

**ANNUAL STATEMENT**

**OF THE**

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**THE OHIO CASUALTY INSURANCE COMPANY**

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of **KEENE**  
**STATE OF** **NEW HAMPSHIRE**

**TO THE**

**Insurance Department**

**OF THE**

**FOR THE YEAR ENDED**

**December 31, 2019**

**PROPERTY AND CASUALTY**

**2019**



24074201920100100

ANNUAL STATEMENT

For the Year Ended December 31, 2019
OF THE CONDITION AND AFFAIRS OF THE

The Ohio Casualty Insurance Company

NAIC Group Code 0111 0111 NAIC Company Code 24074 Employer's ID Number 31-0396250
Organized under the Laws of New Hampshire, State of Domicile or Port of Entry NH
Country of Domicile United States of America
Incorporated/Organized November 6, 1919 Commenced Business March 1, 1920
Statutory Home Office 100 Liberty Way, Dover, NH, US 03820
Main Administrative Office 175 Berkeley Street, Boston, MA, US 02116
Mail Address 175 Berkeley Street, Boston, MA, US 02116
Primary Location of Books and Records 175 Berkeley Street, Boston, MA, US 02116
Internet Web Site Address www.LibertyMutualGroup.com
Statutory Statement Contact Lindsey Pendergast, 617-357-9500 x41177

OFFICERS

Chairman of the Board

David Henry Long

Table with 2 columns: Name, Title. Rows include David Henry Long (President and Chief Executive Officer), Mark Charles Touhey (Senior Vice President and Secretary), and Laurance Henry Soyer Yahia (Senior Vice President and Treasurer).

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Lists various vice-presidents such as Alison Brooke Erbig, Neeti Bhalla Johnson, Kevin Hugh Kelley, James Martin McGlennon, Timothy Michael Sweeney, Melanie Marie Foley, James Francis Kelleher, Dennis James Langwell, and Christopher Locke Peirce.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Name, Name, Name. Lists directors or trustees including Melanie Marie Foley, Neeti Bhalla Johnson, James Francis Kelleher, Kevin Hugh Kelley, Dennis James Langwell, David Henry Long, James Martin McGlennon, and Christopher Locke Peirce.

State of Massachusetts
County of Suffolk

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...

Signature lines for David Henry Long, Mark Charles Touhey, and Laurance Henry Soyer Yahia, including printed names and titles.

Subscribed and sworn to (or affirmed) before me this on this 16th day of January, 2020, 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)	5,000,415,897		5,000,415,897	4,564,229,370
2. Stocks (Schedule D):				
2.1 Preferred stocks	5,140,000		5,140,000	18,846,564
2.2 Common stocks	187,837,450		187,837,450	181,178,456
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	195,575,865		195,575,865	174,947,654
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				22,377,101
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ (43,462,012), Schedule E - Part 1), cash equivalents (\$ 40,390,830, Schedule E - Part 2), and short-term investments (\$ 7,322, Schedule DA)	(3,063,860)		(3,063,860)	27,563,429
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)	21,233		21,233	
8. Other invested assets (Schedule BA)	402,608,125		402,608,125	365,748,032
9. Receivables for securities	23,112,812		23,112,812	9,071,831
10. Securities lending reinvested collateral assets (Schedule DL)	112,709,015		112,709,015	135,089,168
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	5,924,356,537		5,924,356,537	5,499,051,605
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	33,878,311		33,878,311	32,498,402
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	168,823,195	19,238,255	149,584,940	135,501,603
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 6,016,874 earned but unbilled premiums)	589,623,356	601,688	589,021,668	573,572,798
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)	26,385,227	2,648,838	23,736,389	27,724,964
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				3,278
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	65,249,001		65,249,001	71,706,000
19. Guaranty funds receivable or on deposit	1,770,062		1,770,062	3,125,152
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				41,546,484
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	124,954,498	6,452,309	118,502,189	111,831,051
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	6,935,040,187	28,941,090	6,906,099,097	6,496,561,337
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	6,935,040,187	28,941,090	6,906,099,097	6,496,561,337

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. Cash Surrender Value Life Insurance	84,544,586		84,544,586	78,507,351
2502. Equities and deposits in pools and associations	17,142,293		17,142,293	17,175,601
2503. Amounts receivable under high deductible policies	14,567,490	4,530	14,562,960	13,890,455
2598. Summary of remaining write-ins for Line 25 from overflow page	8,700,129	6,447,779	2,252,350	2,257,644
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	124,954,498	6,452,309	118,502,189	111,831,051

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	2,861,132,338	2,677,185,459
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	9,077,424	7,097,791
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	584,124,274	549,248,034
4. Commissions payable, contingent commissions and other similar charges	48,684,012	51,722,929
5. Other expenses (excluding taxes, licenses and fees)	77,260,913	75,496,563
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	18,668,978	21,801,962
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	241,244	11,138,095
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 539,921,662 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)	1,281,143,437	1,256,228,712
10. Advance premium	7,969,782	7,954,557
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	183,012	177,845
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	4,958,584	4,985,687
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	12,689,786	1,238,466
20. Derivatives		
21. Payable for securities	106,130,994	34,949,926
22. Payable for securities lending	112,709,015	135,089,168
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	(201,607,129)	(168,160,492)
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	4,923,366,664	4,666,154,702
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	4,923,366,664	4,666,154,702
29. Aggregate write-ins for special surplus funds	5,242,951	6,897,373
30. Common capital stock	4,500,000	4,500,000
31. Preferred capital stock		
32. Aggregate write-ins for other-than-special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	738,183,897	738,183,897
35. Unassigned funds (surplus)	1,234,805,586	1,080,825,369
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)	1,982,732,434	1,830,406,639
38. Totals (Page 2, Line 28, Col. 3)	6,906,099,098	6,496,561,341

DETAILS OF WRITE-IN LINES		
2501. Other liabilities	54,529,099	42,469,332
2502. Amounts held under uninsured plans	42,100,087	43,504,342
2503. Retroactive reinsurance reserves	(298,236,315)	(254,134,166)
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(201,607,129)	(168,160,492)
2901. Special surplus from retroactive reinsurance	5,242,951	6,897,373
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)	5,242,951	6,897,373
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
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4)	2,556,421,912	2,486,141,557
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	1,597,092,293	1,436,049,835
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	322,330,266	304,209,314
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	730,246,099	736,214,619
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	2,649,668,658	2,476,473,768
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(93,246,746)	9,667,789
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	197,616,025	227,435,981
10. Net realized capital gains (losses) less capital gains tax of \$ 6,147,068 (Exhibit of Capital Gains (Losses))	17,562,386	1,340,572
11. Net investment gain (loss) (Lines 9 + 10)	215,178,411	228,776,553
<b>OTHER INCOME</b>		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 224,915 amount charged off \$ 10,998,927)	(10,774,012)	(8,207,290)
13. Finance and service charges not included in premiums	15,752,736	16,142,648
14. Aggregate write-ins for miscellaneous income	6,580,865	(35,210,134)
15. Total other income (Lines 12 through 14)	11,559,589	(27,274,776)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	133,491,254	211,169,566
17. Dividends to policyholders	1,002,538	1,315,293
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)	132,488,716	209,854,273
19. Federal and foreign income taxes incurred	21,641,932	30,463,390
20. Net income (Line 18 minus Line 19) (to Line 22)	110,846,784	179,390,883
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,830,406,640	1,693,624,143
22. Net income (from Line 20)	110,846,784	179,390,883
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 5,823,012	46,936,964	(35,394,809)
25. Change in net unrealized foreign exchange capital gain (loss)	349,018	(407,212)
26. Change in net deferred income tax	(633,988)	(5,300,050)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(5,172,983)	(1,506,315)
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)	152,325,795	136,782,497
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	1,982,732,435	1,830,406,640

<b>DETAILS OF WRITE-IN LINES</b>		
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. Retroactive reinsurance gain/(loss)	5,050,095	(35,419,431)
1402. Other income/(expense)	1,530,770	209,297
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	6,580,865	(35,210,134)
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
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance	2,546,452,173	2,520,536,395
2. Net investment income	206,243,594	236,297,095
3. Miscellaneous income	8,517,028	(28,710,804)
4. Total (Lines 1 through 3)	2,761,212,795	2,728,122,686
5. Benefit and loss related payments	1,412,374,915	1,374,991,814
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	1,022,312,995	1,000,030,837
8. Dividends paid to policyholders	997,370	1,292,252
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	38,685,850	35,643,935
10. Total (Lines 5 through 9)	2,474,371,130	2,411,958,838
11. Net cash from operations (Line 4 minus Line 10)	286,841,665	316,163,848
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	5,777,755,008	3,737,688,367
12.2 Stocks	151,664,358	40,175,137
12.3 Mortgage loans	19,463,230	19,494,458
12.4 Real estate	16,494,169	
12.5 Other invested assets	501,256,872	619,658,167
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	242	
12.7 Miscellaneous proceeds	(14,040,980)	(3,451,827)
12.8 Total investment proceeds (Lines 12.1 to 12.7)	6,452,592,899	4,413,564,302
13. Cost of investments acquired (long-term only):		
13.1 Bonds	6,177,920,891	3,963,464,982
13.2 Stocks	134,649,277	76,290,102
13.3 Mortgage loans	40,488,932	39,842,376
13.4 Real estate	636,897	233,769
13.5 Other invested assets	488,285,930	657,150,701
13.6 Miscellaneous applications	(71,181,068)	6,471,695
13.7 Total investments acquired (Lines 13.1 to 13.6)	6,770,800,859	4,743,453,625
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)	(318,207,960)	(329,889,323)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	739,007	18,890,172
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	739,007	18,890,172
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(30,627,288)	5,164,697
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	27,563,429	22,398,732
19.2 End of year (Line 18 plus Line 19.1)	(3,063,859)	27,563,429

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

20.0001	2 - Net investment income	124,086	174,697
20.0002	12.1 - Proceeds from investments sold, matured or repaid - Bonds	15,904,249	23,727,656
20.0003	12.2 - Proceeds from investments sold, matured or repaid - Stocks		431,945
20.0004	13.1 - Cost of investments acquired - Bonds	16,074,084	53,659,021
20.0005	13.2 - Cost of Investment Acquired - Stocks		6,556,875
20.0006	16.6 - Other cash provided (applied)	45,749	35,881,597

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 – PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	59,287,720	25,309,579	26,163,643	58,433,656
2. Allied lines	47,541,306	21,100,779	21,822,975	46,819,110
3. Farmowners multiple peril	8,969,791	4,183,763	4,479,330	8,674,224
4. Homeowners multiple peril	503,099,741	267,393,424	269,437,786	501,055,379
5. Commercial multiple peril	188,883,674	84,835,068	93,502,903	180,215,839
6. Mortgage guaranty				
8. Ocean marine	12,915,486	5,681,280	7,497,583	11,099,183
9. Inland marine	82,049,458	18,005,221	22,494,033	77,560,646
10. Financial guaranty				
11.1 Medical professional liability—occurrence	7,671,826	3,889,015	3,571,155	7,989,686
11.2 Medical professional liability—claims-made	11,468,816	4,571,625	5,908,238	10,132,203
12. Earthquake	6,959,225	3,068,026	3,211,886	6,815,365
13. Group accident and health	17,721,227	2,951,325	3,024,743	17,647,809
14. Credit accident and health (group and individual)				
15. Other accident and health	1,552,378	341,002	552,138	1,341,242
16. Workers' compensation	162,241,727	18,075,963	18,115,255	162,202,435
17.1 Other liability—occurrence	179,282,877	101,162,335	98,683,439	181,761,773
17.2 Other liability—claims-made	78,510,524	47,083,202	53,617,918	71,975,808
17.3 Excess workers' compensation	4,939,794	1,881,297	2,094,473	4,726,618
18.1 Products liability—occurrence	14,279,889	6,693,175	6,650,985	14,322,079
18.2 Products liability—claims-made	2,740,558	1,055,895	1,280,201	2,516,252
19.1,19.2 Private passenger auto liability	536,345,655	269,889,905	267,170,516	539,065,044
19.3,19.4 Commercial auto liability	117,715,763	52,905,077	55,452,838	115,168,002
21. Auto physical damage	414,298,954	203,826,627	204,869,761	413,255,820
22. Aircraft (all perils)	4,544,431	1,943,835	1,248,747	5,239,519
23. Fidelity	3,386,306	633,462	1,062,611	2,957,157
24. Surety	80,726,845	50,387,614	57,763,991	73,350,468
26. Burglary and theft	302,995	166,861	120,010	349,846
27. Boiler and machinery	3,636,333	1,494,165	1,547,200	3,583,298
28. Credit	1,813,773	3,351,569	3,656,775	1,508,567
29. International				
30. Warranty				
31. Reinsurance-nonproportional assumed property	17,850,904	8,204,199	3,419,344	22,635,759
32. Reinsurance-nonproportional assumed liability	8,566,113	3,235,258	2,982,580	8,818,791
33. Reinsurance-nonproportional assumed financial lines	2,162,213	7,130,625	7,360,271	1,932,567
34. Aggregate write-ins for other lines of business	4,055	4	944	3,115
35. TOTALS	2,581,470,357	1,220,451,175	1,248,764,272	2,553,157,260

DETAILS OF WRITE-IN LINES				
3401. Tuition Protection Plan	4,055	4	944	3,115
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)	4,055	4	944	3,115

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1A – RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	24,357,706	1,805,937			26,163,643
2. Allied lines	21,883,540	(60,565)			21,822,975
3. Farmowners multiple peril	4,479,555	(224)			4,479,331
4. Homeowners multiple peril	269,375,471	62,315			269,437,786
5. Commercial multiple peril	91,532,913	4,339,376	(2,369,387)		93,502,902
6. Mortgage guaranty					
8. Ocean marine	5,031,178	2,466,405			7,497,583
9. Inland marine	17,696,734	4,797,300			22,494,034
10. Financial guaranty					
11.1 Medical professional liability—occurrence	3,309,838	261,317			3,571,155
11.2 Medical professional liability—claims-made	4,424,427	1,483,811			5,908,238
12. Earthquake	3,097,563	114,323			3,211,886
13. Group accident and health	2,013,996	1,010,747			3,024,743
14. Credit accident and health (group and individual)					
15. Other accident and health	515,040	37,097			552,137
16. Workers' compensation	60,617,951	(11,810,077)	(3,218,651)	(27,473,968)	18,115,255
17.1 Other liability—occurrence	77,994,157	20,199,851	(312,161)	801,592	98,683,439
17.2 Other liability—claims-made	26,984,071	26,635,837	(1,990)		53,617,918
17.3 Excess workers' compensation	1,927,838	204,070		(37,436)	2,094,472
18.1 Products liability—occurrence	5,154,379	2,040,842	(114,685)	(429,551)	6,650,985
18.2 Products liability—claims-made	1,033,358	246,843			1,280,201
19.1,19.2 Private passenger auto liability	267,176,998	(6,481)			267,170,517
19.3,19.4 Commercial auto liability	54,447,721	228,045	22,937	754,136	55,452,839
21. Auto physical damage	204,772,499	97,261			204,869,760
22. Aircraft (all perils)	1,218,632	30,116			1,248,748
23. Fidelity	988,480	74,130			1,062,610
24. Surety	16,204,527	41,559,465			57,763,992
26. Burglary and theft	107,917	12,093			120,010
27. Boiler and machinery	1,515,789	31,411			1,547,200
28. Credit	1,076,483	2,580,293			3,656,776
29. International					
30. Warranty					
31. Reinsurance-nonproportional assumed property	1,125,770	2,293,574			3,419,344
32. Reinsurance-nonproportional assumed liability	2,872,098	110,482			2,982,580
33. Reinsurance-nonproportional assumed financial lines	7,360,271				7,360,271
34. Aggregate write-ins for other lines of business	944				944
35. TOTALS	1,180,297,844	100,845,594	(5,993,937)	(26,385,227)	1,248,764,274
36. Accrued retrospective premiums based on experience					26,385,227
37. Earned but unbilled premiums					5,993,937
38. Balance (Sum of Lines 35 through 37)					1,281,143,438

DETAILS OF WRITE-IN LINES					
3401. Tuition Protection Plan	944				944
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)	944				944

