies that exceed 10% of its admitted assets

The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of its admitted assets

- B. Impairments on joint ventures, partnerships or limited liability companies

The Company does not own any investments in joint ventures, partnerships, and limited liability companies.

Note 7 - Investment Income

- A. Accrued Investment Income

The Company does not admit investment income due and accrued if amounts are over 90 days past due.

- B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2018.

Note 8 - Derivative Instruments

The Company's investment activities do not include derivatives. However, the Company may acquire derivatives as additions to bond, common stock, or preferred stock investments. These derivatives are ancillary to the overall investment and are immaterial to the underlying investment portfolio.

Note 9 - Income Taxes

On December 22, 2017, the President signed into law the "Tax Cuts and Jobs Act," which among other items reduces the federal corporate tax rate to 21% effective January 1, 2018. As a result, the Company revalued its ending gross deferred tax assets and liabilities at 21%, the impact of which is recognized in surplus.

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

	12/31/2018		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 206,000	\$ 100,000	\$ 306,000
(b) Statutory Valuation Allowance Adjustments	\$ -	\$ -	\$ -
(c) Adjusted Gross Deferred Tax Assets (1a - b)	\$ 206,000	\$ 100,000	\$ 306,000
(d) Deferred Tax Assets Nonadmitted	\$ -	\$ 100,000	\$ 100,000
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 206,000	\$ -	\$ 206,000
(f) Deferred Tax Liabilities	\$ 223,000	\$ -	\$ 223,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ (17,000)	\$ -	\$ (17,000)

	12/31/2017		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 410,000	\$ 58,000	\$ 468,000
(b) Statutory Valuation Allowance Adjustments	\$ -	\$ -	\$ -
(c) Adjusted Gross Deferred Tax Assets (1a - b)	\$ 410,000	\$ 58,000	\$ 468,000
(d) Deferred Tax Assets Nonadmitted	\$ -	\$ 58,000	\$ 58,000
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 410,000	\$ -	\$ 410,000
(f) Deferred Tax Liabilities	\$ 276,000	\$ -	\$ 276,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e - 1f)	\$ 134,000	\$ -	\$ 134,000



NOTES TO FINANCIAL STATEMENTS

2.

	Change		
	(7)	(8)	(9)
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	\$ (204,000)	\$ 42,000	\$ (162,000)
(b) Statutory Valuation Allowance Adjustments	\$ -	\$ -	\$ -
(c) Adjusted Gross Deferred Tax Assets (1a – (b))	\$ (204,000)	\$ 42,000	\$ (162,000)
(d) Deferred Tax Assets Nonadmitted	\$ -	\$ 42,000	\$ 42,000
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	\$ (204,000)	\$ -	\$ (204,000)
(f) Deferred Tax Liabilities	\$ (53,000)	\$ -	\$ (53,000)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	\$ (151,000)	\$ -	\$ (151,000)

	12/31/2018		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
Admission Calculation Components SSAP No.			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 24,150	\$ -	\$ 24,150
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2	\$ 65,340	\$ -	\$ 65,340
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance	\$ 65,340	\$ -	\$ 65,340
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	\$ -	\$ -	\$ 3,391,870
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	\$ 116,510	\$ -	\$ 116,510
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ 206,000	\$ -	\$ 206,000

	12/31/2017		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
Admission Calculation Components SSAP No.			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 33,950	\$ -	\$ 33,950
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2	\$ 180,420	\$ -	\$ 180,420
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance	\$ 180,420	\$ -	\$ 180,420
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	\$ -	\$ -	\$ 3,334,338
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	\$ 195,630	\$ -	\$ 195,630
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ 410,000	\$ -	\$ 410,000

	Change		
	(7)	(8)	(9)
	Ordinary	Capital	(Col 7+8) Total
Admission Calculation Components SSAP No.			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ (9,800)	\$ -	\$ (9,800)
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2	\$ (115,080)	\$ -	\$ (115,080)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance	\$ (115,080)	\$ -	\$ (115,080)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	\$ -	\$ -	\$ 57,532
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	\$ (79,120)	\$ -	\$ (79,120)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ (204,000)	\$ -	\$ (204,000)

3.

	2018	2017
(a) Ratio Percentage Used to Determine Recovery Period And Threshold Limitation	56418.3%	57217.1%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above	\$ 22,584,228	\$ 22,306,656

4.

	12/31/2018		12/31/2017		Change	
	(1)	(2)	(3)	(4)	(5)	(6)
	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
Impact of Tax-Planning Strategies						
(a) Determination of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets, By Tax Character As A Percentage						
1. Adjusted Gross DTAs Amount From Note 9A1(c )	\$ 206,000	\$ 100,000	\$ 410,000	\$ 58,000	\$ (204,000)	\$ 42,000
2. Percentage Of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%	0%	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(c )	\$ 206,000	\$ -	\$ 410,000	\$ -	\$ (204,000)	\$ -
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	0%	0%	0%	0%

(b) Does the Company's tax-planning strategies include the use of Reinsurance: Yes \_\_\_\_ No X\_\_

B. The Company does not have any DTLs described in SSAP No. 101 Income Taxes, a Replacement of SSAP No. 10R and SSAP No. 10, paragraph 23.

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

	(1)	(2)	(3)
	12/31/2018	12/31/2017	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 17,903	\$ 70,001	\$ (52,098)
(b) Foreign	-	-	-
(c) Subtotal	17,903	70,001	(52,098)
(d) Federal income tax on net capital gains	(5,903)	(9,001)	3,098
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	\$ 12,000	\$ 61,000	\$ (49,000)
2. Deferred Tax Assets:	\$ -	\$ -	\$ -
(a) Ordinary	\$ -	\$ -	\$ -
(1) Discounting of unpaid losses	\$ -	\$ -	\$ -
(2) Unearned premium reserve	-	-	-
(3) Policyholder reserves	-	-	-
(4) Investments	121,000	121,000	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	-	11,000	(11,000)
(8) Compensation and benefits accrual	10,000	73,000	(63,000)
(9) Pension accrual	-	5,000	(5,000)
(10) Receivables – nonadmitted	-	-	-

NOTES TO FINANCIAL STATEMENTS

(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	75,000	194,000	(119,000)
(13) Other (including items <5% of total ordinary tax assets)	-	6,000	(6,000)
(99) Subtotal	\$ 206,000	\$ 410,000	\$ (204,000)
(b) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(c) Nonadmitted	\$ -	\$ -	\$ -
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	\$ 206,000	\$ 410,000	\$ (204,000)
(e) Capital			\$ -
(1) Investments	\$ 100,000	\$ 58,000	\$ 42,000
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	\$ 100,000	\$ 58,000	\$ 42,000
(f) Statutory valuation allowance adjustment	\$ -	\$ -	\$ -
(g) Nonadmitted	\$ 100,000	\$ 58,000	\$ 42,000
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	\$ -	\$ -	\$ -
(i) Admitted deferred tax assets (2d + 2h)	\$ 206,000	\$ 410,000	\$ (204,000)
3. Deferred Tax Liabilities:	\$ -	\$ -	\$ -
(a) Ordinary	\$ -	\$ -	\$ -
(1) Investments	\$ 202,000	\$ 239,000	\$ (37,000)
(2) Fixed assets	2,000	-	2,000
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	19,000	37,000	(18,000)
(99) Subtotal	\$ 223,000	\$ 276,000	\$ (53,000)
(b) Capital:	\$ -	\$ -	\$ -
(1) Investments	\$ -	\$ -	\$ -
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	\$ -	\$ -	\$ -
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 223,000	\$ 276,000	\$ (53,000)
4. Net deferred tax assets/liabilities (2i – 3c)	\$ (17,000)	\$ 134,000	\$ (151,000)

- D. Effective tax rates differ from the current statutory rate of 21% principally due to the effects of compensation adjustments, deferred intercompany transactions, utilization of prior year AMT credits, and revisions to prior year estimates.
- E. The Company has no net operating loss carry-forwards available to offset future net income subject to Federal income tax.

The Company recognizes \$144,000 of AMT credit as a current-year recoverable. An AMT credit carry-forward DTA of \$75,000 is expected to be utilized against regular tax or refunded in the future. The alternative minimum tax credit carry-forward does not expire. Ending carryforward balance is computed as follows:

AMT Credit Carryforward	
Beginning Balance	\$ 194,000
Current Year AMT Credit Recovered	(144,000)
Other Current Year Adjustments to AMT Credit Carryforward	25,000
Sequestration	-
Total AMT Credit Ending Balance	75,000
AMT Credit Carryforward Non-Admitted	-
Total AMT Credit Carryforward subject to SSAP101 DTA admittance limitations	\$ 75,000

The amount of Federal income taxes incurred and available for recoupment in the event of future losses are none from the current year and \$105,000 from the preceding year.

The Company does not have deposits admitted under Section 6603 of the Internal Revenue Code.

- F. The Company's Federal income tax return is consolidated with the following entities:

All Set Works, Inc.  
AMBCO Capital Corporation  
America First Insurance Company  
America First Lloyd's Insurance Company  
American Economy Insurance Company  
American Fire and Casualty Company  
American States Insurance Company  
American States Insurance Company of Texas  
American States Lloyds Insurance Company  
American States Preferred Insurance Company  
Berkeley Holding Company Associates, Inc.  
Berkeley Management Corporation  
Capitol Court Corporation  
Colorado Casualty Insurance Company  
Consolidated Insurance Company  
Diversified Settlements, Inc.  
Emerald City Insurance Agency, Inc.  
Employers Insurance Company of Wausau  
Excelsior Insurance Company  
Excess Risk Reinsurance Inc.  
F.B. Beattie & Co., Inc.  
First National Insurance Company of America  
First State Agency Inc.  
General America Corporation  
General America Corporation of Texas  
General Insurance Company of America  
Golden Eagle Insurance Corporation  
Gulf States AIF, Inc.  
Hawkeye-Security Insurance Company  
Indiana Insurance Company  
Insurance Company of Illinois  
Ironshore Holdings (US) Inc.  
Ironshore Indemnity Inc.  
Liberty Specialty Markets Bermuda Limited  
Ironshore Management Inc.  
Ironshore Services Inc.  
Ironshore Specialty Insurance Company  
Ironshore Surety Holdings Inc.  
LEXCO Limited  
Liberty-USA Corporation  
Liberty Energy Canada, Inc.  
Liberty Financial Services, Inc.  
Liberty Hospitality Group, Inc.  
Liberty Insurance Corporation  
Liberty Insurance Holdings, Inc.  
Liberty Insurance Underwriters Inc.  
Liberty International Europe Inc.  
Liberty International Holdings Inc.  
Liberty Life Holdings Inc.  
Liberty Lloyds of Texas Insurance Company  
Liberty Management Services, Inc.  
Liberty Mexico Holdings Inc.  
Liberty Mutual Agency Corporation  
Liberty Mutual Fire Insurance Company  
Liberty Mutual Group Asset Management Inc.  
Liberty Mutual Group Inc.  
Liberty Mutual Holding Company Inc.

Liberty Mutual Insurance Company  
Liberty Mutual Personal Insurance Company  
Liberty Mutual Technology Group, Inc.  
Liberty Northwest Insurance Corporation  
Liberty Personal Insurance Company  
Liberty RE (Bermuda) Limited  
Liberty Sponsored Insurance (Vermont), Inc.  
Liberty Surplus Insurance Corporation  
LIH-RE of America Corporation  
LIU Specialty Insurance Agency Inc.  
LM General Insurance Company  
LM Insurance Corporation  
LM Property and Casualty Insurance Company  
LMHC Massachusetts Holdings Inc.  
Managed Care Associates Inc.  
Mid-American Fire & Casualty Company  
North Pacific Insurance Company  
Ocasco Budget, Inc.  
OCI Printing, Inc.  
Ohio Casualty Corporation  
Ohio Security Insurance Company  
Open Seas Solutions, Inc.  
Oregon Automobile Insurance Company  
Peerless Indemnity Insurance Company  
Peerless Insurance Company  
Pilot Insurance Services, Inc.  
Rianoc Research Corporation  
S.C. Bellevue, Inc.  
SAFECARE Company, Inc.  
Safeco Corporation  
Safeco General Agency, Inc.  
Safeco Insurance Company of America  
Safeco Insurance Company of Illinois  
Safeco Insurance Company of Indiana  
Safeco Insurance Company of Oregon  
Safeco Lloyds Insurance Company  
Safeco National Insurance Company  
Safeco Properties, Inc.  
Safeco Surplus Lines Insurance Company  
San Diego Insurance Company  
SCIT, Inc.  
St. James Insurance Company Ltd.  
The First Liberty Insurance Corporation  
The Midwestern Indemnity Company  
The National Corporation  
The Netherlands Insurance Company  
The Ohio Casualty Insurance Company  
Wausau Business Insurance Company  
Wausau General Insurance Company  
Wausau Underwriters Insurance Company  
West American Insurance Company  
Winmar Company, Inc.  
Winmar of the Desert, Inc.  
Winmar Oregon, Inc.  
Winmar-Metro, Inc.

The method of federal income tax allocation is subject to a written agreement. Allocation is based upon separate return calculations with credit applied for losses as appropriate. The Company has the enforceable right to recoup prior year payments in the event of future losses.

- G. The Company does not expect the Federal and Foreign income tax loss contingencies, as determined in accordance with SSAP No. 5R, Liabilities, Contingencies and Impairments of Assets, with the modifications provided in SSAP No. 101, Income Taxes – A Replacement of SSAP No. 10R and SSAP No. 10, to significantly increase within twelve months of the reporting date.

NOTES TO FINANCIAL STATEMENTS

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

- A. All of the outstanding shares of capital stock of the Company are held by Safeco Corporation ("Safeco"), an insurance holding company incorporated in Washington. Safeco is wholly owned by Liberty Mutual Agency Corporation, an insurance holding company incorporated in Delaware. Liberty Mutual Agency Corporation is wholly owned by Liberty Insurance Holdings, Inc., an insurance holding company incorporated in Delaware. Liberty Insurance Holdings, Inc. is wholly owned by Liberty Mutual Insurance Company ("LMIC"), a Massachusetts insurance company. The ultimate parent of LMIC is Liberty Mutual Holding Company Inc., a Massachusetts company.
- B. Transactions between the Company and its affiliates are listed on Schedule Y Part 2.
- C. There have been no material transactions with the Company's affiliates during 20178.
- D. At December 31, 2018, the Company reported a net \$3,442 due to affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.
- E. The Company has not made any guarantees or initiated any undertakings for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.
- F. Refer to Note 26 for information regarding the Inter-Company Reinsurance Agreement.