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



## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire	2,876,777	59,287,720		2,876,777		59,287,720
2. Allied lines	4,789,493	47,541,306		4,789,493		47,541,306
3. Farmowners multiple peril	1,026,840	8,969,791		1,026,840		8,969,791
4. Homeowners multiple peril	824,761	503,099,741		824,761		503,099,741
5. Commercial multiple peril	202,056,668	188,883,674		202,056,668		188,883,674
6. Mortgage guaranty						
8. Ocean marine		12,915,486				12,915,486
9. Inland marine	170,917,380	82,049,458		170,917,074	306	82,049,458
10. Financial guaranty						
11.1 Medical professional liability--occurrence		7,671,826				7,671,826
11.2 Medical professional liability--claims-made		11,468,816				11,468,816
12. Earthquake	42,511	6,959,225		42,511		6,959,225
13. Group accident and health		17,721,227				17,721,227
14. Credit accident and health (group and individual)						
15. Other accident and health	15,784	1,552,378		15,784		1,552,378
16. Workers' compensation	83,226,253	162,241,727		83,226,253		162,241,727
17.1 Other liability—occurrence	373,869,187	179,282,877		373,866,336	2,851	179,282,877
17.2 Other liability—claims-made	123,478	78,510,524		123,478		78,510,524
17.3 Excess workers' compensation		4,939,794				4,939,794
18.1 Products liability—occurrence	4,296,836	14,279,889		4,296,836		14,279,889
18.2 Products liability—claims-made		2,740,558				2,740,558
19.1,19.2 Private passenger auto liability	1,238,106	536,345,655		1,238,106		536,345,655
19.3,19.4 Commercial auto liability	82,381,313	117,715,763		82,381,313		117,715,763
21. Auto physical damage	31,053,477	414,298,954		31,053,477		414,298,954
22. Aircraft (all perils)		4,544,431				4,544,431
23. Fidelity	7,657,334	3,386,306		7,657,334		3,386,306
24. Surety	128,635,767	80,726,845		128,635,767		80,726,845
26. Burglary and theft		302,995				302,995
27. Boiler and machinery	141,782	3,636,333		141,782		3,636,333
28. Credit		1,813,773				1,813,773
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	X X X	17,850,904				17,850,904
32. Reinsurance-nonproportional assumed liability	X X X	8,566,113				8,566,113
33. Reinsurance-nonproportional assumed financial lines	X X X	2,162,213				2,162,213
34. Aggregate write-ins for other lines of business		4,055				4,055
35. TOTALS	1,095,173,747	2,581,470,357		1,095,170,590	3,157	2,581,470,357

DETAILS OF WRITE-IN LINES						
3401. Tuition Protection Plan		4,055				4,055
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)		4,055				4,055

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

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

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

## UNDERWRITING AND INVESTMENT EXHIBIT PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 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	782,165	31,274,219	782,165	31,274,219	38,786,139	35,513,573	34,546,785	59.121
2. Allied lines	1,893,027	33,716,454	1,893,027	33,716,454	25,897,244	31,127,163	28,486,535	60.844
3. Farmowners multiple peril	2,100	5,289,467	2,100	5,289,467	2,534,938	2,379,201	5,445,204	62.775
4. Homeowners multiple peril	328,147	271,992,817	328,147	271,992,817	125,992,922	130,134,216	267,851,523	53.457
5. Commercial multiple peril	60,328,842	105,602,572	60,328,842	105,602,572	189,520,268	195,158,301	99,964,539	55.469
6. Mortgage guaranty								
8. Ocean marine		4,489,736		4,489,736	9,686,041	7,292,109	6,883,668	62.020
9. Inland marine	56,234,463	47,885,690	56,234,463	47,885,690	11,355,502	11,674,040	47,567,152	61.329
10. Financial guaranty								
11.1 Medical professional liability—occurrence		1,237,973		1,237,973	15,433,464	13,699,552	2,971,885	37.197
11.2 Medical professional liability—claims-made		6,231,470		6,231,470	18,509,115	18,501,252	6,239,333	61.579
12. Earthquake		102,415		102,415	(368,844)	242,690	(509,119)	(7.470)
13. Group accident and health		15,087,627		15,087,627	9,858,161	7,610,252	17,335,536	98.231
14. Credit accident and health (group and individual)								
15. Other accident and health	9,600	764,639	9,600	764,639	1,756,598	2,205,439	315,798	23.545
16. Workers' compensation	25,927,096	94,151,426	25,927,096	94,151,426	858,434,492	890,228,785	62,357,133	38.444
17.1 Other liability—occurrence	147,545,427	109,905,458	147,545,427	109,905,458	475,644,310	398,585,755	186,964,013	102.862
17.2 Other liability—claims-made		24,763,651		24,763,651	175,606,258	150,058,746	50,311,163	69.900
17.3 Excess workers' compensation		1,948,904		1,948,904	48,034,779	47,363,472	2,620,211	55.435
18.1 Products liability—occurrence	1,707,321	8,180,570	1,707,321	8,180,570	34,357,363	30,651,910	11,886,023	82.991
18.2 Products liability—claims-made		614,441		614,441	5,327,000	4,437,235	1,504,206	59.780
19.1,19.2 Private passenger auto liability	2,377,089	322,556,813	2,377,089	322,556,813	510,185,092	474,515,571	358,226,334	66.453
19.3,19.4 Commercial auto liability	32,276,085	76,614,156	32,276,085	76,614,156	205,152,015	165,580,494	116,185,677	100.884
21. Auto physical damage	11,853,027	229,665,610	11,853,027	229,665,610	12,832,810	9,999,171	232,499,249	56.260
22. Aircraft (all perils)		3,636,984		3,636,984	8,832,220	4,813,721	7,655,483	146.110
23. Fidelity	328,308	469,578	328,308	469,578	6,400,707	6,392,759	477,526	16.148
24. Surety	6,456,331	9,344,183	6,456,331	9,344,183	24,122,511	18,579,314	14,887,380	20.296
26. Burglary and theft		18,593		18,593	548,605	542,175	25,023	7.153
27. Boiler and machinery		1,482,639		1,482,639	1,388,945	852,711	2,018,873	56.341
28. Credit		41,416		41,416	1,356,424	833,749	564,091	37.393
29. International								
30. Warranty					75,580	131,158	(55,578)	
31. Reinsurance-nonproportional assumed property	X X X	2,823,234		2,823,234	3,915,549	(6,497,699)	13,236,482	58.476
32. Reinsurance-nonproportional assumed liability	X X X	4,362,919		4,362,919	37,824,153	23,187,844	18,999,228	215.440
33. Reinsurance-nonproportional assumed financial lines	X X X	94,721		94,721	2,131,977	1,390,783	835,915	43.254
34. Aggregate write-ins for other lines of business		4,172		4,172		15	4,157	133.451
35. TOTALS	348,049,028	1,414,354,547	348,049,028	1,414,354,547	2,861,132,338	2,677,185,457	1,598,301,428	62.601

DETAILS OF WRITE-IN LINES								
3401. Tuition Protection Plan		4,172		4,172		15	4,157	133.451
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)		4,172		4,172		15	4,157	133.451

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

Line of Business	Reported Losses				Incurred But Not Reported			Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	117,157	21,236,064	117,157	21,236,064	86,493	17,550,075	86,493	38,786,139	2,550,528
2. Allied lines	277,216	14,264,407	277,216	14,264,407	286,903	11,632,837	286,903	25,897,244	1,839,794
3. Farmowners multiple peril		2,164,502		2,164,502	79,577	370,436	79,577	2,534,938	164,728
4. Homeowners multiple peril	440,593	74,794,823	440,593	74,794,823	110,595	51,198,099	110,595	125,992,922	20,665,693
5. Commercial multiple peril	64,952,224	116,985,349	64,952,224	116,985,349	49,416,704	72,534,918	49,416,704	189,520,267	54,934,292
6. Mortgage guaranty									
8. Ocean marine		3,601,573		3,601,573		6,084,468		9,686,041	923,301
9. Inland marine	29,029,171	9,140,970	29,029,171	9,140,970	10,839,095	2,214,532	10,839,095	11,355,502	1,569,143
10. Financial guaranty									
11.1 Medical professional liability—occurrence		3,240,230		3,240,230		12,193,234		15,433,464	1,411,200
11.2 Medical professional liability—claims-made		8,201,030		8,201,030		10,308,085		18,509,115	3,278,752
12. Earthquake		105,813		105,813	16	(474,657)	16	(368,844)	100,355
13. Group accident and health		6,089,299		6,089,299		3,768,861		(a) 9,858,160	470,446
14. Credit accident and health (group and individual)									
15. Other accident and health	20,596	656,845	20,596	656,845	9,660	1,099,753	9,660	(a) 1,756,598	62,630
16. Workers' compensation	97,518,837	397,921,360	97,518,837	397,921,360	59,511,506	460,513,132	59,511,506	858,434,492	165,578,369
17.1 Other liability—occurrence	169,173,293	175,691,364	169,173,293	175,691,364	504,692,042	299,952,946	504,692,042	475,644,310	119,616,258
17.2 Other liability—claims-made		52,464,309		52,464,309		123,141,950		175,606,259	35,041,418
17.3 Excess workers' compensation		19,138,322		19,138,322		28,896,457		48,034,779	7,361,529
18.1 Products liability—occurrence	1,405,000	7,015,871	1,405,000	7,015,871	2,773,457	27,341,492	2,773,457	34,357,363	23,804,176
18.2 Products liability—claims-made		523,950		523,950		4,803,050		5,327,000	2,303,796
19.1,19.2 Private passenger auto liability	20,602,687	275,168,535	20,602,687	275,168,535	1,461,727	235,016,556	1,461,727	510,185,091	101,864,464
19.3,19.4 Commercial auto liability	47,919,947	89,764,654	47,919,947	89,764,654	63,167,492	115,387,361	63,167,492	205,152,015	21,944,599
21. Auto physical damage	671,132	1,281,235	671,132	1,281,235	3,999,359	11,551,575	3,999,359	12,832,810	9,426,064
22. Aircraft (all perils)		(713,753)		(713,753)		9,545,973		8,832,220	1,529,737
23. Fidelity	169,957	1,095,950	169,957	1,095,950	4,891,711	5,304,757	4,891,711	6,400,707	1,008,969
24. Surety	(2,962,824)	(3,086,577)	(2,962,824)	(3,086,577)	44,370,018	27,209,088	44,370,018	24,122,511	4,438,181
26. Burglary and theft		142,115		142,115		406,490		548,605	116,346
27. Boiler and machinery		1,093,508		1,093,508	2,669	295,437	2,669	1,388,945	119,610
28. Credit		143,755		143,755		1,212,669		1,356,424	120,574
29. International									
30. Warranty						75,580		75,580	12,920
31. Reinsurance-nonproportional assumed property	X X X	13,374,322		13,374,322	X X X	(9,458,773)		3,915,549	515,203
32. Reinsurance-nonproportional assumed liability	X X X	7,729,730		7,729,730	X X X	30,094,423		37,824,153	1,316,340
33. Reinsurance-nonproportional assumed financial lines	X X X	704,402		704,402	X X X	1,427,575		2,131,977	34,858
34. Aggregate write-ins for other lines of business									
35. TOTALS	429,334,986	1,299,933,957	429,334,986	1,299,933,957	745,725,913	1,561,198,379	745,725,913	2,861,132,336	584,124,273

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DETAILS OF WRITE-IN LINES									
3401. Tuition Protection Plan									
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) 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	45,584,847			45,584,847
1.2 Reinsurance assumed	162,983,607			162,983,607
1.3 Reinsurance ceded	45,610,889			45,610,889
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	162,957,565			162,957,565
2. Commission and brokerage:				
2.1 Direct, excluding contingent		178,696,392		178,696,392
2.2 Reinsurance assumed, excluding contingent		200,006,149		200,006,149
2.3 Reinsurance ceded, excluding contingent		178,696,392		178,696,392
2.4 Contingent—direct		530,033		530,033
2.5 Contingent—reinsurance assumed		24,819,234		24,819,234
2.6 Contingent—reinsurance ceded		530,033		530,033
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)		224,825,383		224,825,383
3. Allowances to manager and agents		24,368,286		24,368,286
4. Advertising	183,190	51,024,166	25,539	51,232,895
5. Boards, bureaus and associations	592,612	4,056,359	14,313	4,663,284
6. Surveys and underwriting reports	118,288	12,207,521	16,411	12,342,220
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	94,283,658	198,945,527	4,084,550	297,313,735
8.2 Payroll taxes	4,812,005	13,766,338	983,527	19,561,870
9. Employee relations and welfare	12,430,820	35,203,840	2,443,252	50,077,912
10. Insurance	9,449,920	1,283,578	90,097	10,823,595
11. Directors' fees	3,963	10,773	820	15,556
12. Travel and travel items	4,226,492	11,348,044	192,852	15,767,388
13. Rent and rent items	6,164,175	17,539,479	2,268,142	25,971,796
14. Equipment	5,285,671	14,896,027	996,738	21,178,436
15. Cost or depreciation of EDP equipment and software	4,141,339	1,573,461	698,514	6,413,314
16. Printing and stationery	400,829	1,824,835	30,652	2,256,316
17. Postage, telephone and telegraph, exchange and express	2,523,678	13,900,565	135,592	16,559,835
18. Legal and auditing	1,810,599	3,009,393	134,441	4,954,433
19. Totals (Lines 3 to 18)	146,427,239	404,958,192	12,115,440	563,500,871
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 211,535		52,152,264		52,152,264
20.2 Insurance department licenses and fees		5,268,469		5,268,469
20.3 Gross guaranty association assessments		229,938		229,938
20.4 All other (excluding federal and foreign income and real estate)		7,815,372		7,815,372
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		65,466,043		65,466,043
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	12,945,461	34,996,483	1,544,593	49,486,537
25. Total expenses incurred	322,330,265	730,246,101	13,660,033	(a) 1,066,236,399
26. Less unpaid expenses—current year	584,124,274	144,613,903		728,738,177
27. Add unpaid expenses—prior year	549,248,034	149,021,455		698,269,489
28. Amounts receivable relating to uninsured plans, prior year		3,278		3,278
29. Amounts receivable relating to uninsured plans, current year		(13,185)		(13,185)
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	287,454,025	734,637,190	13,660,033	1,035,751,248

DETAILS OF WRITE-IN LINES				
2401. Other expenses	12,945,461	34,996,483	1,544,593	49,486,537
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)	12,945,461	34,996,483	1,544,593	49,486,537

(a) Includes management fees of \$ 346,942,702 to affiliates and \$ 24,365,538 to non-affiliates.

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 15,654,727	16,829,111
1.1 Bonds exempt from U.S. tax	(a) 20,343,888	20,696,389
1.2 Other bonds (unaffiliated)	(a) 115,326,014	115,112,610
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 287,021	287,021
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	4,195,478	4,218,740
2.21 Common stocks of affiliates	5,679,016	5,679,016
3. Mortgage loans	(c) 8,264,054	8,262,422
4. Real estate	(d) 1,724,524	1,724,524
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 6,025,678	6,025,739
7. Derivative instruments	(f)	
8. Other invested assets	32,769,236	32,769,236
9. Aggregate write-ins for investment income	628,540	628,540
10. Total gross investment income	210,898,176	212,233,348
11. Investment expenses		(g) 13,660,032
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) 957,291
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		14,617,323
17. Net investment income (Line 10 minus Line 16)		197,616,025

DETAILS OF WRITE-IN LINES		
0901. Miscellaneous Income/(Expense)	628,540	628,540
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)	628,540	628,540
1501.	<b>NONE</b>	
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 \$ 3,925,388 accrual of discount less \$ 13,576,939 amortization of premium and less \$ 9,816,142 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 \$ (515,602) accrual of discount less \$ 0 amortization of premium and less \$ 367 paid for accrued interest on purchases.
(d)	Includes \$ 1,724,524 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
(e)	Includes \$ 1,780,213 accrual of discount less \$ 2,806 amortization of premium and less \$ 163 paid for accrued interest on purchases.
(f)	Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
(g)	Includes \$ 13,642,787 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 \$ 957,291 depreciation on real estate and \$ 0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	8,846,076		8,846,076		
1.1 Bonds exempt from U.S. tax	2,697,584		2,697,584	(645,807)	
1.2 Other bonds (unaffiliated)	15,018,868	(1,516,847)	13,502,021	20,064,869	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	2,163,994		2,163,994	463,308	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	1,046,684		1,046,684	9,012,309	
2.21 Common stocks of affiliates				(2,718,784)	
3. Mortgage loans	137,222		137,222	(19,111)	
4. Real estate	4,436,374	(9,998,914)	(5,562,540)		
5. Contract loans					
6. Cash, cash equivalents and short-term investments	242		242		
7. Derivative instruments	(414,263)		(414,263)	380,880	
8. Other invested assets	1,292,433		1,292,433	26,222,312	(9,248)
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	35,225,214	(11,515,761)	23,709,453	52,759,976	(9,248)

DETAILS OF WRITE-IN LINES					
0901.	<b>NONE</b>				
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 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 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	19,238,255	12,319,217	(6,919,038)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	601,688	500,664	(101,024)
15.3 Accrued retrospective premiums and contracts subject to redetermination	2,648,838	3,080,398	431,560
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		490	490
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets		38,463	38,463
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	6,452,309	7,827,305	1,374,996
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	28,941,090	23,766,537	(5,174,553)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	28,941,090	23,766,537	(5,174,553)

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. Other assets	6,447,779	7,752,120	1,304,341
2502. Amounts receivable under high deductible policies	4,530	75,185	70,655
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	6,452,309	7,827,305	1,374,996

## 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 Ohio, the accompanying financial statements of The Ohio Casualty 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 #	2019	2018
1. The Ohio Casualty Insurance Company state basis (Page 4, Line 20, Columns 1 & 3)	XXX	XXX	XXX	\$110,846,783	\$179,390,885
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	<u>\$110,846,783</u>	<u>\$179,390,885</u>

#### SURPLUS

5. The Ohio Casualty Insurance Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$1,982,732,434	\$1,830,406,640
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	<u>\$1,982,732,434</u>	<u>\$1,830,406,640</u>

#### 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.

## NOTES TO FINANCIAL STATEMENTS

6. 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.
7. 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.
8. 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.
9. Derivative Securities, refer to Note 8.
10. 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.
11. 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.
12. The Company did not change its capitalization policy in 2019
13. 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.

Because of a contingent commission booking error in 2018, the Company recorded a decrease in Other Underwriting Expenses Incurred (Statement of Income, Line 4) of \$7,315,656 which was the reversal of an adjustment booked in 2018

### **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
  1. The maximum and minimum lending rates for mortgage loans during 2019 were:
 

Farm mortgages	N/A
Residential mortgages	N/A
Commercial mortgages	4.250% and 5.625%
Mezzanine	N/A
  2. The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was: 75%
  3. Taxes, assessments and any amounts advanced and not included in the mortgage loan total:

2019	2018
\$6,570	\$7,118



## NOTES TO FINANCIAL STATEMENTS

## 4. Age Analysis of Mortgage Loans:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. Recorded Investments (All)							
(a) Current	\$0	\$0	\$0	\$0	\$195,511,668	\$0	\$195,511,668
(b) 30-59 Days Past Due	-	-	-	-	79,751.00	-	79,751.00
(c) 60-89 Days Past Due	-	-	-	-	-	-	-
(d) 90-179 Days Past Due	-	-	-	-	-	-	-
(e) 180+ Days Past Due	-	-	-	-	\$53,233	-	\$53,233

## 2. Acquiring Interest 90-179 Days Past Due

(a) Recorded Investment	-	-	-	-	-	-	-
(b) Interest Accrued	-	-	-	-	-	-	-

## 3. Accruing Interest 180+ Days Past Due

(a) Recorded Investment	-	-	-	-	-	-	-
(b) Interest Accrued	-	-	-	-	-	-	-

## 4. Interest Reduced

(a) Recorded Investment	-	-	-	-	\$748,083	-	\$748,083
(b) Number of Loans	-	-	-	-	41	-	41
(c) Percent Reduced	0%	0%	0%	0%	117.800%	0%	117.800%

## 5. Participant or Co-lender in a Mortgage Loan Agreement

(a) Recorded Investment	-	-	-	-	\$195,644,650	-	\$195,644,650
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## b. Prior Year

## 1. Recorded Investments (All)

(a) Current	\$0	\$0	\$0	\$0	\$174,997,328	\$0	\$174,997,328
(b) 30-59 Days Past Due	-	-	-	-	-	-	-
(c) 60-89 Days Past Due	-	-	-	-	-	-	-
(d) 90-179 Days Past Due	-	-	-	-	-	-	-
(e) 180+ Days Past Due	-	-	-	-	\$0	-	\$0

## 2. Acquiring Interest 90-179 Days Past Due

(a) Recorded Investment	-	-	-	-	-	-	-
(b) Interest Accrued	-	-	-	-	-	-	-

## 3. Accruing Interest 180+ Days Past Due

(a) Recorded Investment	-	-	-	-	-	-	-
(b) Interest Accrued	-	-	-	-	-	-	-

## 4. Interest Reduced

(a) Recorded Investment	-	-	-	-	\$13,463,257	-	\$13,463,257
(b) Number of Loans	-	-	-	-	191	-	191
(c) Percent Reduced	0%	0%	0%	0%	1.449%	0%	1.449%

## NOTES TO FINANCIAL STATEMENTS

## 5. Participant or Co-lender in a Mortgage Loan Agreement

(a) Recorded Investment	-	-	-	-	\$174,997,328	-	\$174,997,328
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## 5. Investment in Impaired Loans With or Without Allowance for Credit Losses:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
<b>a. Current Year</b>							
1. With Allowance for Credit Losses	\$0	\$0	\$0	\$0	\$263,475	\$0	\$263,475
2. No Allowance for Credit Losses	-	-	-	-	\$1,002,966	-	\$1,002,966
3. Total (1+2)	-	-	-	-	\$1,266,440	-	\$1,266,441
4. Subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan	-	-	-	-	\$1,266,440	-	\$1,266,440

**b. Prior Year**

1. With Allowance for Credit Losses	\$0	\$0	\$0	\$0	\$500,988	\$0	\$500,988
2. No Allowance for Credit Losses	-	-	-	-	\$654,467	-	\$654,467
3. Total (1+2)	-	-	-	-	\$1,155,455	-	\$1,155,455
4. Subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan	-	-	-	-	\$1,155,455	-	\$1,155,455

## 6. Investment in Impaired Loans – Average Recorded Investment, Interest Income Recognized, Recorded Investment on Nonaccrual Status and Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
<b>a. Current Year</b>							
1. Average Recorded Investment	-	-	-	-	\$1,210,948	-	\$1,210,948
2. Interest Income Recognized	-	-	-	-	\$62,216	-	\$62,216
3. Recorded Investments on Nonaccrual Status	-	-	-	-	\$53,233	-	\$53,233
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	\$61,183	-	\$61,183

**b. Prior Year**

1. Average Recorded Investment	-	-	-	-	\$1,276,803	-	\$1,276,803
2. Interest Income Recognized	-	-	-	-	\$59,015	-	\$59,015
3. Recorded Investments on Nonaccrual Status	-	-	-	-	\$0	-	\$0
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	\$60,829	-	\$60,829

## 7. Allowance for Credit Losses:

	2019	2018
a. Balance at beginning of period	\$49,674	\$80,831
b. Additions charged to operations	19,111	(14,641)
c. Direct write-downs charged against the allowances	-	(16,516)
d. Recoveries of amounts previously charged off	-	-
e. Balance at end of period	\$68,785	\$49,674

## NOTES TO FINANCIAL STATEMENTS

## 8. Mortgage Loans Derecognized as a Result of Foreclosure:

	2019	2018
a. Aggregate amount of mortgage loans derecognized	-	-
b. Real estate collateral recognized	-	-
c. Other collateral recognized	-	-
d. Receivables recognized from a government guarantee of the foreclosed mortgage loan	-	-

Interest income on impaired commercial mortgage loans is recognized until the loans are more than 90 days delinquent.

9. Interest income and accrued interest receivable are reversed when a loan is put on non-accrual status. Interest income on loans more than 90 days delinquent is recognized in the period the cash is collected. Interest income recognition is continued when the loan becomes less than 90 days delinquent and management determines it is probably that the loan will continue to perform.

## B. Debt Restructuring

	2019	2018
1. The total recorded investment in restructured loans, as of year end	\$1,281,993	\$1,205,129
2. The realized capital losses related to these loans	\$0	\$0
3. Total contractual commitments to extend credit to debtors owning receivables \$0 whose terms have been modified in troubled debt restructurings	\$0	\$0

## C. Reverse Mortgages

The Company has no reverse mortgages.

## D. Loaned Backed Securities

1. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
2. All Loaned Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate as of December 31, 2019: None
3. Each Loaned Backed Security with a recognized other-than-temporary impairment held by the company at December 31, 2019: None

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other-than- temporary impairment	Amortized cost after other-than- temporary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Reported
52518RBE5	7,633	5,820	1,813	5,820	5,849	6/30/2019
Total	XXX	XXX	1,813	XXX	XXX	XXX

4. 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, 2019:

## a. The aggregate amount of unrealized losses:

1. Less than 12 Months (\$6,123,976)
2. 12 Months or Longer (\$1,983,838)

## b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months \$267,639,556
2. 12 Months or Longer \$121,663,397

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

## NOTES TO FINANCIAL STATEMENTS

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 to security lending.
2. The Company has not pledged any of its assets as collateral as of December 31, 2019.
3. Collateral Received
  - a. Aggregate Amount Collateral Received

	<u>Fair Value</u>
1. Securities Lending	
(a) Open	\$112,709,015
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	\$112,709,015
(g) Securities Received	144,116,249
(h) Total Collateral Received	\$256,825,264
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-pledged	\$ 256,825,264

- 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

## NOTES TO FINANCIAL STATEMENTS

	Amortized Cost	Fair Value
1. Securities Lending		
(a) Open	\$0	\$0
(b) 30 Days or Less	41,990,378	41,990,378
(c) 31 to 60 Days	33,889,639	33,889,639
(d) 61 to 90 Days	36,828,998	36,828,998
(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	\$112,709,015	\$112,709,015
(l) Securities Received	-	-
(m) Total Collateral Reinvested	\$112,709,015	\$112,709,015
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.

## NOTES TO FINANCIAL STATEMENTS

### 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

1. In 2019 the Company recognized an impairment of \$10M on one (1) of its commercial real estate properties which is depicted below. The property was classified as held for sale during the year and an impairment was recorded to account for the difference between net book value and estimated sales price. The impairment is included in the "Net realized capital gains" caption on the Statement of Income.

<u>Property Location</u>	<u>Impairment</u>
Fairfield, OH	\$ 9,998,914

2. The Fairfield, OH property was disposed of in December 2019. The Company received \$16.5M for the sale of this property and recognized a gain of \$4.4M on the transaction.
3. The Company did not experience any changes to its plans regarding sale of its investments in real estate other than what has been disclosed in questions 1 and 2.
4. The Company has not experienced any changes to a plan of sale for investment in real estate
5. The Company does not engage in retail land sale operations
6. The Company does not hold real estate investments with participating mortgage loan features.

### 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				
	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)
a. Subject to contractual obligation for which liability is not shown	\$0	\$0	\$0	\$0	\$0
b. Collateral held under security lending agreements	112,709,015	-	-	-	112,709,015
c. Subject to repurchase agreements	-	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-	-
e. Subjects to dollar repurchase agreements	-	-	-	-	-
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-
g. Placed under option contracts	-	-	-	-	-
h. Letter stock or securities restricted as to	-	-	-	-	-

## NOTES TO FINANCIAL STATEMENTS

sale - excluding FHLB capital stock					
i. FHLB capital stock		-	-	-	
j. On deposit with states	203,138,620	-	-	-	203,138,620
k. On deposit with other regulatory bodies	414,664	-	-	-	414,664
l. Pledged collateral to FHLB (including assets backing funding agreements)		-	-	-	
m. Pledged as collateral not captured in other categories	21,633,657	-	-	-	21,633,657
n. Other restricted assets	-	-	-	-	-
o. Total Restricted Assets	\$337,895,956	\$0	\$0	\$0	\$337,895,956

(a) Subset of column 1

(b) Subset of column 3

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted			
	6 Total From Prior Year	7 Increase/ (Decrease) (5 minus 6)	8 Total Nonadmitted Restricted	9 Total Admitted Restricted (5 minus 8)
a. Subject to contractual obligation for which liability is not shown	\$0	\$0	\$0	\$0
b. Collateral held under security lending agreements	135,089,168	(22,380,153)	-	112,709,015
c. Subject to repurchase agreements	-	-	-	-
d. Subject to reverse repurchase agreements	-	-	-	-
e. Subjects to dollar repurchase agreements	-	-	-	-
f. Subject to dollar reverse repurchase agreements	-	-	-	-
g. Placed under option contracts	-	-	-	-
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	-	-	-	-
i. FHLB capital stock		-	-	-
j. On deposit with states	212,878,731	(9,740,111)	-	203,138,620
k. On deposit with other regulatory bodies	414,567	97	-	414,664
l. Pledged collateral to FHLB (including assets backing funding agreements)		-	-	-
m. Pledged as collateral not captured in other categories	26,157,269	(4,523,612)	-	21,633,657
n. Other restricted assets	-	-	-	-
o. Total Restricted Assets	\$374,539,735	\$(36,643,779)	\$0	\$337,895,956

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

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

## NOTES TO FINANCIAL STATEMENTS

Restricted Asset Category	Percentage	
	10	11
	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	-	-
b. Collateral held under security lending agreements	1.625%	1.632%
c. Subject to repurchase agreements	-	-
d. Subject to reverse repurchase agreements	-	-
e. Subjects to dollar repurchase agreements	-	-
f. Subject to dollar reverse repurchase agreements	-	-
g. Placed under option contracts	-	-
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	-	-
i. FHLB capital stock	-	-
j. On deposit with states	2.929%	2.941%
k. On deposit with other regulatory bodies	0.006%	0.006%
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-
m. Pledged as collateral not captured in other categories	0.312%	0.313%
n. Other restricted assets	-	-
o. Total Restricted Assets	4.872%	4.893%

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)

Description of Asset	Gross Restricted				
	Current Year				
	1	2	3	4	5
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)
US Bank Reinsurance	\$21,633,657	\$0	\$0	\$0	\$21,633,657
Total	\$21,633,657	\$0	\$0	\$0	\$21,633,657

Description of Asset	Gross Restricted		8	Percentage	
	6	7		9	10
	Total From Prior Year	Increase / (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
US Bank Reinsurance	\$26,157,269	(\$4,523,612)	\$0	0.40%	0.40%
Total	\$26,157,269	(\$4,523,612)	\$0	0.40%	0.40%

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

Not applicable.



## NOTES TO FINANCIAL STATEMENTS

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

	1	2	3	4
Collateral Assets	Book/ Adjusted Carrying Value (BACV)	Fair Value	% of BACV to Total Assets (Admitted and Nonadmitted)*	% of BACV to Total Admitted Assets**
General Account:				
a. Cash, cash equivalents and short-term investments	-	-	-	-
b. Schedule D, Part 1	-	-	-	-
c. Schedule D, Part 2, Section 1	-	-	-	-
d. Schedule D, Part 2, Section 2	-	-	-	-
e. Schedule B	-	-	-	-
f. Schedule A	-	-	-	-
g. Schedule BA, Part 1	-	-	-	-
h. Schedule DL, Part 1	\$112,709,015	\$112,709,015	1.625%	1.632%
i. Other	-	-	-	-
j. Total Collateral Assets (a+b+c+d+e+f+g+h+i)	\$112,709,015	\$112,709,015	1.625%	1.632%
Protected Cell:				
k. Cash, cash equivalents and short-term investments	-	-	-	-
l. Schedule D, Part 1	-	-	-	-
m. Schedule D, Part 2, Section 1	-	-	-	-
n. Schedule D, Part 2, Section 2	-	-	-	-
o. Schedule B	-	-	-	-
p. Schedule A	-	-	-	-
q. Schedule BA, Part 1	-	-	-	-
r. Schedule DL, Part 1	-	-	-	-
s. Other	-	-	-	-
t. Total Collateral Assets (a+b+c+d+e+f+g+h+i)	-	-	-	-

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

\* t = Column 1 divided by Asset Page, Line 27 (Column 1)

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

\*\* t = Column 1 divided Asset Page, Line 27 (Column 3)

	1	2
	Amount	% of Liability to Total Liabilities *
u. Recognized Obligation to Return Collateral Asset (General Account)	\$112,709,015	2.289%
v. Recognized Obligation to Return Collateral Asset (Protected Cell)	\$0	0.00%

\* u = Column 1 divided by Liability Page, Line 26 (Column 1)  
\* v = Column 1 divided by Liability Page, Line 27 (Column 1)

#### 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.

## NOTES TO FINANCIAL STATEMENTS

## O. 5GI Securities

Not applicable.

## P. Short Sales

Not applicable.

## Q. Prepayment Penalty and Acceleration Fees

	General Account	Protected Cell
(1) Number of CUSIPs	37	-
(2) Aggregate Amount of Investment Income	1,006,751	-

### **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's limited partnership investment is reported in accordance with SSAP No. 48. These limited partnerships are valued by the equity method using traditional private equity valuation measures. Interim poor performance which indicates a probable inability to recover the carrying amount of the assets leads to impairment losses being recognized by management. The Company did not realize any impairment losses during the year.

### **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, 2019.

### **Note 8 - Derivative Instruments**

A. Derivatives under *SSAP No. 86 --Derivatives*

Derivative financial instruments utilized by the Company during 2019 and 2018 included interest rate futures contracts.

1, 2, 3.

Market risk is defined as the risk of adverse financial impact due to fluctuations in market rates or prices. To mitigate this risk, the Company's senior management has established risk control limits for derivative transactions. Credit/counterparty risk is defined as the risk of financial loss if a counterparty is either unable or unwilling to repay borrowings or settle a transaction in accordance with the underlying contractual terms. The Company manages credit and counterparty risk by using highly rated counterparties and obtaining collateral, where appropriate. Collateral requirements are determined after a comprehensive review of the credit quality of each counterparty and the collateral requirements are monitored and adjusted as needed.

The Company uses derivatives for risk management and to increase investment portfolio returns through asset replication. The Company does not use derivatives for speculative purposes. The Company may also acquire derivatives as additions to bond, common stock, or preferred stock investments. These derivatives are ancillary to the overall investment and immaterial to the underlying investment portfolio.

The following summarizes the objectives and accounting policies for the derivative used:

The Company uses interest rate futures contracts to manage interest rate risk associated with holding certain fixed income investments. Daily cash settlements of variation margins are required for futures contracts and is based on the changes in daily prices. The daily cash settlements of margin gains or losses for futures contracts that received non-hedged accounting treatment and have terminated are reported in net realized capital gains or losses. The daily cash settlements of margin gain or losses for open futures contracts that receive non-hedge accounting treatment are reported as net unrealized capital gains or losses within unassigned surplus.