The Company is a party to a management services agreement (the "Agreement") with Liberty Mutual Insurance Company ("LMIC"). Under the Agreement, LMIC may provide the Company with office space, supplies, equipment, telephone and wire services, the use of computers and similar machines and services of personnel employed by LMIC and LMG. Services provided include, but are not limited to, risk underwriting, claims processing, claims adjustments, policyholder services, contract management and administration. LMIC is reimbursed for the cost of all services which it provides under the Agreement.

The Company is a party to a cash management agreement with Liberty Mutual Insurance Company ("LMIC") whereby LMIC provides services to the Company.

The Company is a party to an investment management agreement with Liberty Mutual Group Asset Management Inc. ("LMGAM"). Under the agreement, LMGAM provides services to the Company.

The Company is party to a Federal Tax Sharing Agreement between LMHC and affiliates (Refer to Note 9F).

The Company is a party to an Amended and Restated Intercompany Short -Term Borrowing Agreement with Safeco Corporation. Pursuant to the agreement, each party agrees to lend funds to any other party to the agreement for a maximum term of 12 months. The amount of the loan is limited by statutory requirements of the Insurance Holding Company Act of the state of domicile of the Company.

There were no outstanding borrowings as of December 31, 2018.

- G. The Company is a member of a holding company structure as illustrated in Schedule Y Part 1.
- H. The Company does not own shares of any upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.
- I. The Company does not own investments in subsidiary, controlled or affiliated companies.
- J. The Company did not recognize any impairment write down for its SCA companies during the statement period.
- K. The Company does not use CARVM in calculating its investment in its foreign subsidiaries.
- L. The Company does not hold any investments in downstream non-insurance holding companies.
- M. Investment in Insurance SCAs
- The company does not hold investments in Non-Insurance SCA's.
- N. Investment in Insurance SCAs
- The company does not hold investments in Insurance SCAs for which the audited statutory equity reflects a departure from the NAIC statutory accounting practices and procedures.
- O. SCA Loss Tracking
- The Company does not hold investments in SCAs

Note 11 - Debt

- A. Debt (Including Capital Notes)
- The Company has no debt, including capital notes.
- B. FHLB (Federal Home Loan Bank) Agreements
- The Company has not entered into any agreements with the Federal Home Loan Bank.
- C. There were no outstanding borrowings as of December 31, 2018.

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

The Company does not have any direct employees and therefore, does not have any direct obligations for a defined benefit plan, deferred compensation arrangements, compensated absences or other postretirement benefit plans. Services for the operation of the Company are provided under provisions of the management services agreements, as described in Note 10F.

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

1. The Company has 1,000 shares authorized, issued and outstanding as of December 31, 2018. All shares have a stated par value of \$5,000.
2. Preferred Stock
- Not applicable.
3. There are no dividend restrictions.
4. The Company did not pay any dividends to its parent during 2018.
5. The maximum amount of dividends which can be paid by Indiana-domiciled insurance companies to shareholders without the prior approval of the Insurance Commissioner is the greater of (a) 10% of surplus or (b) net income, subject to the availability of accumulated undistributed earnings. The maximum dividend payout which may be made without prior approval in 2019 is \$2,258,423.
6. The Company does not have restricted unassigned surplus.
7. The Company had no advances to surplus.
8. The Company does not hold stock for special purposes.
9. The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2018.
10. The portion of unassigned funds (surplus) represented by cumulative net unrealized losses is \$0.
11. Surplus Notes
- Not applicable.
12. Quasi-reorganization (dollar impact)
- Not applicable.
13. Quasi-reorganization (effective date)
- Not applicable.

Note 14 - Contingencies

- A. Contingent Commitments
- Refer to Note 10E.
- B. Assessments
- The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments and premium-based assessments are presumed probable when the premium on which the assessments are expected to be based are written. In the case of loss-based assessments, the event that obligates the entity is an entity incurring the losses on which the assessments are expected to be based.
- The Company has no net guaranty fund or other assessment liabilities to report. Refer to Note 26.
- C. Gain Contingencies
- Not applicable
- D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits
- The Company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

	Direct
Claims related to ECO and bad faith losses paid during the reporting period	\$ 17,100

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.

(a)	(b)	(c )	(d)	(e )
0-25 Claims	26-50 Claims	51-100 Claims	101-500 Claims	More than 500 Claims
X				

Indicate whether claim count information is disclosed per claim or per claimant

NOTES TO FINANCIAL STATEMENTS

- (f) Per Claim [X] (g) Per Claimant [ ]
- E. Product Warranties
- The Company is not a participant in any joint and several liabilities
- F. Joint and Several Liabilities
- The Company is not a participant in any joint and several liabilities.
- G. All Other Contingencies
- Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company.
- As disclosed in Note 9 F, the Company is a member of a controlled group for federal income tax purposes, and that group includes Liberty Mutual Group Inc. ("LMGI"). LMGI is the plan sponsor of the Liberty Mutual Retirement Benefit Plan, a qualified plan under federal law. Pursuant to federal law, if LMGI has not made the minimum required contributions with respect to the Liberty Mutual Retirement Benefit Plan, the Company, jointly and severally with all other members of the controlled group, would be contingently liable to make such contributions.
- The Company routinely assesses the collectability of its premium receivable balances. The Company does not believe the amounts in excess of non-admitted amounts are material.

Note 15 - Leases

- A. Lessee Leasing Arrangements
- The Company has no net lease obligations. Refer to Note 26.
- B. Leasing as a Significant Part of Lessor's Business Activities
- Leasing is not a significant part of the Company's business activities.

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

The Company is not exposed to financial instruments with off-balance sheet risk or concentration of credit risk.

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

- A. Transfers of Receivables Reported as Sales
- The Company did not have any transfers of receivables reported as sales.
- B. Transfers and Servicing of Financial Assets
- The Company participates in a Securities Lending Program to generate additional income, whereby certain fixed income and mortgage backed securities are loaned for a period of time from the Company's portfolio to qualifying third parties, via a lending agent. The Company does not participate in term loans; therefore, the Company does not have contractual collateral transactions that extend beyond one year from the reporting date. Borrowers of these securities provide collateral equal to or in excess of 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities, such as Treasuries and Agency Bonds. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 102% of the market value of the loaned securities. Additionally, the lending agent indemnifies the Company against borrower defaults. Cash collateral is carried as an asset with an offsetting liability on the balance sheet, as the collateral is unrestricted and the Company can exercise discretion as to how the collateral is invested. The loaned securities remain a recorded asset of the Company.
- At December 31, 2018 the total fair value of securities on loan was \$1,149,557, with corresponding collateral value of \$1,175,069 of which \$1,175,069 represents cash collateral that was reinvested.
- C. Wash Sales
1. The Company did not have any wash sale transactions during the year.
2. Not applicable.

Note 18 – Gain or (Loss) to the Reporting Entity from Uninsured A&H 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 Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company has no direct premiums written or produced through managing general agents or third party administrators.