## NOTES TO FINANCIAL STATEMENTS

4. The Company entered into futures contracts in 2019 and 2018 which required the payment/receipt of premiums at either the inception of the contracts or throughout the life of the contracts, depending on the agreement with counterparties and brokers
5. The Company did not have gains or losses in net unrealized capital gains or losses that represented a component of any derivatives' gain or loss that was excluded from the assessment of hedge effectiveness in 2019 or 2018.
6. The Company did not have gains or losses in net unrealized gains or losses that resulted from derivatives that no longer qualify for hedge accounting treatment in 2019 and 2018.
7. The Company did not have derivatives accounted for as cash flow hedges of a forecasted transaction
- B. Derivatives under *SSAP No.108 -- Derivatives Hedging Variable Annuity Guarantees*

Not Applicable

### Note 9 - Income Taxes

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

1.

	12/31/2019		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 123,732,000	\$ 2,526,000	\$ 126,258,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	123,732,000	2,526,000	126,258,000
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	123,732,000	2,526,000	126,258,000
(f) Deferred Tax Liabilities	38,463,000	22,546,000	61,009,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	\$ 85,269,000	\$ (20,020,000)	\$ 65,249,000

	12/31/2018		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 119,503,000	\$ 8,660,000	\$ 128,163,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	119,503,000	8,660,000	128,163,000
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	119,503,000	8,660,000	128,163,000
(f) Deferred Tax Liabilities	41,807,000	14,650,000	56,457,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	\$ 77,696,000	\$ (5,990,000)	\$ 71,706,000

## NOTES TO FINANCIAL STATEMENTS

	Change		
	(7)	(8)	(9)
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	\$ 4,229,000	\$ (6,134,000)	\$ (1,905,000)
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	4,229,000	(6,134,000)	(1,905,000)
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	4,229,000	(6,134,000)	(1,905,000)
(f) Deferred Tax Liabilities	(3,344,000)	7,896,000	4,552,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	\$ 7,573,000	\$ (14,030,000)	\$ (6,457,000)

2.

	12/31/2019		
	(1)	(2)	(3) (Col 1+2) Total
	Ordinary	Capital	
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 65,490,340	\$ -	\$ 65,490,340
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	26,955,486	-	26,955,486
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	26,955,486	-	26,955,486
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			290,498,234
(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.	31,286,174	2,526,000	33,812,174
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ 123,732,000	\$ 2,526,000	\$ 126,258,000

	12/31/2018		
	(4)	(5)	(6) (Col 4+5) Total
	Ordinary	Capital	
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 52,529,542	\$ -	\$ 52,529,542
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	36,905,791	-	36,905,791
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	36,905,791	-	36,905,791
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			246,824,959
(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.	30,067,667	8,660,000	38,727,667
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ 119,503,000	\$ 8,660,000	\$ 128,163,000

## NOTES TO FINANCIAL STATEMENTS

	Change		
	(7) Ordinary	(8) Capital	(9) (Col 7+8) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ 12,960,798	\$ -	\$ 12,960,798
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	(9,950,305)	-	(9,950,305)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	(9,950,305)	-	(9,950,305)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			43,673,275
(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.	1,218,507	(6,134,000)	(4,915,493)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total 2(a) + 2(b) + 2(c)	\$ 4,229,000	\$ (6,134,000)	\$ (1,905,000)

3.

	2019	2018
(a) Ratio Percentage Used to Determine Recovery Period And Threshold Limitation Amount	559.3%	546.9%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above	\$1,917,483,433	\$ 1,758,700,639

4.

	12/31/2019		12/31/2018		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) Ordinary	(6) 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)	\$123,732,000	\$2,526,000	\$119,503,000	\$8,660,000	\$4,229,000	\$(6,134,000)
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(e)	\$123,732,000	\$2,526,000	\$119,503,000	\$8,660,000	\$4,229,000	\$(6,134,000)
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

## NOTES TO FINANCIAL STATEMENTS

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)
	12/31/2019	12/31/2018	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$21,645,164	\$30,463,390	\$(8,818,226)
(b) Foreign	(3,232)	-	(3,232)
(c) Subtotal	21,641,932	30,463,390	(8,821,458)
(d) Federal income tax on net capital gains	6,147,068	354,610	5,792,458
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	\$27,789,000	\$30,818,000	\$(3,029,000)
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$51,122,000	\$49,302,000	\$1,820,000
(2) Unearned premium reserve	55,407,000	54,501,000	906,000
(3) Policyholder reserves	-	-	-
(4) Investments	1,723,000	1,730,000	(7,000)
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	-	-	-
(8) Compensation and benefits accrual	3,432,000	4,225,000	(793,000)
(9) Pension accrual	-	-	-
(10) Receivables – nonadmitted	6,078,000	4,991,000	1,087,000
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	562,000	397,000	165,000
(13) Other (including items <5% of total ordinary tax assets)	5,408,000	4,357,000	1,051,000
(99) Subtotal	123,732,000	119,503,000	4,229,000
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	123,732,000	119,503,000	4,229,000
(e) Capital			
(1) Investments	2,526,000	8,660,000	(6,134,000)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	2,526,000	8,660,000	(6,134,000)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-

## NOTES TO FINANCIAL STATEMENTS

(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	2,526,000	8,660,000	(6,134,000)
(i) Admitted deferred tax assets (2d + 2h)	126,258,000	128,163,000	(1,905,000)
<b>3. Deferred Tax Liabilities:</b>			
<b>(a) Ordinary</b>			
(1) Investments	2,702,000	2,669,000	33,000
(2) Fixed assets	19,822,000	17,669,000	2,153,000
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	13,103,000	18,234,000	(5,131,000)
(5) Other (including items <5% of total ordinary tax liabilities)	2,836,000	3,235,000	(399,000)
(99) Subtotal	38,463,000	41,807,000	(3,344,000)
<b>(b) Capital:</b>			
(1) Investments	22,546,000	14,650,000	7,896,000
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	22,546,000	14,650,000	7,896,000
(c) Deferred tax liabilities (3a99 + 3b99)	61,009,000	56,457,000	4,552,000
<b>4. Net deferred tax assets/liabilities (2i – 3c)</b>	<b>\$65,249,000</b>	<b>\$71,706,000</b>	<b>\$(6,457,000)</b>

- D. Effective tax rates differ from the current statutory rate of 21% principally due to the effects of discounting unpaid losses and loss adjustment expenses, compensation adjustments, tax exempt income, intercompany dividends, LP and LLC income, amortization, partnership loss, loss reserve transitional adjustments, 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 has general business credit carry-forwards which expire as follows:

Year Generated	Amount	Expiration
2016	\$2,000	2036
2017	\$155,000	2037
2018	\$297,000	2038

The Company has alternative minimum tax credit carry-forwards of \$108,000. The alternative minimum tax credit carry-forward does not expire.

The amount of Federal income taxes incurred and available for recoupment in the event of future losses is \$30,037,000 from the current year and \$34,125,000 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:

America First Insurance Company	Liberty Mutual Personal Insurance Company
America First Lloyd's Insurance Company	Liberty Mutual Technology Group, Inc.
American Economy Insurance Company	Liberty Northwest Insurance Corporation
American Fire and Casualty Company	Liberty Personal Insurance Company
American States Insurance Company	Liberty RE (Bermuda) Limited
American States Insurance Company of Texas	Liberty Sponsored Insurance (Vermont), Inc.
American States Lloyds Insurance Company	Liberty Surplus Insurance Corporation
American States Preferred Insurance Company	LIH-RE of America Corporation
Barrier Ridge LLC	LIU Specialty Insurance Agency Inc.
Berkeley Holding Company Associates, Inc.	LM General Insurance Company
Berkeley Management Corporation	LM Insurance Corporation

## NOTES TO FINANCIAL STATEMENTS

Capitol Court Corporation	LM Property and Casualty Insurance Company
Colorado Casualty Insurance Company	LMCRT-FRE-01 IC
Consolidated Insurance Company	LMHC Massachusetts Holdings Inc.
Diversified Settlements, Inc.	Managed Care Associates Inc.
Emerald City Insurance Agency, Inc.	Mid-American Fire & Casualty Company
Employers Insurance Company of Wausau	Nationale Borg Reinsurance N.V.
Excelsior Insurance Company	North Pacific Insurance Company
Excess Risk Reinsurance Inc.	Ocasco Budget, Inc.
F.B. Beattie & Co., Inc.	OCI Printing, Inc.
First National Insurance Company of America	Ohio Casualty Corporation
First State Agency Inc.	Ohio Security Insurance Company
General America Corporation	Open Seas Solutions, Inc.
General America Corporation of Texas	Oregon Automobile Insurance Company
General Insurance Company of America	Peerless Indemnity Insurance Company
Golden Eagle Insurance Corporation	Peerless Insurance Company
Gulf States AIF, Inc.	Pilot Insurance Services, Inc.
Hawkeye-Security Insurance Company	Rianoc Research Corporation
Indiana Insurance Company	S.C. Bellevue, Inc.
Insurance Company of Illinois	SAFECARE Company, Inc.
Ironshore Holdings (US) Inc.	Safeco Corporation
Ironshore Indemnity Inc.	Safeco General Agency, Inc.
Liberty Specialty Markets Bermuda Limited	Safeco Insurance Company of America
Ironshore Management Inc.	Safeco Insurance Company of Illinois
Ironshore Services Inc.	Safeco Insurance Company of Indiana
Ironshore Specialty Insurance Company	Safeco Insurance Company of Oregon
Ironshore Surety Holdings Inc.	Safeco Lloyds Insurance Company
LEXCO Limited	Safeco National Insurance Company
Liberty-USA Corporation	Safeco Properties, Inc.
Liberty Energy Canada, Inc.	Safeco Surplus Lines Insurance Company
Liberty Financial Services, Inc.	San Diego Insurance Company
Liberty Hospitality Group, Inc.	SCIT, Inc.
Liberty Insurance Corporation	St. James Insurance Company Ltd.
Liberty Insurance Holdings, Inc.	The First Liberty Insurance Corporation
Liberty Insurance Underwriters Inc.	The Midwestern Indemnity Company
Liberty International Europe Inc.	The National Corporation
Liberty International Holdings Inc.	The Netherlands Insurance Company
Liberty Life Holdings Inc.	The Ohio Casualty Insurance Company
Liberty Lloyds of Texas Insurance Company	Wausau Business Insurance Company
Liberty Management Services, Inc.	Wausau General Insurance Company
Liberty Mexico Holdings Inc.	Wausau Underwriters Insurance Company
Liberty Mutual Agency Corporation	West American Insurance Company
Liberty Mutual Credit Risk Transfer PCC Inc.	Winmar Company, Inc.
Liberty Mutual Fire Insurance Company	Winmar of the Desert, Inc.
Liberty Mutual Group Asset Management Inc.	Winmar Oregon, Inc.
Liberty Mutual Group Inc.	Winmar-Metro, Inc.
Liberty Mutual Holding Company Inc.	Workgrid Software, Inc.
Liberty Mutual Insurance Company	

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.
- H. Repatriation Transition Tax (RTT)
- Not applicable.
- I. The Company recognizes \$322,000 of AMT credit as a current-year recoverable. An AMT credit carry-forward DTA of \$108,000 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:



## NOTES TO FINANCIAL STATEMENTS

AMT Credit Carryforward	
Beginning Balance	\$391,000
Current Year AMT Credit Recovered	(322,000)
Other Current Year Adjustments to AMT Credit Carryforward	39,000
Sequestration	-
Total AMT Credit Ending Balance	108,000
AMT Credit Carryforward Non-Admitted	-
Total AMT Credit Carryforward subject to SSAP101 DTA admittance limitations	\$108,000

### **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 Ohio Casualty Corporation (“OCC”), an Ohio insurance holding company. OCC is owned by Liberty Mutual Insurance Company (“LMIC” 78%), a Massachusetts insurance company; Liberty Mutual Fire Insurance Company (“LMFIC” 6%), a Wisconsin insurance company; Employers Insurance Company of Wausau (“EICOW” 8%), a Wisconsin insurance company; and Peerless Insurance Company (“PIC” 8%), a New Hampshire insurance company. The ultimate parent of LMIC, LMFIC, EICOW and PIC 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. As of December 31, 2019, the Company had the following capital transactions with its parent and subsidiaries:
- |  |    |            |
|--|----|------------|
| 1. Received capital contributions of           | \$ | -          |
| 2. Received return of capital distributions of | \$ | -          |
| 3. Contributed capital in the amount of        | \$ | -          |
| 4. Received dividends in the amount of         | \$ | 34,179,016 |
- D. At December 31, 2019, the Company reported a net \$12,689,786 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 LMGI. 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”), and an investment management agreement with Liberty Mutual Investment Advisors LLC (“LMIA”). Under these agreements, LMGAM and LMIA provide 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 party to revolving credit agreements under which the Company may lend funds to the following affiliated companies for the purpose of accommodating fluctuations in daily cash flow and to promote efficient management of investments:

Company	Credit Line
Liberty Mutual Insurance Company	\$ 140,000,000
Peerless Insurance Company	\$ 100,000,000
Safeco Insurance Company of America	\$ 100,000,000

There were no outstanding loans as of December 31, 2019.

## NOTES TO FINANCIAL STATEMENTS

The Company is party to revolving credit agreements under which the Company may borrow funds from the following affiliated companies for the purpose of accommodating fluctuations in daily cash flow and to promote efficient management of investments:

Company	Credit Line
Liberty Mutual Insurance Company	\$ 130,000,000
Peerless Insurance Company	\$ 100,000,000
Safeco Insurance Company of America	\$ 100,000,000

There were no outstanding borrowings as of December 31, 2019.

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 that exceed 10% of its admitted assets.

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 did not utilize the look-through approach for the valuation of its downstream non-insurance holding companies.

M. All SCA investments

1. Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
<b>a. SSAP No. 97 8a Entities</b>				
N/A				
Total SSAP No. 97 8a Entities				
<b>b. SSAP No. 97 8b(ii) Entities</b>				
Ocasco Budget Inc.	100%	\$ (126)	\$ (126)	\$ -
Total SSAP No. 97 8b(ii) Entities				
Total SSAP No. 97 8b(ii) Entities				
<b>c. SSAP No. 97 8b(iii)</b>				
Avomark Insurance Agency, LLC	100%	\$308,447,646	\$308,447,646	\$ -
Liberty Mutual Investment Holdings LLC	10%	\$ 17,636,354	\$ 17,636,354	\$ -
LMAT Holdings LLC	10%	\$ (225)	\$ (225)	\$ -
Total SSAP No. 97 8b(iii) Entities				
Total SSAP No. 97 8b(iii) Entities				
<b>d. SSAP No. 97 8b(iv)</b>				
N/A				
Total SSAP No. 97 8b(iv) Entities				
<b>e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)</b>				
		<b>\$326,083,648</b>	<b>\$326,083,648</b>	<b>\$ -</b>
<b>f. Aggregate Total (a+e)</b>				
		<b>\$326,083,648</b>	<b>\$326,083,648</b>	<b>\$ -</b>

### 2. NAIC Filing Response Information

SCA Entity	Type of NAIC Filing	Date of Filing to NAIC	2018 NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N	Code
<b>a. SSAP No. 97 8a Entities</b>						
N/A						
Total SSAP No. 97 8a Entities						
<b>b. SSAP No. 97 8b(ii) Entities</b>						
Ocasco Budget Inc.	S1	12/17/2019	\$ -	Y	N	i
Total SSAP No. 97 8b(ii) Entities						
Total SSAP No. 97 8b(ii) Entities						
<b>c. SSAP No. 97 8b(iii)</b>						
Avomark Insurance Agency, LLC	N/A	N/A	N/A	N/A	N/A	N/A
Liberty Mutual Investment Holdings LLC	N/A	N/A	N/A	N/A	N/A	N/A
LMAT Holdings LLC	N/A	N/A	N/A	N/A	N/A	N/A
Total SSAP No. 97 8b(iii) Entities						
Total SSAP No. 97 8b(iii) Entities						

## NOTES TO FINANCIAL STATEMENTS

<b>d. SSAP No. 97 8b(iv)</b>						
N/A						
Total SSAP No. 97 8b(iv) Entities						
<b>e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)</b>			\$ -			
<b>f. Aggregate Total (a+e)</b>			\$ -			

\* S1 – Sub-1, S2 – Sub-2 or RDF – Resubmission of Disallowed Filing

\*\* I – Immaterial or M – Material

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 any investments in SCAs which are in a deficit position.

**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, 2019.

**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 1,000,000 shares authorized, and 900,000 shares issued and outstanding as of December 31, 2019. All shares have a stated par value of \$5.
2. Preferred Stock  
Not applicable.
3. There are no dividend restrictions.
4. The Company did not paid any dividends to its parent during 2019.
5. The maximum amount of dividends that can be paid by New Hampshire-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the lesser of 10% of surplus or net income excluding realized capital gains. The maximum dividend payout that may be made without prior approval in 2020 is \$93,284,398.
6. As of December 31, 2019, the Company has pre-tax restricted surplus of \$5,242,951 resulting from retroactive reinsurance contracts.
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 2019.
10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is \$39,249,322 after applicable deferred taxes of \$1,241,659.
11. Surplus Notes  
Not applicable.
12. Quasi-reorganization (dollar impact)

## NOTES TO FINANCIAL STATEMENTS

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 was subject to a New York Fair Plan assessment of \$121,347. The Company was also subject to a North Carolina Fair Plan assessment of \$107,456 and, in conjunction with that assessment, recorded a \$191,864 reduction in equity and deposits in pools and associations. In addition, The Company underwent a review of equity and deposits in pools and associations balances for the State of Massachusetts Fair Plan, which resulted in a \$561,000 write off. The Company also accrued for a Texas Windstorm assessment of \$714,332 that is expected to be settled in 2020.

The Company has accrued a liability for guaranty funds and other assessments of \$6,928,636 that is offset by future premium tax credits of \$211,535. Current guaranty fund assessments and assessments based on losses paid are expected to be paid out in the next two years, while premium tax offsets are realized over the period determined by each individual state once the guaranty fund assessment has been paid. The Company continues to remit payments relating to prior year insolvencies.

Reconciliation of paid and accrued premium tax offsets and policy surcharges at prior year-end to current year-end:

a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$ 255,083
b. Decreases current year: Premium tax offset applied	\$ 255,083
c. Increases current year: Premium tax offset applied	\$ 211,535
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	\$ 211,535

- 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		\$ 30,000		
(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

(f) Per Claim [X]

(g) Per Claimant [ ]

## NOTES TO FINANCIAL STATEMENTS

### E. Product Warranties

The Company does not write product warranty business.

### 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 leases office space, plant and equipment under various non-cancelable operating lease arrangements. The Company's minimum lease obligations, including sales-leaseback transactions, under these agreements are as follows:

1. follows:

Year Ending December 31	Operating Leases
2020	\$ 8,088,887
2021	7,237,799
2022	5,247,736
2023	4,058,617
2024	3,937,058
2025 & thereafter	22,310,159
Total	\$ 50,880,256

The amount of liability the Company recognized in its financial statements for lease agreements for which it is no longer using the leased property benefits is \$5,052,655.

2. The Company's sales-leaseback transactions are included in the operating lease obligations.

#### 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**

1. The table below summarizes the face amount of the Company's financial instruments with off-balance-sheet risk.

	Assets		Liabilities	
	2019	2018	2019	2018
a. Swaps	\$ -	-	\$ -	-
b. Futures	\$ 880,000	-	\$ -	-
c. Options	\$ -	-	\$ -	-
d. Total	\$ 880,000	\$ -	\$ -	\$ -

See Schedule DB of the Company's annual statement for additional detail.

## NOTES TO FINANCIAL STATEMENTS

The notional amounts specified in the agreements are used to calculate the exchange of contractual payments under the agreements and are generally not representative of the potential for gain or loss on these agreements.

2. The credit risk, market risk, cash requirements, and accounting policies of the Company's derivative instruments utilized during 2019 and 2018 are discussed in Note 8.
3. The Company is exposed to credit-related losses in the event of nonperformance by counterparties to financial instruments, but it does not expect any counterparties to fail to meet their obligations given their high credit ratings. The credit exposure is represented by the fair value of contracts with a positive statement value at the reporting date. Because exchange-traded futures are affected through a regulated exchange and positions are marked to market on a daily basis, the Company has little exposure to credit-related losses in the event of nonperformance by counterparties to such financial instruments. The Company has not incurred any losses on derivative financial instruments due to counterparty non-performance.
4. The Company is required to put up collateral for any futures contracts that are entered. The Company pledges or obtains collateral when certain predetermined exposure limits are exceeded. The amount of collateral that is required is determined by the exchange on which it is traded and is typically in the form of cash. The Company currently puts up cash and U.S. Treasury Bonds to satisfy this collateral requirement.

### **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, 2019 the total fair value of securities on loan was \$243,416,953, with corresponding collateral value of \$256,825,264 of which \$112,709,015 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

## NOTES TO FINANCIAL STATEMENTS

### 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

##### 1. Fair Value Measurements by Levels 1, 2 and 3

Fair value is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company primarily uses the market approach which generally utilizes market transaction data for identical or similar instruments.

Included in various investment related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or, for certain bonds and preferred stock, when carried at the lower of cost or market.

The hierarchy level assigned to each security in the Company's portfolio is based on the Company's assessment of the transparency and reliability of the inputs used in the valuation of each instrument at the measurement date. The highest priority is given to unadjusted quoted prices in active active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Securities are classified based on the lowest level of input that is significant to the fair value measurement. The Company recognizes transfers between levels at the end of each reporting period. The three hierarchy levels are defined as follows:

- Level 1 — Valuations based on unadjusted observable quoted market prices in active markets for identical assets or liabilities that the Company has the ability to access.
- Level 2 — Valuations based on observable inputs (other than Level 1 prices), such as quoted prices for similar assets or liabilities at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.
- Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement and involve measurement judgment. The unobservable inputs reflect the Company's estimates of the assumptions that market participants would use in valuing the assets and liabilities.

The following table summarizes the Company's assets and liabilities that are measured at fair value at December 31, 2019:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
<b>a. Assets at fair value</b>					
<i>Bonds</i>					
U.S. Government & Agency Securities	\$0	\$0	\$0	\$0	\$0
U.S. MBS/ABS of Gov. & Corp. Agencies	-	33,444,844	-	-	33,444,844
U.S. State and Municipal	-	-	-	-	-
Corporate and Other	-	38,800,634	4,207,808	-	43,008,442
Foreign Government Securities	-	133,750	-	-	133,750
<i>Total Bonds</i>	-	72,379,228	4,207,808	-	76,587,036
<i>Preferred Stocks</i>					
Industrial and Miscellaneous (Unaffiliated)	-	2,010,000	3,130,000	-	5,140,000
<i>Total Preferred Stocks</i>	-	2,010,000	3,130,000	-	5,140,000
<i>Common Stocks</i>					
Industrial and Miscellaneous	70,847,953	13,375,766	78,400	-	84,302,119
<i>Total Common Stocks</i>	70,847,953	13,375,766	78,400	-	84,302,119
Derivative Assets	21,233	-	-	-	21,233
<b>Total assets at fair value</b>	<b>\$70,869,186</b>	<b>\$87,764,994</b>	<b>\$7,416,208</b>	<b>\$0</b>	<b>\$166,050,388</b>

## NOTES TO FINANCIAL STATEMENTS

### b. Liabilities at fair value

Derivative Liabilities	\$0	\$0	\$0	\$0	\$0
<b>Total liabilities at fair value</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

The Company did not have significant transfers between Levels 1 and 2 during the period ended December 31, 2019.

### 2. Rollforward of Level 3 Items

The following tables set forth the fair values of assets basis classified as Level 3 within the fair value hierarchy:

	Balance as of 12/31/2018	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus
U.S. Government & Agency Securities	\$0	\$0	\$0	\$0	\$0
U.S. MBS/ABS of Gov. & Corp. Agencies	-	-	(723,600)	-	(43)
U.S. State and Municipal	-	-	-	-	-
Corporate and Other	-	-	(3,256,774)	200,156	(8,483)
Foreign Government Securities	-	-	-	-	-
<b>Total Bonds</b>	<b>-</b>	<b>-</b>	<b>(3,980,374)</b>	<b>200,156</b>	<b>(8,526)</b>
Preferred Stock	10,701,625	-	-	1,065,852	-
Common Stock	-	-	(2,286,874)	-	70,403
<b>Total</b>	<b>10,701,625</b>	<b>-</b>	<b>(6,267,248)</b>	<b>1,266,008</b>	<b>61,877</b>
Net Derivatives	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Purchases	Issuances	Sales	Settlements	Balance as of 12/31/2019
U.S. Government & Agency Securities	\$0	-	\$0	\$0	\$0
U.S. MBS/ABS of Gov. & Corp. Agencies	723,600	-	-	43	-
U.S. State and Municipal	-	-	-	-	-
Corporate and Other	21,927,902	-	(14,655,097)	104	4,207,808
Foreign Government Securities	-	-	-	-	-
<b>Total Bonds</b>	<b>22,651,502</b>	<b>-</b>	<b>(14,655,097)</b>	<b>147</b>	<b>4,207,808</b>
Preferred Stock	23,384,728	-	(32,022,205)	-	3,130,000
Common Stock	2,294,871	-	-	-	78,400
<b>Total</b>	<b>48,331,101</b>	<b>-</b>	<b>(46,677,302)</b>	<b>147</b>	<b>7,416,208</b>
Net Derivatives	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 3. Policy on Transfers Into and Out of Level 3

The Company holds NAIC designated 6 fixed maturity securities at the lower of amortized cost or fair value defined by SSAP No. 26, Bonds and NAIC designated 4-6 preferred stocks at the lower of cost or fair value as defined by SSAP No. 32, Investments in Preferred Stock. Market fluctuations cause securities to change from being held at cost or amortized cost to fair value or vice versa. These changes result in a transfer in or out of Level 3. In addition, the Company also transfers securities into or out of level 3 as a result of re-evaluation of the observability of pricing inputs.

### 4. Inputs and Techniques Used for Fair Value



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## NOTES TO FINANCIAL STATEMENTS

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### Fixed Maturities

At each valuation date, the Company uses various valuation techniques to estimate the fair value of its fixed maturities portfolio. The primary method for valuing the Company's securities is through independent third-party valuation service providers. For positions where valuations are not available from independent third-party valuation service providers, the Company utilizes broker quotes and internal pricing methods to determine fair values. The Company obtains a single non-binding price quote from a broker familiar with the security who, similar to the Company's valuation service providers, may consider transactions or activity in similar securities, as applicable, among other information. The brokers providing price quotes are generally from the brokerage divisions of leading financial institutions with market making, underwriting and distribution expertise regarding the security subject to valuation. The evaluation and prioritization of these valuation sources is systematic and predetermined resulting in a single quote or price for each financial instrument. The following describes the techniques generally used to determine the fair value of the Company's fixed maturities by asset class:

#### U.S. Government and Agency Securities

U.S. government and agency securities consist primarily of bonds issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal Home Loan Bank, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. As the fair values of the Company's U.S. Treasury securities are based on active markets and unadjusted market prices, they are classified within Level 1. The fair value of U.S. government agency securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, reported trades, bids, offers and credit spreads. Accordingly, the fair value of U.S. government agency securities is classified within Level 2.

#### Mortgage-Backed Securities

The Company's portfolio of residential mortgage-backed securities ("MBS") and commercial MBS are originated by both agencies and non-agencies, the majority of which are pass-through securities issued by U.S. government agencies. The fair value of MBS is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, contractual cash flows, prepayment speeds, collateral performance and credit spreads. Accordingly, the fair value of MBS is primarily classified within Level 2.

#### Asset-Backed Securities

Asset-backed securities ("ABS") include mostly investment-grade bonds backed by pools of loans with a variety of underlying collateral, including automobile loan receivables, credit card receivables, and collateralized loan obligation securities originated by a variety of financial institutions. The fair value of ABS is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, contractual cash flows, prepayment speeds, collateral performance and credit spreads. Accordingly, the fair value of ABS is primarily classified within Level 2.

#### Municipal Securities

The Company's municipal portfolio is comprised of bonds issued by U.S. domiciled state and municipal entities. The fair value of municipal securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, binding broker quotes, issuer ratings, reported trades and credit spreads. Accordingly, the fair value of municipal securities is primarily classified within Level 2.

#### Corporate debt and other

Corporate debt securities consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair value of corporate and other securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, new issuances, issuer ratings, reported trades of identical or comparable securities, bids, offers and credit spreads. Accordingly, the fair value of corporate and other securities is primarily classified within Level 2. In the event third-party vendor valuation is not available, prices are determined using non-binding price quotes from a broker familiar with the security. In this instance, the valuation inputs are generally unobservable and the fair value is classified within Level 3.

#### Foreign government securities

Foreign government securities include bonds issued or guaranteed by foreign governments. The fair value of foreign government securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, binding broker quotes, issuer ratings, reported trades of identical or comparable securities and credit spreads. Accordingly, the fair value of foreign government securities is primarily classified within Level 2. In the event third-party vendor valuation is not available, prices are determined using non-binding price quotes from a broker familiar with the security. In this instance, the valuation inputs are generally unobservable and the fair value is classified within Level 3.

## NOTES TO FINANCIAL STATEMENTS

### Common and Preferred Stocks

Common stocks are recorded at fair value and preferred stocks are reported at cost or fair value, depending on their NAIC designation. Common stocks with fair values based on quoted market prices in active markets are classified in Level 1. Common stocks with fair values determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active are classified in Level 2. The fair value of preferred stock is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active. Accordingly, the fair value of preferred stock is primarily classified within Level 2.

### Other Invested Assets

Other invested assets include limited partnership investments, other equity method investments and other alternative investments, which are not subject to these disclosures and therefore are excluded from the table in this note.

### Derivatives

Derivatives can be exchange-traded or traded over-the-counter ("OTC"). OTC derivatives are valued using market transactions and other market evidence whenever possible, including market based inputs to models, model calibration to market clearing transactions, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. When models are used, the selection of a particular model to value an OTC derivative depends on the contractual terms of, and specific risks inherent in the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices and rates, yield curves, credit curves, measures of volatility, prepayment rates and correlations of such inputs. For OTC derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs can generally be corroborated by observable market data by correlation or other means, and model selection does not involve significant management judgement. The fair value of derivatives using models with observable inputs are classified as Level 2 within the fair value hierarchy and the fair value of derivatives using models with unobservable inputs are classified as Level 3 within the fair value hierarchy.

#### 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)
Cash, Cash Equivalents and Short Term	-\$3,063,305	-\$3,063,860	-\$43,462,012	\$7,876	\$0
Bonds	\$5,139,359,708	\$5,000,415,896	\$857,236,920	\$4,230,528,849	\$51,593,939
Preferred Stock	5,140,000	5,140,000	-	2,010,000	3,130,000
Common Stock	84,302,119	84,302,119	70,847,953	13,375,766	78,400
Securities Lending	112,720,047	112,709,015	-	112,720,047	-
Mortgage Loans	201,126,493	195,575,865	-	-	201,126,493
Surplus Notes					
Derivative Assets	21,233	21,233	21,233	-	-
Total Assets	\$5,539,606,295	\$5,395,100,268	\$884,644,094	\$4,358,642,538	\$255,928,832
Derivative Liabilities	-	-	-	-	-
Total Liabilities	\$0	\$0	\$0	\$0	\$0

Type of Financial Instrument	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Cash, Cash Equivalents and Short Term	\$40,390,830	\$0
Bonds	-	-
Preferred Stock	-	-
Common Stock	-	-
Securities Lending	-	-
Mortgage Loans	-	-
Surplus Notes	-	-
Derivative Assets	-	-
Total Assets	\$40,390,830	-
Derivative Liabilities	-	-
Total Liabilities	\$0	-

## NOTES TO FINANCIAL STATEMENTS

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. Florida Special Disability Trust Fund

- a. The Company did not take a credit in the determination of its loss reserves in 2019 or 2018.
- b. The Company did not receive payments from the Special Disability Trust Fund in 2019 or 2018.
- c. The amount the Company was assessed by the Special Disability Trust Fund was \$0 in 2019 and \$7,552 in 2018.

D. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

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

1. 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.
2. The Company does not have any direct exposure through investments in subprime mortgage loans.
3. The Company has direct exposure through their investment in residential mortgage-backed securities.
4. 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.

H. The Amount That Could Be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or Has Otherwise Obtained Rights to Control the Policy

Not applicable

### **Note 22 - Events Subsequent**

The Company evaluated subsequent events through February 21, 2020, the date the annual statement was available to be issued.

There were no events subsequent to December 31, 2019 that would require disclosure.

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

## NOTES TO FINANCIAL STATEMENTS

### 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

1. 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, 2019.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	\$1,281,143,437	\$ -	\$539,921,662	\$ -	\$741,221,775	\$ -
All Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$1,281,143,437	\$ -	\$539,921,662	\$ -	\$741,221,775	\$ -

Direct  
Unearned  
Premium  
Reserve: \$ 539,921,662

2. Certain contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2019 are as follows:

	<u>Direct</u>	<u>Assumed</u>	<u>Ceded</u>	<u>Net</u>
a. Contingent Commission	\$ 97,947	\$37,874,949	\$ 97,947	\$37,874,949
b. Sliding Scale Adjustments	-	-	-	-
c. Other Profit Commission Arrangements	-	-	-	-
d. TOTAL	\$ 97,947	37,874,949	\$ 97,947	\$37,874,949

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

#### D. Uncollectible Reinsurance

During the current year, the Company wrote off reinsurance balances of \$1,931,396. This amount is shown below by Income Statement classification and by reinsurer.

a. Losses incurred	\$ 1,223,548
b. Loss adjustment expenses incurred	707,849
c. Premiums earned	-
d. Other	-
TOTAL	<u>\$ 1,931,396</u>
e. <u>Company</u>	<u>Amount</u>
Liberty Mutual Insurance Company, 23043	<u>1,931,396</u>
TOTAL	<u>\$ 1,931,396</u>

#### E. Commutation of Ceded Reinsurance

The Company commuted several ceded reinsurance treaties in the current year with the reinsurers listed below. The net effect of all commutations was a decrease in Net Income of \$121,918. This amount is shown below by Income Statement classification and by reinsurer.