Note 20 - Fair Value Measurements

- A. Inputs Used for Assets and Liabilities Measured at Fair Value
- Pursuant to the guidance in SSAP No. 100, *Fair Value Measurements*, the Company carries no assets or liabilities on its balance sheet measured at fair value.
- B. Other Fair Value Disclosures
- Not applicable.
- C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Cash, Cash Equivalents and Short Term	\$ 540,183	\$ 540,183	(0)	\$	-	\$ 540,183	-
Bonds	21,636,442	21,856,079	12,793,612	8,842,830	-	-	-
Preferred Stock	-	-	-	-	-	-	-
Common Stock	-	-	-	-	-	-	-
Securities Lending	1,175,657	1,175,069	-	1,175,657	-	-	-
Mortgage Loans	-	-	-	-	-	-	-
Surplus Notes	-	-	-	-	-	-	-
Total	\$ 23,352,282	\$ 23,571,331	\$ 12,793,612	\$ 10,018,487	\$	-	\$ 540,183

- D. Reasons Not Practical to Estimate Fair Value
- Not applicable.
- E. Instruments Measured at Net Asset Value (NAV)
- The Company elected to use NAV for all money market mutual funds in lieu of fair value as NAV is more readily available. These funds are backed by high quality, very liquid short-term instruments and the probability is remote that the funds would be sold for a value other than NAV.

Note 21 - Other Items

- A. Unusual or Infrequent Items
- The Company has no unusual or infrequent items to report.
- B. Troubled Debt Restructuring: Debtors
- Not applicable
- C. Other Disclosures
1. Interrogatory 6.1
- The Company cedes 100% of its business to Liberty Mutual Insurance Company, the lead company in the Liberty Mutual Pool. Liberty Mutual Insurance Company purchases external catastrophe reinsurance coverage.
- Interrogatory 6.2
- As a member of the Liberty Intercompany Pool, the Pool employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property exposures, we utilize RMS's RiskLink v15.0 and AIR's Touchstone v3.1 software. For workers' compensation, Liberty Mutual utilizes RiskLink v15.0 from RMS.
- Interrogatory 6.3
- The Company cedes 100% of its business to Liberty Mutual Insurance Company, the lead company in the Liberty Mutual Pool. Liberty Mutual Insurance Company purchases external catastrophe reinsurance coverage.
2. Florida Special Disability Trust Fund
- a. The Company did not take a credit in the determination of its loss reserves in 2018 or 2017.
- b. The Company did not receive payments from the Special Disability Trust Fund in 2018 or 2017.
- c. The amount the Company was assessed by the Special Disability Trust Fund was \$0 in 2018 and \$28 in 2017.
- D. Business Interruption Insurance Recoveries
- The Company does not purchase business interruption coverage.

NOTES TO FINANCIAL STATEMENTS

E. State Transferable and Non-transferable Tax Credit

The Company does not hold state transferable and/or non-transferable tax credits.

F. Subprime-Mortgage-Related Risk Exposure

- The Company has not purchased securities characterized by the market as subprime. The Company looks at such factors as average FICO scores, loan to value ratios, and levels of documentation when evaluating securities. The Company's only exposure to subprime was inherited through acquisition of collateral assets at the termination of a securities lending agreement in 2008.
- The Company does not have any direct exposure through investments in subprime mortgage loans.
- The Company has direct exposure through their investment in residential mortgage-backed securities.
- The Company does not have any underwriting exposure to sub-prime mortgage risk.

G. Insurance Linked Securities (ILS) Contracts

The Company did not receive proceeds as the issuer, ceding insurer or counterparty of insurance linked securities

Note 22 - Events Subsequent

The Company evaluated subsequent events through February 18, 2019, the date the financial statements were available to be issued.

There were no events subsequent to December 31, 2018 that would require disclosure.

The Company did not receive any assessments under the Affordable Care Act.

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

Excluding amounts arising pursuant to the Intercompany Reinsurance Agreements, there are no unsecured reinsurance recoverables with an individual reinsurer which exceed 3% of policyholder's surplus.

B. Reinsurance Recoverable in Dispute

There are no reinsurance recoverable in dispute from an individual reinsurer which exceeds 5% of the Company's surplus. In addition, the aggregate reinsurance recoverable in dispute do not exceed 10% of the Company's surplus.

C. Reinsurance Assumed & Ceded

- The following table sets forth the maximum return premium and commission equity due the reinsurers or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2018.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	\$ -	\$ -	\$ 49,468,163	\$ -	\$ (49,468,163)	\$ -
All Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ 49,468,163	\$ -	\$ (49,468,163)	\$ -
Directed Unearned Premium Reserve:	\$ 49,468,163					

- The Company has no contingent commissions, sliding scale, or other profit sharing commissions for direct, assumed or ceded business.

- The Company does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Reinsurance

The Company did not write off any uncollectible balances in the current year.

E. Commutation of Ceded Reinsurance

The Company did not commute any reinsurance treaties in the current year.

F. Retroactive Reinsurance

The Company does not have any retroactive reinsurance agreements.

G. Reinsurance Accounted for as a Deposit

The Company has not entered into any reinsurance agreements that have been accounted for as deposits as of December 31, 2018.

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

The Company has not entered into any agreements which have been approved by their domiciliary regulator and have qualified pursuant to SSAP No. 62R, *Property and Casualty Reinsurance* to receive P&C Run-off Accounting Treatment.

I. Certified Reinsurers Downgraded or Status Subject to Revocation.

- Reporting Entity Ceding to Certified Reinsurer Downgraded or Status Subject to Revocation.

The Company does not transact business with Certified Reinsurers.

- Reporting Entity's Certified Reinsurer Rating Downgrade or Status Subject to Revocation.

The Company is not a Certified Reinsurer.

J. Asbestos and Pollution Counterparty Reporting Exception

The Counterparty reporting party does not apply to the Company.

Note 24 - Retrospectively rated Contracts and Contracts Subject to Redetermination

The Company does not have net accrued retrospective premiums. Refer to Note 26.

The Company did not receive any assessments under the Affordable Care Act.

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

The Company has no net exposure to changes in incurred losses and loss adjustment expenses. Refer to Note 26.