## NOTES TO FINANCIAL STATEMENTS

a.	Losses incurred	\$	111,031
b.	Loss adjustment expenses incurred		22,233
c.	Premiums earned		-
d.	Other		(11,345)
	TOTAL	\$	121,918
e.	<u>Company</u>		<u>Amount</u>
	Liberty Mutual Insurance Company, 23043		121,918
	TOTAL	\$	121,918

### F. Retroactive Reinsurance

		<u>Assumed</u>	<u>Ceded</u>
a.	Reserves Transferred:		
(1)	Initial Reserves	\$ (255,951,780)	\$ -
(2)	Adjustments - Prior Year(s)	(40,856,036)	-
(3)	Adjustments - Current Year	(1,428,500)	-
(4)	Current Total	\$ (298,236,316)	\$ -
b.	Consideration Paid or Received:		
(1)	Initial Consideration	\$ (250,394,528)	\$ -
(2)	Adjustments - Prior Year(s)	(4,469,738)	-
(3)	Adjustments - Current Year	-	-
(4)	Current Total	\$ (254,864,266)	\$ -
c.	Paid Losses Reimbursed or Recovered:		
(1)	Prior Year(s)	\$ 34,059,995	\$ -
(2)	Current Year	975,669	-
(3)	Current Total	\$ 35,035,664	\$ -
d.	Discount Unwind on Reserves:		
(1)	Prior Year(s)	\$ (5,122,955)	\$ -
(2)	Current Year	(1,167,369)	-
(3)	Current Total	\$ (6,290,323)	\$ -
e.	Special Surplus from Retroactive Reinsurance		
(1)	Initial Surplus Gain or Loss	\$ 8,240,454	\$ -
(2)	Adjustments - Prior Year(s)	(2,796,652)	-
(3)	Adjustments - Current Year	(714,537)	-
(4)	Current Year Restricted Surplus	5,242,987	-
(5)	Cumulative Total Transferred to Unassigned Funds	\$ (513,722)	\$ -

### f. All cedents and reinsurers involved in all transactions included in summary totals above:

	<u>Assumed</u>	<u>Ceded</u>
<u>Company</u>	<u>Amount</u>	<u>Amount</u>
Liberty Mutual Insurance Company, 23043	\$ (298,236,316)	\$ -
Total	\$ (298,236,316)	\$ -

### g. There are no Paid Loss/Loss Adjustment Expense amounts recoverable or amounts recoverable from unauthorized reinsurers:

There are no reinsurance contracts covering losses that have occurred prior to the inception of the contract that have not been accounted for in conformity with the NAIC Accounting Practices and Procedures Manual.

## NOTES TO FINANCIAL STATEMENTS

The following are material retroactive reinsurance agreements that the company has entered into recently:

On November 5, 2019, the company entered into a reinsurance transaction with National Indemnity Company (“NICO”), a subsidiary of Berkshire Hathaway Inc, on a combined aggregate excess of loss agreement for certain U.S. Business Lines and National Insurance workers compensation liabilities, commercial auto liability and general liability excluding umbrella and warranty.

In conjunction with the Ironshore acquisition and effective May 1, 2017, Ironshore entered into a reinsurance transaction with National Indemnity Company (“NICO”), a subsidiary of Berkshire Hathaway Inc., on a combined aggregate excess of loss agreement providing coverage for substantially all of Ironshore’s reserves related to losses occurring prior to January 1, 2017. This agreement is being accounted for as retroactive reinsurance.

On July 17, 2014, Liberty Mutual Insurance reached a definitive agreement with NICO, on a combined aggregate adverse development cover for substantially all of Liberty Mutual Insurance’s U.S. workers compensation, asbestos and environmental liabilities. The agreement, accounted for as retroactive reinsurance, is effective January 1, 2014.

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, 2019.

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.

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

The Company does not transact business with Certified Reinsurers.

2. 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**

A. The Company estimates accrued retrospective premium adjustments through the review of each individual retrospectively rated risk, comparing case-base loss development with that anticipated in the policy contract to arrive at the best estimate of return or additional retrospective premium.

B. Accrued retrospective premiums are recorded as a component of written premiums.

C. For detail of net premium written subject to retrospective rating features refer to Schedule P, Part 7A.

D. The Company does not recognize a liability for medical loss ratio rebates pursuant to the Public Health Service Act, as the Company does not write direct comprehensive major medical health business.

E. Ten Percent of the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss adjustment expense reserves), or collateral as permitted by SSAP No. 66, *Retrospectively Rated Contracts*, has been nonadmitted.

a.	Total accrued retro premium	\$ 26,385,227
b.	Unsecured amount	\$ -
c.	Less: Nonadmitted amount (10%)	\$ 2,648,838
d.	Less: Nonadmitted for any person whom agents' balances or uncollected premiums are nonadmitted	\$ -
e.	Admitted amount (a) - (c) - (d)	\$ 23,736,389

## NOTES TO FINANCIAL STATEMENTS

### F. Risk Sharing Provisions of the Affordable Care Act

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

### **Note 25 - Change in Incurred Losses and Loss Adjustment Expenses**

Incurred loss and loss adjustment expense attributable to insured events on prior years increased through the fourth quarter of 2019. The increase was driven by reserve adjustments on Other Liability lines, Commercial Auto, and Reinsurance-Nonproportional Assumed Property lines. These increases were partially offset by decreases in reserve estimates for Workers' Compensation, Special Property, and Homeowner lines. Prior estimates are revised as additional information becomes known regarding individual claims.

### **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:	Liberty Mutual Insurance Company ("LMIC")	23043	50.00%	All Lines
Affiliated:	Peerless Insurance Company ("PIC")	24198	20.00%	All Lines
Pooled:	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	8.00%	All Lines
	The Ohio Casualty Insurance Company ("OCIC")	24074	8.00%	All Lines
	Safeco Insurance Company of America ("SICOA")	24740	6.00%	All Lines
	American Economy Insurance Company ("AEIC")	19690	0.00%	All Lines
	America First Insurance Company ("AFIC")	12696	0.00%	All Lines
	America Fire and Casualty Company ("AFCIC")	24066	0.00%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%	All Lines
	American States Insurance Company ("ASIC")	19704	0.00%	All Lines
	American States Insurance Company of Texas ("ASICT")	19712	0.00%	All Lines
	American States Lloyd's Insurance Company ("ASLCO")	31933	0.00%	All Lines
	American States Preferred Insurance Company ("ASPCO")	37214	0.00%	All Lines
	Colorado Casualty Insurance Company ("CCIC")	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 ("FNICA")	24724	0.00%	All Lines
	The First Liberty Insurance Corporation ("FST")	33588	0.00%	All Lines
	General Insurance Company of America ("GICA")	24732	0.00%	All Lines
	Golden Eagle Insurance Corporation ("GEIC")	10836	0.00%	All Lines
	Hawkeye-Security Insurance Company ("HSIC")	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. ("IIP")	23647	0.00%	All Lines
	Ironshore Specialty Insurance Company ("ISIC")	25445	0.00%	All Lines
	Liberty Insurance Corporation ("LIC")	42404	0.00%	All Lines
	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 ("MWIC")	23515	0.00%	All Lines
	National Insurance Association ("NIA")	27944	0.00%	All Lines

## NOTES TO FINANCIAL STATEMENTS

	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 ("OAIC")	23922	0.00%	All Lines
	Peerless Indemnity Insurance Company ("PIIC")	18333	0.00%	All Lines
	Safeco Insurance Company of Illinois ("SICIL")	39012	0.00%	All Lines
	Safeco Insurance Company of Indiana ("SICIN")	11215	0.00%	All Lines
	Safeco Insurance Company of Oregon ("SICOR")	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 ("WBIC")	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:	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 cede 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.
- d. 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.
- e. 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. Amounts due (to)/from affiliated entities participating in the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement as of December 31, 2019:

<u>Affiliate</u>	<u>Amount</u>
Liberty Mutual Insurance Company	\$ 1,754,412

### **Note 27 - Structured Settlements**

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves after applying Intercompany Reinsurance Agreement percentages. The Company is contingently liable should the issuers of the purchased annuities fail to perform under the terms of the annuities. The amount of unrecorded loss contingencies related to the purchased annuities as of December 31, 2019 is as follows:

Loss Reserves Eliminated by Annuities	Unrecorded Loss Contingencies
\$ 79,578,462	\$79,578,462

B. A summary of purchased structured settlement annuities exceeding 1% of policyholders' surplus and whereby the Company has not obtained a release of liability from the claimant is as follows:

Life Insurance Company and Location	Licensed in Company's State of Domicile Yes/No	Statement Value (i.e., Present Value) of Annuities
Prudential Insurance Company New Jersey	Yes	\$ 39,938,669



## NOTES TO FINANCIAL STATEMENTS

### Note 28 - Health Care Receivables

Not applicable.

### Note 29 - Participating Policies

Not applicable.

### Note 30 - Premium Deficiency Reserves

1.	Liability carried for premium deficiency reserves	\$ -
2.	Date of the most recent evaluation of this liability	12/31/2019
3.	Was anticipated investment income utilized in the calculation?	No

### Note 31 - High Dollar Deductible Policies

As of December 31, 2019, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was \$462,076,913 and the amount billed and recoverable on paid claims was \$14,573,964. There are no unsecured high dollar deductible recoverable from professional employer organizations included in these amounts.

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

For Workers' Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. The December 31, 2019 liabilities include \$1,024,012,896 of such discounted reserves. The Company recognized \$2,943,680 of interest accretion in the Statement of Income for the current year related to tabular discount on Workers' Compensation. The December 31, 2019 liabilities subject to discount were carried at a value representing a discount of \$18,755,210 net of all reinsurance.

A. The amount of tabular discount for case and IBNR reserves is as follows:

Schedule P Lines of Business	Tabular discount Included in Schedule P, Part 1 *	
	1 Case	2 IBNR
1. Homeowners/Farmowners	\$ -	\$ -
2. Private Passenger Auto Liability/Medical	\$ -	\$ -
3. Commercial Auto/Truck Liability/Medical	\$ -	\$ -
4. Workers' Compensation	\$ 31,416,931	\$ 16,456,832
5. Commercial Multiple Peril	\$ -	\$ -
6. Medical Professional Liability - occurrence	\$ -	\$ -
7. Medical Professional Liability - claims-made	\$ -	\$ -
8. Special Liability	\$ -	\$ -
9. Other Liability - occurrence	\$ -	\$ -
10. Other Liability - claims-made	\$ -	\$ -
11. Special Property	\$ -	\$ -
12. Auto Physical Damage	\$ -	\$ -
13. Fidelity, Surety	\$ -	\$ -
14. Other (including Credit, Accident & Health)	\$ -	\$ -
15. International	\$ -	\$ -
16. Reinsurance Nonproportional Assumed Property	\$ -	\$ -
17. Reinsurance Nonproportional Assumed Liability	\$ -	\$ -
18. Reinsurance Nonproportional Assumed Financial Lines	\$ -	\$ -
19. Products Liability - occurrence	\$ -	\$ -
20. Products Liability - claims-made	\$ -	\$ -
21. Financial Guaranty/Mortgage Guaranty	\$ -	\$ -
22. Warranty	\$ -	\$ -
23. Total	\$ 31,416,931	\$ 16,456,832

## NOTES TO FINANCIAL STATEMENTS

\* Must exclude medical loss reserves and all loss adjustment expense reserves.

B. Non-tabular Discount

Not applicable

### **Note 33 - Asbestos/Environmental Reserves**

A. Factors Contributing to Uncertainty in Establishing Adequate Reserves

The process of establishing reserves for asbestos and environmental claims is subject to greater uncertainty than the establishment of reserves for liabilities relating to other types of insurance claims. A number of factors contribute to this greater uncertainty surrounding the establishment of asbestos and environmental reserves, including, without limitation: (i) the lack of available and reliable historical claims data as an indicator of future loss development, (ii) the long waiting periods between exposure and manifestation of any bodily injury or property damage, (iii) the difficulty in identifying the source of asbestos or environmental contamination, (iv) the difficulty in properly allocating liability for asbestos or environmental damage, (v) the uncertainty as to the number and identity of insured with potential exposure, (vi) the cost to resolve claims, and (vii) the collectability of reinsurance.

The uncertainties associated with establishing reserves for asbestos and environmental claims and claim adjustment expenses are compounded by the differing, and at times inconsistent, court rulings on environmental and asbestos coverage issues involving: (i) the differing interpretations of various insurance policy provisions and whether asbestos and environmental losses are or were ever intended to be covered, (ii) when the loss occurred and what policies provide coverage, (iii) whether there is an insured obligation to defend, (iv) whether a compensable loss or injury has occurred, (v) how policy limits are determined, (vi) how policy exclusions are applied and interpreted, (vii) the impact of entities seeking bankruptcy protection as a result of asbestos-related liabilities, (viii) whether clean-up costs are covered as insured property damage, and (ix) applicable coverage defenses or determinations, if any, including the determination as to whether or not an asbestos claim is a products/completed operation claim subject to an aggregate limit and the available coverage, if any, for that claim. The uncertainties cannot be reasonably estimated, but could have a material impact on the Company's future operating results and financial condition.

In 2019, the Company and its affiliated pool members completed asbestos ground-up and aggregate environmental reserve studies. These studies were completed by a multi-disciplinary team of internal claims, legal, reinsurance and actuarial personnel, and included all major business segments of the Company's direct, assumed, and ceded A&E unpaid claim liabilities. As part of the internal review, policyholders with the largest direct asbestos unpaid claim liabilities were individually evaluated using the Company's proprietary stochastic ground-up model, which is consistent with published actuarial methods of asbestos reserving. Among the factors reviewed in depth by the team of specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, injury type, jurisdiction and legal defenses. Reinsurance recoveries for these policyholders were then separately evaluated by the Company's reinsurance and actuarial personnel. A&E unpaid claim liabilities for all other policyholders were evaluated using aggregate methods that utilized information and experience specific to these policyholders. The studies resulted in an increase to reserves of \$275,000,000 including: \$190,000,000 of asbestos reserves, and \$85,000,000 of pollution reserves.

#### Uncertainty Regarding Reserving Methodologies

As a result of the significant uncertainty inherent in determining a company's asbestos and environmental liabilities and establishing related reserves, the amount of reserves required to adequately fund the Company's asbestos and environmental claims cannot be accurately estimated using conventional reserving methodologies based on historical data and trends. As a result, the use of conventional reserving methodologies frequently has to be supplemented by subjective considerations including managerial judgment. In that regard, the estimation of asbestos claims and associated liabilities and the analysis of environmental claims considered prevailing applicable law and certain inconsistencies of court decisions as to coverage, plaintiffs' expanded theories of liability, and the risks inherent in major litigation and other uncertainties, the Company believes that in future periods it is possible that the outcome of the continued uncertainties regarding asbestos and environmental related claims could result in a liability that differs from current reserves by an amount that could be material to the Company's future operating results and financial condition.

#### Effect of Uncertainty in Reserving For Asbestos and Environmental Claims on Company's Financial Condition

The methods of determining estimates for reported and unreported losses and establishing resulting reserves and related reinsurance recoverables are periodically reviewed and updated, and adjustments resulting from this review are reflected in income currently.

The following tables summarize the activity for the Company's asbestos and environmental claims and claim adjustment expenses, a component of the Company's unpaid claims and claim adjustment expenses, for the years ended December 31, 2019, 2018, 2017, 2016, and 2015 before consideration of the NICO Reinsurance Transaction. Refer to Note 23f.