Note 26 - Intercompany Pooling Arrangements

The Company is a member of the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement consisting of the following affiliated companies:

	NAIC Company Number	Pooling Companies	Line of Business
Lead	23043	50.00%	All Lines
Company: Liberty Mutual Insurance Company ("LMIC")			
Affiliated Peerless Insurance Company ("PIC")	24198	20.00%	All Lines
Pool Employers Insurance Company of Wausau	21458	8.00%	All Lines
Company ("EICOW")			
Liberty Mutual Fire Insurance Company	23035	8.00%	All Lines
("I MFIC")			
The Ohio Casualty Insurance Company	24074	8.00%	All Lines
Safeco Insurance Company of America	24740	6.00%	All Lines
("SICOA")			
American Economy Insurance Company	19690	0.00%	All Lines
("AEIC")			
America First Insurance Company ("AFIC")	12696	0.00%	All Lines
America Fire and Casualty Company	24066	0.00%	All Lines
America First Lloyd's Insurance Company	11526	0.00%	All Lines
("AFLIC")			
American States Insurance Company ("ASIC")	19704	0.00%	All Lines
American States Insurance Company of Texas	19712	0.00%	All Lines
("ASICT")			
American States Lloyd's Insurance Company	31933	0.00%	All Lines
("ASLCO")			
American States Preferred Insurance Company	37214	0.00%	All Lines
("ASPCO")			
Colorado Casualty Insurance Company	41785	0.00%	All Lines
Consolidated Insurance Company ("CIC")	22640	0.00%	All Lines
Excelsior Insurance Company ("EIC")	11045	0.00%	All Lines
First National Insurance Company of America	24724	0.00%	All Lines
("FNICA")			
The First Liberty Insurance Corporation	33588	0.00%	All Lines
General Insurance Company of America	24732	0.00%	All Lines
("GICA")			
Golden Eagle Insurance Corporation ("GEIC")	10836	0.00%	All Lines
Hawkeye-Security Insurance Company	36919	0.00%	All Lines
Insurance Company of Illinois ("ICIL")	26700	0.00%	All Lines
Indiana Insurance Company ("IIC")	22659	0.00%	All Lines
Ironshore Indemnity Inc. ("III")	23647	0.00%	All Lines
Ironshore Specialty Insurance Company	25445	0.00%	All Lines
Liberty Insurance Corporation ("LIC")	42404	0.00%	All Lines

NOTES TO FINANCIAL STATEMENTS

Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.00%	All Lines
Liberty County Mutual Insurance Company ("LCMIC")	19544	0.00%	All Lines
LM General Insurance Company ("LMGIC")	36447	0.00%	All Lines
Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.00%	All Lines
LM Insurance Corporation ("LMC")	33600	0.00%	All Lines
Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.00%	All Lines
Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.00%	All Lines
Liberty Northwest Insurance Corporation ("LNW")	41939	0.00%	All Lines
Liberty Personal Insurance Company ("LPIC")	11746	0.00%	All Lines
Liberty Surplus Insurance Corporation ("LSI")	10725	0.00%	All Lines
Mid-American Fire & Casualty Company ("MAFCC")	23507	0.00%	All Lines
Montgomery Mutual Insurance Company ("MMIC")	14613	0.00%	All Lines
The Midwestern Indemnity Company	23515	0.00%	All Lines
National Insurance Association ("NIA")	27944	0.00%	All Lines
The Netherlands Insurance Company ("NIC")	24171	0.00%	All Lines
North Pacific Insurance Company ("NPIC")	23892	0.00%	All Lines
Ohio Security Insurance Company ("OSIC")	24082	0.00%	All Lines
Oregon Automobile Insurance Company	23922	0.00%	All Lines
Peerless Indemnity Insurance Company	18333	0.00%	All Lines
Safeco Insurance Company of Illinois ("SICIL")	39012	0.00%	All Lines
Safeco Insurance Company of Indiana	11215	0.00%	All Lines
Safeco Insurance Company of Oregon	11071	0.00%	All Lines
Safeco Lloyds Insurance Company ("SLICO")	11070	0.00%	All Lines
Safeco National Insurance Company ("SNIC")	24759	0.00%	All Lines
Safeco Surplus Lines Insurance Company ("SSLIC")	11100	0.00%	All Lines
Wausau Business Insurance Company	26069	0.00%	All Lines
Wausau General Insurance Company ("WGIC")	26425	0.00%	All Lines
Wausau Underwriters Insurance Company ("WUIC")	26042	0.00%	All Lines
West American Insurance Company ("WAIC")	44393	0.00%	All Lines
100% Quota Share			
Affiliated			
Companies:			
LM Property and Casualty Insurance Company ("LMPAC")	32352	0.00%	All Lines

Under the terms of the Reinsurance Agreements, the sequence of transactions is as follows:

- a. Except for WBIC, WGIC and WUIC, each Affiliated Pool Company cedes its underwriting activity to the Lead Company. WBIC, WGIC and WUIC code 100% of its direct underwriting activity to EICOW.
- b. After recording the assumed affiliate transactions noted above, the Lead Company records 100% of its external assumed and ceded reinsurance activity.
- c. The Lead Company's remaining underwriting activity, after processing all internal and external reinsurance, is retroceded to the pool members in accordance with each company's pool participation percentage, as noted above.

There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.
- c. There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the Lead Company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.
- f. The write-off of uncollectible reinsurance is pooled and the provision for reinsurance is recognized by the entity placing the outbound external reinsurance.
- g. The Company has no amounts due (to)/from affiliated entities participating in the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement as of December 31, 2018.

Note 27 - Structured Settlements

- A. The Company has no net exposure to contingent liabilities from the purchase of annuities. Refer to Note 26.
- B. Not applicable.

Note 28 - Health Care Receivables

Not applicable.

Note 29 - Participating Policies

Not applicable.

Not 30 - Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves \$ -
2. Date of the most recent evaluation of this liability 12/31/2018
3. Was anticipated investment income utilized in the calculation? No

Note 31 - High Dollar Deductible Policies

Not applicable.

Note 32 - Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expense

The Company has no net exposure to contingent liabilities from the purchase of annuities. Refer to Note 26.

Note 33 - Asbestos/Environmental Reserves

The Company has no net exposure to asbestos and environmental claims. Refer to Note 26.

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company

Note 35 - Multiple Peril Crop Insurance

Not applicable.

Note 36 - Financial Guaranty Insurance Contracts

Not applicable.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ 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 ☒ No ☐ N/A ☐

1.3 State Regulating?

Indiana

1.4 Is the reporting entity publicly traded or a member of a publicly traded group?

Yes ☐ No ☒

1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒

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.

12/31/2013

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2013

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

05/22/2015

3.4 By what department or departments?

Indiana Department of Insurance

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes ☐ No ☐ N/A ☒

3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes ☐ 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 ☒

4.12 renewals?

Yes ☒ No ☐

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 ☒

4.22 renewals?

Yes ☒ No ☐

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒

If yes, complete and file the merger history data file with the NAIC.

GENERAL INTERROGATORIES

5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young, LLP  
200 Clarendon Street  
Boston, MA 02116  
.

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]

10.2 If response to 10.1 is yes, provide information related to this exemption:  
.  
.  
.  
.



GENERAL INTERROGATORIES

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.4 If response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ] N/A [ ]

10.6 If the response to 10.5 is no or n/a, please explain.

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? Stephanie Neyenhouse FCAS, MAAA 175 Berkeley Street, Boston, MA 02116 Vice President and Chief Actuary, Liberty Mutual Group Inc.

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]

12.11 Name of real estate holding company 12.12 Number of parcels involved 12.13 Total book/adjusted carrying value \$

12.2 If yes, provide explanation:

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [X]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [X]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [X]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity; c. Compliance with applicable governmental laws, rules, and regulations; d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and e. Accountability for adherence to the code. Yes [X] No [ ]

14.11 If the response to 14.1 is no, please explain:

GENERAL INTERROGATORIES

14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 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 the 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 \$

GENERAL INTERROGATORIES

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 ☒

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment

22.22 Amount paid as expenses

22.23 Other amounts paid

\$

\$

\$

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes ☒ No ☐

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$

INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)

Yes ☒ No ☐

24.02 If no, give full and complete information, relating thereto:

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)  
Please reference Note 17B

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes ☒ No ☐ N/A ☐

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.

\$1,175,069

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 ☐

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes ☒ No ☐ N/A ☐

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 ☐

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 reinvested collateral assets reported on Schedule DL, Parts 1 and 2

\$1,175,069

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

\$1,175,069

24.103 Total payable for securities lending reported on the liability page

\$1,175,069

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 ☐

GENERAL INTERROGATORIES

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	\$	5,639,165
25.29	On deposit with other regulatory bodies	\$	
25.30	Pledged as collateral - excluding collateral pledged to an FHLB	\$	
25.31	Pledged as collateral to FHLB - including assets backing funding agreements	\$	
25.32	Other	\$	

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [X] N/A [ ]  
If no, attach a description with this statement.

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
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005

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]

GENERAL INTERROGATORIES

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

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

1 Name Firm or Individual	2 Affiliation
Liberty Mutual Group Asset Management Inc.	A

28.059 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 [ ] No [X]

28.059 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 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Name Firm or Individual	2 Central Registration Depository Number	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
Liberty Mutual Group Asset Management Inc.	N/A	N/A	No	DS

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 [X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 TOTAL		

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

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

GENERAL INTERROGATORIES

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

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	21,856,082	21,636,443	(219,639)
30.2 Preferred stocks			
30.3 Totals	21,856,082	21,636,443	(219,639)

30.4 Describe the sources or methods utilized in determining the fair values:  
The primary source for reported fair values is our pricing vendor, Interactive Data Corporation, followed by backfill from Reuters, Bloomberg, Barclays, Merrill Lynch, and Markit for Term Loan securities. Lastly, management determines fair value based on quoted market prices of similar financial instruments or by using industry recognized valuation techniques.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ ] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [X]

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:

33 By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:

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

Has the reporting entity self-designated 5GI securities? Yes [X] No [ ]

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

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

Has the reporting entity self-designated PLGI securities? Yes [X] No [ ]

OTHER

35.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? \$

35.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$

GENERAL INTERROGATORIES

36.1 Amount of payments for legal expenses, if any? \$

36.2 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
	\$
	\$
	\$

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

37.2 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 & 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 Item (1.2) above.

\$

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

\$

1.62 Total incurred claims

\$

1.63 Number of covered lives

All years prior to most current three years:

1.64 Total premium earned

\$

1.65 Total incurred claims

\$

1.66 Number of covered lives

1.7 Group policies:

Most current three years:

1.71 Total premium earned

\$

1.72 Total incurred claims

\$

1.73 Number of covered lives

All years prior to most current three years:

1.74 Total premium earned

\$

1.75 Total incurred claims

\$

1.76 Number of covered lives

2. Health Test:

1

2

Current Year

Prior Year

2.1 Premium Numerator

\$

\$

2.2 Premium Denominator

\$

\$

2.3 Premium Ratio (2.1 / 2.2)

2.4 Reserve Numerator

\$

\$

2.5 Reserve Denominator

\$

\$

2.6 Reserve Ratio (2.4 / 2.5)

3.1 Does the reporting entity issue both participating and non-participating policies?

Yes [X] No [ ]

3.2 If yes, state the amount of calendar year premiums written on:

3.21 Participating policies

\$

3.22 Non-participating policies

\$121,279,344

4. For Mutual reporting entities and Reciprocal Exchanges only:

4.1 Does the reporting entity issue assessable policies?

Yes [ ] No [X]

4.2 Does the reporting entity issue non-assessable policies?

Yes [ ] No [X]

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 [X]

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 [X]

5.5 If yes, give full information

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:  
see Note 21C1

16



GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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: see Note 21C1	
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? see Note 21C1	
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 [ ] No [X]
6.5	If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss The Company cedes 100% of its business to Liberty Mutual Insurance Company, the lead company in the Liberty Mutual Pool. Liberty Mutual Insurance Company purchases external catastrophe reinsurance coverage.	
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 [ ]
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 N/A	
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 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 [X] No [ ]

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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 the reporting entity guaranteed policies issued by any other entity and now in force:

Yes [ ] No [X]

11.2 If yes, give full information

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses

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 [X] N/A [ ]

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 a reporting entity or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?

Yes [ ] No [X]

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

12.61 Letters of Credit

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.

1

14.1 Is the company a cedant in a multiple cedant reinsurance contract?

Yes [X] No [ ]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:  
Premiums and recoverables were allocated pursuant to the intercompany pooling agreement.

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 all the methods described in 14.2 entirely contained in written agreements?

Yes [X] No [ ]

14.5 If the answer to 14.4 is no, please explain:  
N/A

15.1 Has the reporting entity guaranteed any financed premium accounts?

Yes [ ] No [X]

15.2 If yes, give full information

16.1 Does the reporting entity write any warranty business?

Yes [ ] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

	1	2	3	4	5
	Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
16.11 Home	\$	\$	\$	\$	\$
16.12 Products	\$	\$	\$	\$	\$
16.13 Automobile	\$	\$	\$	\$	\$
16.14 Other*	\$	\$	\$	\$	\$

\* Disclose type of coverage: 0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

17.1

Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that is exempt from the statutory provision for unauthorized reinsurance?

Yes [ ☐ ] No [ ☒ ]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption:

17.11

Gross amount of unauthorized reinsurance in Schedule F – Part 3 exempt from the statutory provision for unauthorized reinsurance

\$

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

\$

18.1

Do you act as a custodian for health savings accounts?

Yes [ ☐ ] No [ ☒ ]

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 [ ☒ ]

18.4

If yes, please provide the balance of the funds adminstered as of the reporting date.

\$

19.

Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states?

Yes [ ☐ ] No [ ☒ ]

19.1

If no, does the reporting entity assume reinsurance business that coveres risks residing in at least one state other than the state of domicile of the reporting entity?

Yes [ ☐ ] No [ ☒ ]

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2018	2017	2016	2015	2014
<b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	62,163,478	63,472,808	65,166,268	70,611,671	67,694,782
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	48,391,202	48,225,468	47,673,197	52,154,465	49,885,444
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	10,724,666	11,834,203	13,538,129	16,056,921	8,620,219
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	121,279,346	123,532,479	126,377,594	138,823,057	126,200,445
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)					
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8)					
14. Net investment gain (loss) (Line 11)	446,476	383,346	320,913	387,310	365,521
15. Total other income (Line 15)	(1)			(4)	(1,149)
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	17,903	70,001	60,000	(147,000)	(205,000)
18. Net income (Line 20)	428,572	313,345	260,913	534,306	569,372
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	23,779,762	23,479,857	23,180,445	22,822,518	22,220,935
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)					
20.2 Deferred and not yet due (Line 15.2)					
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	1,195,533	1,173,202	1,173,690	1,110,119	723,843
22. Losses (Page 3, Line 1 )					
23. Loss adjustment expenses (Page 3, Line 3)					
24. Unearned premiums (Page 3, Line 9)					
25. Capital paid up (Page 3, Lines 30 & 31)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	22,584,228	22,306,656	22,006,753	21,712,398	21,497,092
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	350,153	145,246	979,085	576,555	4,053,790
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	22,584,228	22,306,656	22,006,753	21,712,398	21,497,092
29. Authorized control level risk-based capital	40,030	38,986	39,120	40,720	44,298
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	92.7	93.2	89.0	92.9	95.0
31. Stocks (Lines 2.1 & 2.2)					
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	2.3	1.7	6.6	2.1	1.6
35. Contract 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)	5.0	5.0	4.4	5.0	3.5
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47					
49. Total investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)					

FIVE – YEAR HISTORICAL DATA  
(Continued)

	1	2	3	4	5
	2018	2017	2016	2015	2014
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)					
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	277,572	299,903	294,355	215,306	470,696
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	40,575,750	42,759,488	36,251,585	41,891,777	39,218,187
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	26,963,047	27,956,775	27,117,988	27,938,499	25,985,267
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	3,224,901	4,593,738	6,161,278	3,445,391	424,924
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	70,763,698	75,310,001	69,530,851	73,275,667	65,628,378
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)					
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)					
68. Loss expenses incurred (Line 3)					
69. Other underwriting expenses incurred (Line 4)					
70. Net underwriting gain (loss) (Line 8)					
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)					
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)					
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)					
One Year Loss Development (\$000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)					
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)					
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, Col. 12)					
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)					

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

Yes [ ] No [ ]

requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

If no, please explain:

.....  
.....  
.....  
.....

**NONE      Schedule P - Part 1 - Summary**

**NONE      Schedule P - Part 2, 3, 4 - Summary**

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN  
Allocated By States and Territories

		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						
States, Etc.		Active Status (a)	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 Col. 2)
1.	Alabama	AL	L							
2.	Alaska	AK	L							
3.	Arizona	AZ	L				738	738		
4.	Arkansas	AR	L							
5.	California	CA	L	44,446,509	45,044,360		30,124,125	30,492,949	17,001,433	
6.	Colorado	CO	L				998,884	248,884		
7.	Connecticut	CT	N							
8.	Delaware	DE	L							
9.	District of Columbia	DC	L				1,441	1,441		
10.	Florida	FL	N				5,639	5,639		
11.	Georgia	GA	L	484,977	511,745		129,494	99,639	49,979	
12.	Hawaii	HI	N							
13.	Idaho	ID	L	1,484,967	1,390,990		402,782	605,581	725,793	
14.	Illinois	IL	L	386,456	386,978		25,953	14,384	8,538	
15.	Indiana	IN	L	19,442,556	20,770,567		7,365,456	6,712,996	7,186,217	
16.	Iowa	IA	L					847	150,908	
17.	Kansas	KS	L							
18.	Kentucky	KY	L							
19.	Louisiana	LA	L					4,218	4,218	
20.	Maine	ME	N							
21.	Maryland	MD	L	46,579,846	45,783,299		26,121,564	25,668,059	16,415,700	
22.	Massachusetts	MA	N							
23.	Michigan	MI	L							
24.	Minnesota	MN	L							
25.	Mississippi	MS	L	101,571	129,474		33,549	(52,634)	90,951	
26.	Missouri	MO	L							
27.	Montana	MT	L	2,078,252	1,795,461		489,225	809,468	1,603,994	
28.	Nebraska	NE	L							
29.	Nevada	NV	L	2,052	10,223		47,454	40,633	4,917	
30.	New Hampshire	NH	N							
31.	New Jersey	NJ	N				685	682		
32.	New Mexico	NM	L							
33.	New York	NY	N							
34.	North Carolina	NC	L	1,833,409	2,067,177		1,433,265	1,036,459	663,873	
35.	North Dakota	ND	L	54,811	62,467		27,784	17,754	222,788	
36.	Ohio	OH	L							
37.	Oklahoma	OK	L							
38.	Oregon	OR	L							
39.	Pennsylvania	PA	L							
40.	Rhode Island	RI	N							
41.	South Carolina	SC	L							
42.	South Dakota	SD	L	203,086	198,686		404,667	79,521	531,326	
43.	Tennessee	TN	L						228	
44.	Texas	TX	L				72	(1,928)	421	
45.	Utah	UT	L							
46.	Vermont	VT	N							
47.	Virginia	VA	L				13,848	13,793	7,456	
48.	Washington	WA	L	4,127,547	4,152,585		3,112,975	3,351,388	4,828,737	
49.	West Virginia	WV	L							
50.	Wisconsin	WI	L				7,607	7,607		
51.	Wyoming	WY	L	53,306	75,883		16,493	(70,723)	106,384	
52.	American Samoa	AS	N							
53.	Guam	GU	N							
54.	Puerto Rico	PR	N							
55.	U.S. Virgin Islands	VI	N							
56.	Northern Mariana Islands	MP	N							
57.	Canada	CAN	N							
58.	Aggregate Other Alien	OT	X X X							
59.	Totals	(a) 41	121,279,345	122,379,895		70,763,700	69,086,548	49,453,800	150,908	

DETAILS OF WRITE-INS									
58001.		X X X							
58002.		X X X							
58003.		X X X							
58998.	Summary of remaining write-ins for Line 58 from overflow page	X X X							
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X							

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

(a) Active Status Counts	
L – Licensed or Chartered - Licensed insurance carrier or domiciled RRG	41
E – Eligible - Reporting entities eligible or approved to write surplus lines in the state	
D - Domestic Surplus Lines Insurer (DSLII) - Reporting entities authorized to write surplus lines in the state of domicile	
R - Registered - Non-domiciled RRGs	
Q - Qualified - Qualified or accredited reinsurer	
N – None of the above - Not allowed to write business in the state (other than their state of domicile - See DSLII)	16

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

*Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery	
*States employee's main work place - Worker's Compensation	*Location of Court or Obligee - Surety
*Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage	*Address of Assured - Other Accident and Health
*Principal Location of business or location of coverage - Liability other than Auto, Fidelity, Warranty	*Location of Properties covered - Burglary and Theft
*Point of origin of shipment or principal location of assured - Inland Marine	*Principal Location of Assured - Ocean Marine, Credit
*State in which employees regularly work - Group Accident and Health	*Primary residence of Assured - Aircraft (all perils)

```

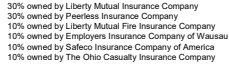
graph TD
    Root[ ] --- ExhibitA[Exhibit A]
    Root --- ExhibitB[Exhibit B]
    Root --- ExhibitC[Exhibit C]
    Root --- ExhibitD[Exhibit D]

```



[illegible]

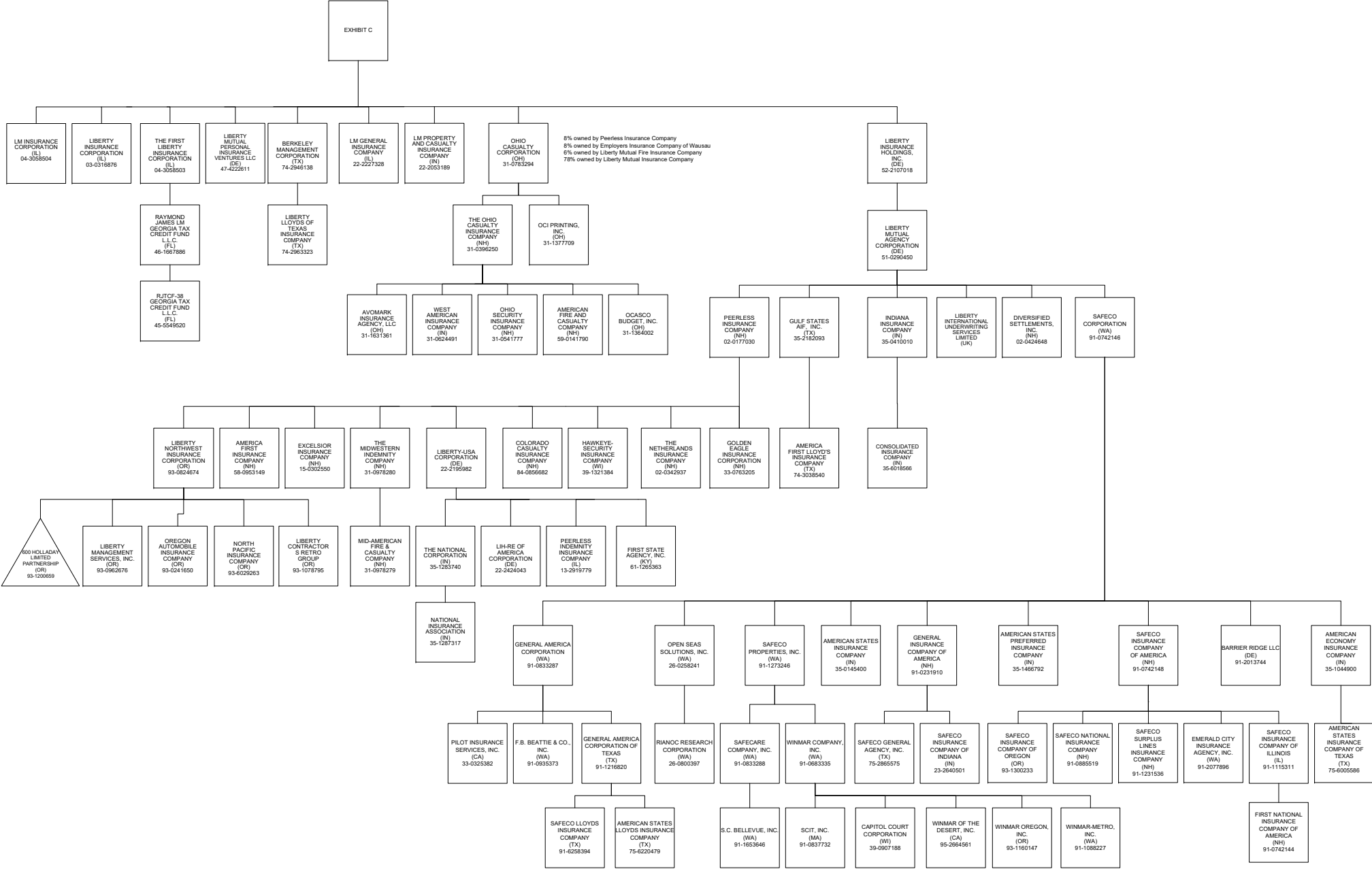
## EXHIBIT B



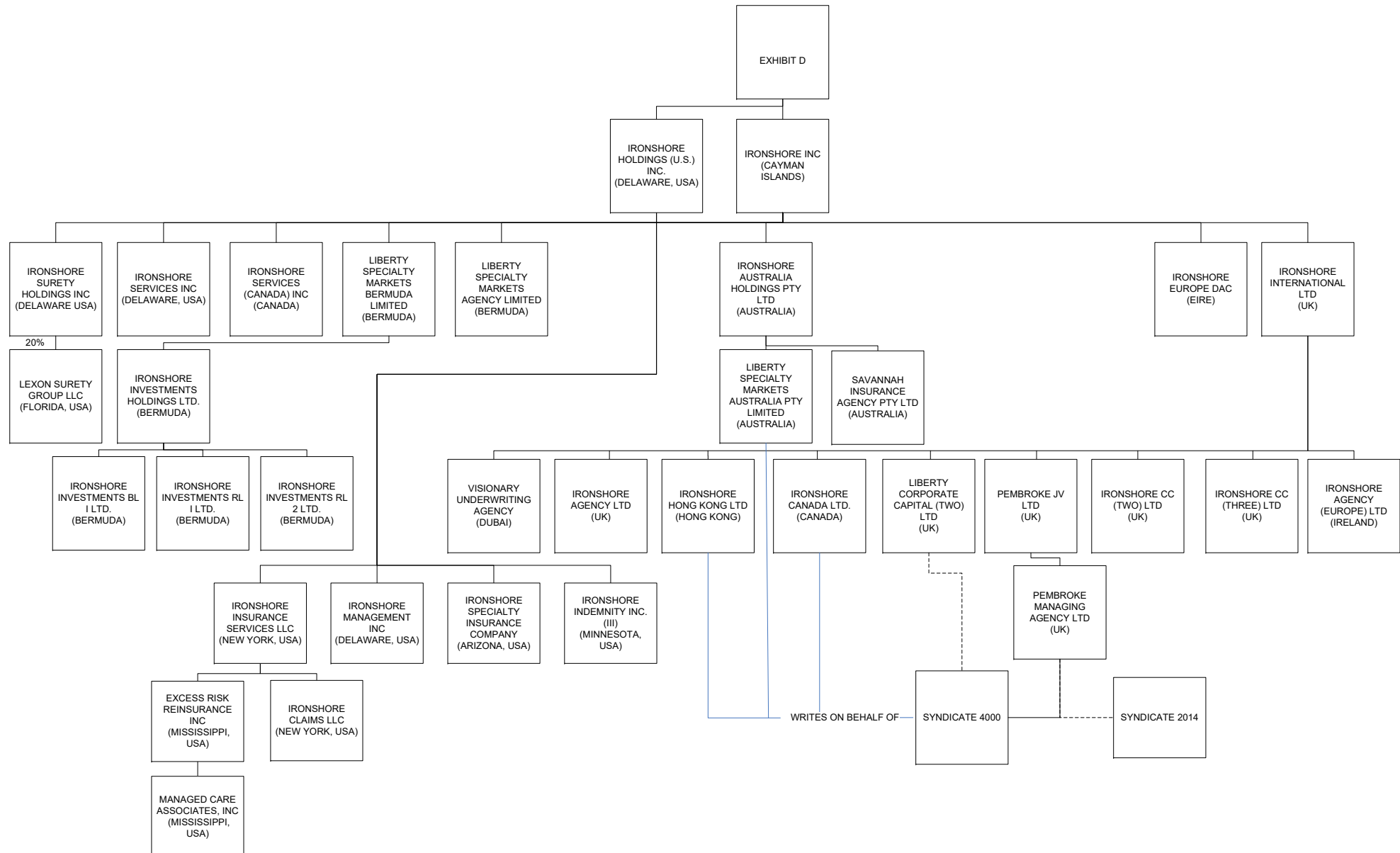
40% owned by Liberty Mutual Insurance Company  
10% owned by Liberty Mutual Fire Insurance Company  
10% owned by Employers Insurance Company of Wausau  
10% owned by The Ohio Casualty Insurance Company  
22% owned by Peerless Insurance Company  
8% owned by Safeco Insurance Company of America

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



## PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

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