### **Asbestos**

1. Direct -

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
a. Beginning reserves:	\$ 140,708,681	\$ 118,430,235	\$ 123,910,271	\$ 117,517,690	\$ 122,040,368

## NOTES TO FINANCIAL STATEMENTS

b. Incurred losses and LAE	\$ 6,627,475	\$ 26,224,951	\$ 14,187,334	\$ 24,731,200	\$ 20,318,318
c. Calendar year payments	\$ 28,905,921	\$ 20,744,915	\$ 20,579,915	\$ 20,208,522	\$ 17,117,132
d. Ending reserves	\$ 118,430,235	\$ 123,910,271	\$ 117,517,690	\$ 122,040,368	\$ 125,241,554

## 2. Assumed Reinsurance -

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
a. Beginning reserves*:	\$ 45,860,173	\$ 44,251,678	\$ 40,951,919	\$ 42,449,229	\$ 39,700,375
b. Incurred losses and LAE	\$ 938,913	\$ (396,308)	\$ 4,053,333	\$ (371,535)	\$ (1,190,498)
c. Calendar year payments	\$ 2,547,408	\$ 2,999,181	\$ 2,556,023	\$ 2,377,319	\$ 2,051,413
d. Ending reserves	\$ 44,251,678	\$ 40,856,189	\$ 42,449,229	\$ 39,700,375	\$ 36,458,464

\*Includes Ironshore acquisition in 2017

## 3. Net of Ceded Reinsurance -

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
a. Beginning reserves:	\$ 73,443,825	\$ 54,527,879	\$ 53,760,540	\$ 54,007,284	\$ 62,360,017
b. Incurred losses and LAE	\$ 490,554	\$ 4,983,089	\$ 6,869,767	\$ 16,061,925	\$ 20,016,764
c. Calendar year payments	\$ 19,406,500	\$ 5,750,429	\$ 6,623,022	\$ 7,709,193	\$ 14,803,082
d. Ending reserves	\$ 54,527,879	\$ 53,760,539	\$ 54,007,285	\$ 62,360,017	\$ 67,573,699

## 4. Ending Reserves for Bulk + IBNR included above (Loss &amp; LAE)

a. Direct Basis	\$ 86,068,030
b. Assumed Reinsurance Basis	\$ 25,940,601
c. Net of Ceded Reinsurance Basis	\$ 45,757,394

## 5. Ending Reserves for LAE included above (Case, Bulk &amp; IBNR)

a. Direct Basis	\$ 75,786,733
b. Assumed Reinsurance Basis	\$ 1,099,152
c. Net of Ceded Reinsurance Basis	\$ 34,236,606

### Environmental

## 1. Direct -

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
a. Beginning reserves:	\$ 33,648,262	\$ 33,648,262	\$ 29,816,048	\$ 30,911,571	\$ 33,153,967
b. Incurred losses and LAE	\$ 2,358,449	\$ 2,358,449	\$ 5,145,707	\$ 8,736,239	\$ 8,953,565
c. Calendar year payments	\$ 7,017,321	\$ 7,017,321	\$ 4,050,184	\$ 6,493,842	\$ 6,659,157
d. Ending reserves	\$ 28,989,390	\$ 28,989,390	\$ 30,911,571	\$ 33,153,967	\$ 35,448,375

## 2. Assumed Reinsurance -

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
a. Beginning reserves*:	\$ 4,834,448	\$ 3,503,310	\$ 3,336,937	\$ 4,068,948	\$ 3,598,731
b. Incurred losses and LAE	\$ (784,640)	\$ (13,180)	\$ 970,817	\$ (65,695)	\$ 276,374
c. Calendar year payments	\$ 546,498	\$ 325,722	\$ 238,806	\$ 404,522	\$ 463,026
d. Ending reserves	\$ 3,503,310	\$ 3,164,408	\$ 4,068,948	\$ 3,598,731	\$ 3,412,079

\*Includes Ironshore acquisition in 2017

## 3. Net of Ceded Reinsurance -

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
a. Beginning reserves:	\$ 23,909,931	\$ 20,969,200	\$ 20,482,901	\$ 22,012,201	\$ 22,599,873
b. Incurred losses and LAE	\$ 25,448	\$ 3,928,479	\$ 4,078,121	\$ 3,997,444	\$ 6,889,606
c. Calendar year payments	\$ 2,966,179	\$ 4,414,778	\$ 2,548,821	\$ 3,409,772	\$ 4,862,818

## B. Ending Reserves for Bulk + IBNR included above (Loss &amp; LAE)

a. Direct Basis	\$ 22,021,758
b. Assumed Reinsurance Basis	\$ 1,671,385
c. Net of Ceded Reinsurance Basis	\$ 13,657,117

## C. Ending Reserves for LAE included above (Case, Bulk &amp; IBNR)

a. Direct Basis	\$ 16,850,206
b. Assumed Reinsurance Basis	\$ 366,422
c. Net of Ceded Reinsurance Basis	\$ 10,899,663

## NOTES TO FINANCIAL STATEMENTS

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### **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? New Hampshire
- 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. 12/31/2018
- 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). 05/20/2015
- 3.4 By what department or departments?  
 State of New Hampshire Insurance Department  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
- 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 [X]
- 22.2 If answer is yes:
- |  |    |  |
|--|----|--|
| 22.21 Amount paid as losses or risk adjustment | \$ |  |
| 22.22 Amount paid as expenses                  | \$ |  |
| 22.23 Other amounts paid                       | \$ |  |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ \_\_\_\_\_

## INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No [ ]
- 24.02 If no, give full and complete information, relating thereto:  
 .....  
 .....  
 .....
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)  
 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
- 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 [X] No [ ] N/A [ ]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 256,825,264
- 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 [X] No [ ] N/A [ ]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [X] 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 [X] 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                   | \$ | 112,709,015 |
| 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$ | 112,709,015 |
| 24.103 Total payable for securities lending reported on the liability page                                       | \$ | 112,709,015 |
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No [ ]

## 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	\$ 203,138,620
	25.29 On deposit with other regulatory bodies	\$ 414,664
	25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$ 21,633,657
	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

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

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

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

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

	26.41 Special accounting provision of SSAP No. 108	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
	26.42 Permitted accounting practice	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
	26.43 Other accounting guidance	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

26.5 By responding YES to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following: Yes  No

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

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes  No

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  No

## GENERAL INTERROGATORIES

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

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

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

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

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

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
Liberty Mutual Investment Advisors, LLC	A
StanCorp	U
Prudential Mortgage Capital Company	U
Napier Park Global Capital	U

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

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's invested assets? Yes [ ] No [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
N/A	Liberty Mutual Group	N/A	N/A	DS
N/A	Liberty Mutual Invest	N/A	N/A	DS
N/A	StanCorp	N/A	N/A	DS
N/A	Prudential Mortgage	N/A	N/A	DS
N/A	Napier Park Global C	N/A	SEC	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]

## GENERAL INTERROGATORIES

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	5,000,423,209	5,149,535,237	149,112,028
30.2 Preferred stocks	5,140,000	5,140,000	
30.3 Totals	5,005,563,209	5,154,675,237	149,112,028

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 [ ] No [X]

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.

## GENERAL INTERROGATORIES

- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
  - c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
  - d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.
- Has the reporting entity self-designated PLGI securities? Yes [ ] No [X]

35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:
- a. The shares were purchased prior to January 1, 2019.
  - b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
  - c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
  - d. The fund only or predominantly holds bonds in its portfolio.
  - e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
  - f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria? Yes [ ] No [X]

## OTHER

36.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? \$ 5,004,168

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

1 Name	2 Amount Paid
INSURANCE SERVICES OFFICE INC .....	\$ 1,436,002
.....	\$ .....
.....	\$ .....

37.1 Amount of payments for legal expenses, if any? \$ 4,697,343

37.2 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
.....	\$ .....
.....	\$ .....
.....	\$ .....

38.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 296,091

38.2 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	\$ 18,990,529		\$ 14,249,943	
2.2 Premium Denominator	\$ 2,553,157,260		\$ 2,486,141,557	
2.3 Premium Ratio (2.1 / 2.2)	0.01		0.01	
2.4 Reserve Numerator	\$ 15,724,714		\$ 13,703,473	
2.5 Reserve Denominator	\$ 4,735,477,474		\$ 4,489,759,996	
2.6 Reserve Ratio (2.4 / 2.5)	0.00		0.00	

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 \$ 2,557,145

3.22 Non-participating policies \$ 1,092,616,602

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:  
 The Company purchases a combination of per risk excess of loss reinsurance and excess of loss per event catastrophe reinsurance.

.....

.....

.....

## 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:  
The Company employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property and worker's compensation exposures, we utilize RMS's RiskLink v17.0 and AIR's Touchstone v6.2 software. For workers' compensation, Liberty Mutual utilizes RiskLink v17.0 from RMS.
- 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?  
The Company purchases a combination of quota share reinsurance, per risk excess of loss reinsurance, excess of loss per event catastrophe reinsurance and aggregate programs.
- 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 purchases aggregate coverage to substantially replace nonreinstated catastrophe layers.
- 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  
.....  
.....
- 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 37 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:  
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or  
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:  
(a) The entity does not utilize reinsurance; or, Yes [ ] No [X]  
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [X]  
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [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  ]
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes  No  ]
- 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   |  | \$ | 6,225,206 |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) |  | \$ | 3,957,881 |
- 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? \$ 683,586
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes  No  N/A  ]
- 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  ]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- |                                  |  |    |             |
|----------------------------------|--|----|-------------|
| 12.61 Letters of Credit          |  | \$ | 248,873,844 |
| 12.62 Collateral and other funds |  | \$ | 63,945,428  |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 111,634,201
- 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  ]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. \_\_\_\_\_
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes  No  ]
- 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  ]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes  No  ]
- 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  ]
- 15.2 If yes, give full information  
 .....  
 .....
- 16.1 Does the reporting entity write any warranty business? Yes  No  ]  
 If yes, disclose the following information for each of the following types of warranty coverage:
- |                  |    | 1                         | 2                       | 3                         | 4                          | 5                        |
|------------------|----|---------------------------|-------------------------|---------------------------|----------------------------|--------------------------|
|                  |    | Direct Losses<br>Incurred | Direct Losses<br>Unpaid | Direct Written<br>Premium | Direct Premium<br>Unearned | Direct Premium<br>Earned |
| 16.11 Home       | \$ | .....                     | \$                      | .....                     | \$                         | .....                    |
| 16.12 Products   | \$ | .....                     | \$                      | .....                     | \$                         | .....                    |
| 16.13 Automobile | \$ | .....                     | \$                      | .....                     | \$                         | .....                    |
| 16.14 Other*     | \$ | .....                     | \$                      | .....                     | \$                         | .....                    |

\* Disclose type of coverage: \_\_\_\_\_



## 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 [X]

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

17.11 Gross amount of unauthorized reinsurance in Schedule F – Part 3 exempt from the statutory provision for unauthorized reinsurance	\$ _____
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 [X]

18.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ \_\_\_\_\_

18.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]

18.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ \_\_\_\_\_

19. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [X] No [ ]

19.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes [ ] No [X]

**FIVE – YEAR HISTORICAL DATA**

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

	1	2	3	4	5
	2019	2018	2017	2016	2015
<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)	1,660,332,602	1,630,604,122	1,492,583,622	1,297,110,991	1,205,631,395
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	820,119,296	761,539,389	532,341,088	483,301,706	440,004,348
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	926,099,507	901,282,345	856,077,633	813,701,971	774,849,093
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	241,513,469	204,831,857	178,038,625	167,373,300	166,659,571
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	28,579,230	42,166,373	28,361,559	23,686,147	30,322,862
6. Total (Line 35)	3,676,644,104	3,540,424,086	3,087,402,527	2,785,174,115	2,617,467,269
<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)	1,115,197,429	1,120,596,401	1,083,514,288	969,638,538	926,958,179
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	610,439,658	593,118,388	415,268,301	398,309,682	376,864,283
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	722,049,456	698,219,900	682,462,988	664,211,442	648,105,691
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	105,204,584	92,376,475	74,409,793	64,063,417	68,323,039
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	28,579,230	42,166,373	28,361,559	23,686,147	30,322,862
12. Total (Line 35)	2,581,470,357	2,546,477,537	2,284,016,929	2,119,909,226	2,050,574,054
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain (loss) (Line 8)	(93,246,746)	9,667,789	(226,160,272)	(61,640,601)	9,068,124
14. Net investment gain (loss) (Line 11)	215,178,411	228,776,553	199,423,476	140,832,897	182,887,499
15. Total other income (Line 15)	11,559,589	(27,274,776)	14,668,218	6,796,541	3,241,285
16. Dividends to policyholders (Line 17)	1,002,538	1,315,293	1,087,484	1,421,581	1,548,430
17. Federal and foreign income taxes incurred (Line 19)	21,641,932	30,463,390	(7,963,465)	11,357,170	36,222,518
18. Net income (Line 20)	110,846,784	179,390,883	(5,192,597)	73,210,086	157,425,960
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	6,906,099,097	6,496,561,337	6,147,617,984	5,641,631,457	5,578,553,264
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	149,584,940	135,501,603	130,281,967	108,981,873	109,978,131
20.2 Deferred and not yet due (Line 15.2)	589,021,668	573,572,798	556,086,480	527,225,282	495,548,741
20.3 Accrued retrospective premiums (Line 15.3)	23,736,389	27,724,964	31,156,268	31,946,332	31,519,422
21. Total liabilities excluding protected cell business (Page 3, Line 26)	4,923,366,664	4,666,154,702	4,453,993,843	3,919,720,661	3,941,123,727
22. Losses (Page 3, Line 1)	2,861,132,338	2,677,185,459	2,622,655,277	2,285,275,090	2,238,134,366
23. Loss adjustment expenses (Page 3, Line 3)	584,124,274	549,248,034	522,741,759	472,145,281	468,607,823
24. Unearned premiums (Page 3, Line 9)	1,281,143,437	1,256,228,712	1,200,504,734	1,108,755,728	1,052,883,251
25. Capital paid up (Page 3, Lines 30 & 31)	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
26. Surplus as regards policyholders (Page 3, Line 37)	1,982,732,434	1,830,406,639	1,693,624,141	1,721,910,797	1,637,429,540
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	286,841,665	316,163,848	161,187,103	154,441,613	185,560,501
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital	1,982,732,434	1,830,406,639	1,693,624,141	1,721,910,797	1,637,429,540
29. Authorized control level risk-based capital	342,815,026	321,569,670	300,817,719	259,185,415	240,663,491
<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)	84.4	83.0	83.8	81.3	79.0
31. Stocks (Lines 2.1 & 2.2)	3.3	3.6	3.1	5.9	8.7
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	3.3	3.2	3.0	3.4	3.2
33. Real estate (Lines 4.1, 4.2 & 4.3)		0.4	0.5	0.5	0.6
34. Cash, cash equivalents and short-term investments (Line 5)	(0.1)	0.5	0.4	1.3	1.1
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)	6.8	6.7	7.3	6.8	6.1
38. Receivables for securities (Line 9)	0.4	0.2	0.1	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	1.9	2.5	1.9	0.7	1.3
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)	103,535,331	106,254,115	106,898,907	106,110,397	100,443,931
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	326,083,774	298,333,643	301,444,510	254,602,970	236,423,610
48. Total of above Lines 42 to 47	429,619,105	404,587,758	408,343,417	360,713,367	336,867,541
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)	21.7	22.1	24.1	20.9	20.6

## FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2019	2018	2017	2016	2015
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24)	46,936,964	(35,394,809)	7,184,236	23,732,510	(29,993,615)
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	152,325,795	136,782,497	(28,286,655)	84,481,259	107,646,489
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	856,037,880	829,219,495	637,076,907	627,200,003	605,002,501
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	413,425,663	377,463,540	277,208,217	261,240,239	221,506,886
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	453,153,304	442,701,568	417,127,637	360,226,065	358,258,599
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	32,505,854	27,504,232	15,466,492	10,456,189	27,259,573
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	7,280,874	15,113,730	9,148,369	6,318,530	9,173,592
59. Total (Line 35)	1,762,403,575	1,692,002,565	1,356,027,622	1,265,441,026	1,221,201,151
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	646,204,862	636,465,719	515,580,178	560,411,400	538,017,596
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	342,662,981	326,898,738	240,835,371	230,296,341	201,305,877
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	392,494,215	383,378,734	369,831,167	323,054,419	320,031,262
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	25,711,615	14,696,393	9,679,582	1,463,163	19,108,361
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	7,280,874	15,113,730	9,148,369	6,318,530	9,173,592
65. Total (Line 35)	1,414,354,547	1,376,553,314	1,145,074,667	1,121,543,853	1,087,636,688
<b>Operating Percentages (Page 4)</b> (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)	62.5	57.8	66.0	56.6	55.6
68. Loss expenses incurred (Line 3)	12.6	12.2	13.5	13.2	12.7
69. Other underwriting expenses incurred (Line 4)	28.6	29.6	30.8	33.1	31.2
70. Net underwriting gain (loss) (Line 8)	(3.6)	0.4	(10.3)	(3.0)	0.5
<b>Other Percentages</b>					
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)	27.8	30.0	29.0	32.0	30.2
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	75.1	70.0	79.5	69.8	68.4
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)	130.2	139.1	134.9	123.1	125.2
<b>One Year Loss Development (\$000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	69,279	(57,253)	70,421	16,818	(13,462)
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)	3.8	(3.4)	4.1	1.0	(0.9)
<b>Two Year Loss Development (\$000 omitted)</b>					
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)	5,537	31,341	75,699	(6,953)	(15,539)
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)	0.3	1.8	4.6	(0.5)	(1.1)

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [ ] No [ ]

If no, please explain:

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

**SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES****SCHEDULE P – PART 1 – SUMMARY**

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4	5	6	7	8	9			
				Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	X X X	X X X	X X X	56,885	18,529	20,337	2,410	3,666	372	687	59,577	X X X
2. 2010	2,052,089	398,876	1,653,213	1,171,158	213,614	91,840	12,114	161,089	984	67,558	1,197,375	X X X
3. 2011	2,169,264	477,915	1,691,349	1,312,203	266,830	98,307	16,928	162,933	1,155	84,327	1,288,530	X X X
4. 2012	2,343,039	517,631	1,825,408	1,337,987	284,561	101,078	18,399	168,488	1,038	97,349	1,303,555	X X X
5. 2013	2,473,756	557,259	1,916,497	1,263,397	280,027	92,423	15,370	167,378	1,455	77,433	1,226,346	X X X
6. 2014	2,537,001	561,476	1,975,525	1,279,064	279,652	88,291	12,255	164,225	1,855	63,800	1,237,818	X X X
7. 2015	2,620,309	608,305	2,012,004	1,320,317	298,775	84,194	10,421	163,557	1,944	85,313	1,256,928	X X X
8. 2016	2,688,041	610,019	2,078,022	1,322,267	296,587	68,688	8,754	167,276	3,437	50,302	1,249,453	X X X
9. 2017	2,817,107	610,150	2,206,957	1,422,285	332,291	51,727	6,586	163,093	1,091	49,791	1,297,137	X X X
10. 2018	2,943,695	457,551	2,486,144	1,199,131	196,655	29,888	2,272	155,923	128	59,973	1,185,887	X X X
11. 2019	3,041,780	485,363	2,556,417	879,073	181,214	11,378	989	119,334	70	46,388	827,512	X X X
12. Totals	X X X	X X X	X X X	12,563,767	2,648,735	738,151	106,498	1,596,962	13,529	682,921	12,130,118	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13	14	15	16	17	18	19	20	21	22			
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	452,512	166,504	333,441	128,265	27,583	16,588	117,406	45,248	9,427	20	2,514	583,744	X X X
2. 2010	28,272	6,144	46,699	2,925	1,141	244	5,246	460	1,991		454	73,576	X X X
3. 2011	30,121	5,454	51,680	2,753	1,185	237	9,569	474	1,771		765	85,408	X X X
4. 2012	40,624	8,958	76,459	7,207	2,190	536	14,178	892	2,311		1,316	118,169	X X X
5. 2013	44,214	11,354	82,010	11,462	3,256	1,155	14,723	1,444	6,594		1,593	125,382	X X X
6. 2014	58,588	15,488	59,925	11,797	2,675	622	16,510	1,740	4,985		1,810	113,036	X X X
7. 2015	81,857	15,388	75,331	18,039	4,597	574	21,270	2,055	6,704	2	5,942	153,701	X X X
8. 2016	123,011	19,158	80,637	26,611	7,249	1,029	28,982	3,180	14,049	6	5,064	203,944	X X X
9. 2017	205,550	22,400	165,076	46,918	10,036	1,729	50,502	4,669	21,918	1	22,406	377,365	X X X
10. 2018	257,875	37,849	309,741	40,182	6,890	812	70,379	5,431	30,491	1	30,503	591,101	X X X
11. 2019	326,924	40,917	650,274	73,908	5,941	570	92,434	4,907	64,558		45,854	1,019,829	X X X
12. Totals	1,649,548	349,614	1,931,273	370,067	72,743	24,096	441,199	70,500	164,799	30	118,221	3,445,255	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	491,184	92,560
2. 2010	1,507,436	236,485	1,270,951	73.459	59.288	76.878			8.000	65,902	7,674
3. 2011	1,667,769	293,831	1,373,938	76.882	61.482	81.233			8.000	73,594	11,814
4. 2012	1,743,315	321,591	1,421,724	74.404	62.127	77.885			8.000	100,918	17,251
5. 2013	1,673,995	322,267	1,351,728	67.670	57.831	70.531			8.000	103,408	21,974
6. 2014	1,674,263	323,409	1,350,854	65.994	57.600	68.379			8.000	91,228	21,808
7. 2015	1,757,827	347,198	1,410,629	67.085	57.076	70.111			8.000	123,761	29,940
8. 2016	1,812,159	358,762	1,453,397	67.416	58.812	69.941			8.000	157,879	46,065
9. 2017	2,090,187	415,685	1,674,502	74.196	68.128	75.874			8.000	301,308	76,057
10. 2018	2,060,318	283,330	1,776,988	69.991	61.923	71.476			8.000	489,585	101,516
11. 2019	2,149,916	302,575	1,847,341	70.680	62.340	72.263			8.000	862,373	157,456
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	2,861,140	584,115

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

**SCHEDULE P – PART 2 – SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	One Year	Two Year
1. Prior	1,838,884	1,860,117	1,868,423	1,909,784	1,919,665	1,925,501	1,929,930	1,941,916	1,905,299	1,929,296	23,997	(12,620)
2. 2010	1,098,918	1,098,605	1,103,365	1,115,695	1,104,816	1,105,423	1,104,876	1,106,837	1,107,531	1,111,349	3,818	4,512
3. 2011	XXX	1,199,252	1,198,785	1,203,914	1,203,971	1,203,198	1,204,940	1,207,996	1,208,720	1,212,393	3,673	4,397
4. 2012	XXX	XXX	1,248,525	1,257,940	1,246,220	1,238,932	1,243,834	1,248,199	1,253,257	1,253,825	568	5,626
5. 2013	XXX	XXX	XXX	1,163,937	1,176,443	1,168,162	1,167,921	1,179,691	1,181,847	1,180,899	(948)	1,208
6. 2014	XXX	XXX	XXX	XXX	1,177,539	1,174,188	1,170,624	1,183,501	1,182,843	1,185,079	2,236	1,578
7. 2015	XXX	XXX	XXX	XXX	XXX	1,210,896	1,221,146	1,233,857	1,225,582	1,243,761	18,179	9,904
8. 2016	XXX	XXX	XXX	XXX	XXX	XXX	1,258,211	1,269,904	1,267,746	1,276,773	9,027	6,869
9. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,508,184	1,490,013	1,492,247	2,234	(15,937)
10. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,585,016	1,591,511	6,495	XXX
11. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,664,362	XXX	XXX
											12. Totals	
											69,279	5,537

**SCHEDULE P – PART 3 – SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
1. Prior	000	388,445	660,766	847,523	985,879	1,090,815	1,160,148	1,217,741	1,266,450	1,322,733	XXX	XXX
2. 2010	462,107	699,511	820,121	908,558	963,396	993,488	1,011,930	1,022,358	1,030,908	1,037,270	XXX	XXX
3. 2011	XXX	545,862	771,502	901,109	991,937	1,050,081	1,085,462	1,102,273	1,117,356	1,126,752	XXX	XXX
4. 2012	XXX	XXX	536,379	805,565	928,650	1,013,722	1,069,991	1,099,952	1,122,229	1,136,105	XXX	XXX
5. 2013	XXX	XXX	XXX	505,541	747,922	866,445	954,595	1,003,723	1,041,205	1,060,423	XXX	XXX
6. 2014	XXX	XXX	XXX	XXX	537,311	773,286	893,306	967,889	1,039,272	1,075,448	XXX	XXX
7. 2015	XXX	XXX	XXX	XXX	XXX	556,624	804,759	919,237	1,030,046	1,095,315	XXX	XXX
8. 2016	XXX	XXX	XXX	XXX	XXX	XXX	590,914	830,782	980,254	1,085,614	XXX	XXX
9. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	640,252	978,852	1,135,135	XXX	XXX
10. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	682,134	1,030,092	XXX	XXX
11. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	708,248	XXX	XXX

**SCHEDULE P – PART 4 – SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Prior	866,093	675,529	523,284	486,431	427,330	383,962	361,869	350,252	294,242	284,926
2. 2010	394,817	220,964	149,960	113,649	77,841	63,638	55,707	52,596	48,339	49,341
3. 2011	XXX	394,268	242,359	167,430	113,191	87,642	73,042	67,827	59,096	58,904
4. 2012	XXX	XXX	456,760	262,928	180,912	133,765	107,880	98,333	87,978	83,464
5. 2013	XXX	XXX	XXX	431,436	251,153	178,363	127,545	113,436	94,921	84,752
6. 2014	XXX	XXX	XXX	XXX	409,915	239,683	161,492	117,853	78,039	64,178
7. 2015	XXX	XXX	XXX	XXX	XXX	419,096	246,134	174,145	96,939	77,400
8. 2016	XXX	XXX	XXX	XXX	XXX	XXX	434,385	246,497	140,380	80,908
9. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	574,999	268,746	165,220
10. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	602,448	334,762
11. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	664,506

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

States, Etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		Active Status (a)	2						
		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	8,247,568	7,408,661		2,793,974	2,321,312	7,929,129	8
2. Alaska	AK	L	18,774,779	17,960,783		3,366,238	5,570,494	14,067,126	24
3. Arizona	AZ	L	14,552,318	13,380,581		1,771,819	11,041,785	20,911,683	48
4. Arkansas	AR	L	5,702,193	5,247,249		2,551,494	2,772,519	5,780,967	13
5. California	CA	L	136,855,366	128,608,517		48,543,849	61,030,576	82,658,909	663
6. Colorado	CO	L	18,418,515	17,945,420		3,347,069	14,031,366	24,282,193	49
7. Connecticut	CT	L	23,939,171	23,826,877		2,943,146	11,771,451	27,706,179	51
8. Delaware	DE	L	4,390,604	5,345,390	9,134	243,016	1,290,623	8,499,565	5
9. District of Columbia	DC	L	4,186,799	3,939,016		76,685	874,981	2,916,763	3
10. Florida	FL	L	43,254,551	39,738,331	1,049	30,414,130	20,363,121	40,437,454	93
11. Georgia	GA	L	24,284,106	22,610,879		10,721,236	21,597,886	28,868,992	60
12. Hawaii	HI	L	841,891	568,042		639,732	119,087	(2,347,670)	
13. Idaho	ID	L	9,410,202	8,345,891		2,490,168	4,417,905	6,035,710	40
14. Illinois	IL	L	32,858,497	30,646,835		2,154,900	15,869,018	35,054,755	76
15. Indiana	IN	L	14,976,109	13,885,657		19,515,752	(1,271,334)	14,097,033	116
16. Iowa	IA	L	2,295,049	2,073,696		1,019,399	2,527,246	3,519,721	1
17. Kansas	KS	L	4,077,073	4,053,621		966,353	1,711,990	3,350,311	9
18. Kentucky	KY	L	15,855,332	15,987,202		3,356,873	7,507,343	25,104,285	62
19. Louisiana	LA	L	12,043,712	11,903,657		5,740,446	7,654,894	7,630,561	96
20. Maine	ME	L	15,776,303	15,685,818		3,183,578	8,397,930	11,920,379	26
21. Maryland	MD	L	16,845,160	16,891,256		8,816,181	10,482,379	17,425,540	9,933
22. Massachusetts	MA	L	45,412,163	45,984,696		6,253,939	25,483,104	45,469,719	65
23. Michigan	MI	L	9,591,571	8,808,957		1,817,996	3,611,236	16,060,025	22
24. Minnesota	MN	L	7,993,327	7,302,023		8,908,568	21,324,228	20,568,381	234
25. Mississippi	MS	L	5,943,370	5,688,943		1,376,991	1,845,012	3,798,644	6
26. Missouri	MO	L	18,766,781	18,004,863		4,258,759	9,612,664	17,428,992	71
27. Montana	MT	L	9,583,474	7,820,593		7,609,440	11,314,775	7,065,587	191
28. Nebraska	NE	L	3,482,229	3,181,929		639,215	921,812	3,957,999	10
29. Nevada	NV	L	10,128,464	9,093,366		1,670,597	29,044,019	32,681,022	43
30. New Hampshire	NH	L	19,880,302	20,521,727		3,705,469	11,352,699	16,408,867	50
31. New Jersey	NJ	L	54,684,504	54,356,701	3,062	15,114,241	30,290,891	116,655,892	13,198
32. New Mexico	NM	L	5,252,584	4,827,319		1,459,581	4,325,049	6,805,182	28
33. New York	NY	L	95,537,478	91,695,622		11,032,874	78,166,795	130,203,197	160
34. North Carolina	NC	L	20,098,912	19,082,523		1,984,986	6,295,258	20,036,756	266
35. North Dakota	ND	L	977,316	981,698		296,772	762,245	1,445,871	24
36. Ohio	OH	L	24,631,525	23,806,962		2,235,801	8,745,313	27,667,687	50
37. Oklahoma	OK	L	14,579,672	14,758,373		5,564,039	10,577,384	14,852,599	49
38. Oregon	OR	L	47,042,905	41,114,414		12,381,510	24,390,512	39,790,403	174
39. Pennsylvania	PA	L	38,856,148	36,045,977		8,030,947	15,449,095	46,951,783	84
40. Rhode Island	RI	L	5,691,847	6,078,453		861,651	2,448,587	4,326,903	12
41. South Carolina	SC	L	9,752,572	9,388,720		2,797,349	7,681,078	12,160,579	13
42. South Dakota	SD	L	1,104,927	1,010,737		707,891	777,303	575,162	8
43. Tennessee	TN	L	11,332,783	10,486,427		3,318,925	3,263,592	10,049,263	47
44. Texas	TX	L	85,329,361	79,707,007		47,773,018	53,549,066	66,470,729	485
45. Utah	UT	L	8,123,946	7,884,309		1,927,699	4,358,725	8,021,871	74
46. Vermont	VT	L	9,302,099	9,479,189		1,305,760	3,816,291	6,025,496	9
47. Virginia	VA	L	19,753,256	17,926,059		9,061,456	18,031,278	20,655,130	35
48. Washington	WA	L	70,307,487	66,893,167		29,034,179	62,081,332	74,439,579	267
49. West Virginia	WV	L	2,324,141	2,142,968		643,992	1,760,452	2,129,628	2
50. Wisconsin	WI	L	9,165,483	8,655,038		1,241,718	4,874,133	9,060,478	6
51. Wyoming	WY	L	2,908,524	2,719,594		377,626	1,558,673	2,888,533	57
52. American Samoa	AS	N							
53. Guam	GU	L	4,374	3,677			361	647	
54. Puerto Rico	PR	N						1	
55. U.S. Virgin Islands	VI	N						(14)	
56. Northern Mariana Islands	MP	N					(36)	(39)	
57. Canada	CAN	N							
58. Aggregate Other Alien	OT	X X X	44,925	133,609			2,119,593	4,558,773	
59. Totals	(a) 52		1,095,173,748	1,041,639,049	13,245	348,049,027	669,915,091	1,175,060,910	1,036

DETAILS OF WRITE-INS									
58001.	ZZZ Other Alien	X X X	44,925	133,609			2,119,593	4,558,773	
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	44,925	133,609			2,119,593	4,558,773	

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

(a) Active Status Counts

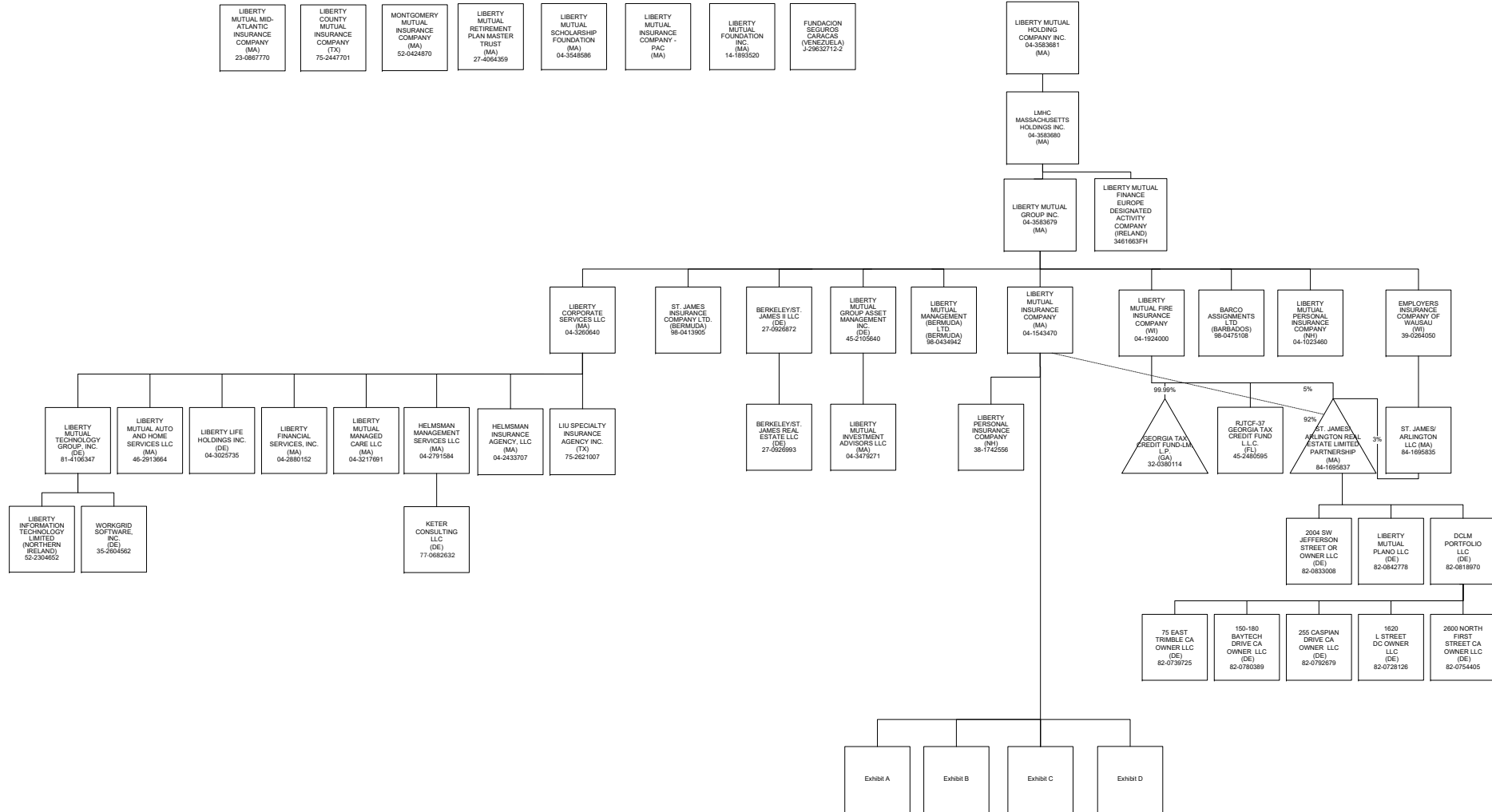
L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG	52
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state	_____
D - Domestic Surplus Lines Insurer (DSLII) - Reporting entities authorized to write surplus lines in the state of domicile	_____
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)	5

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

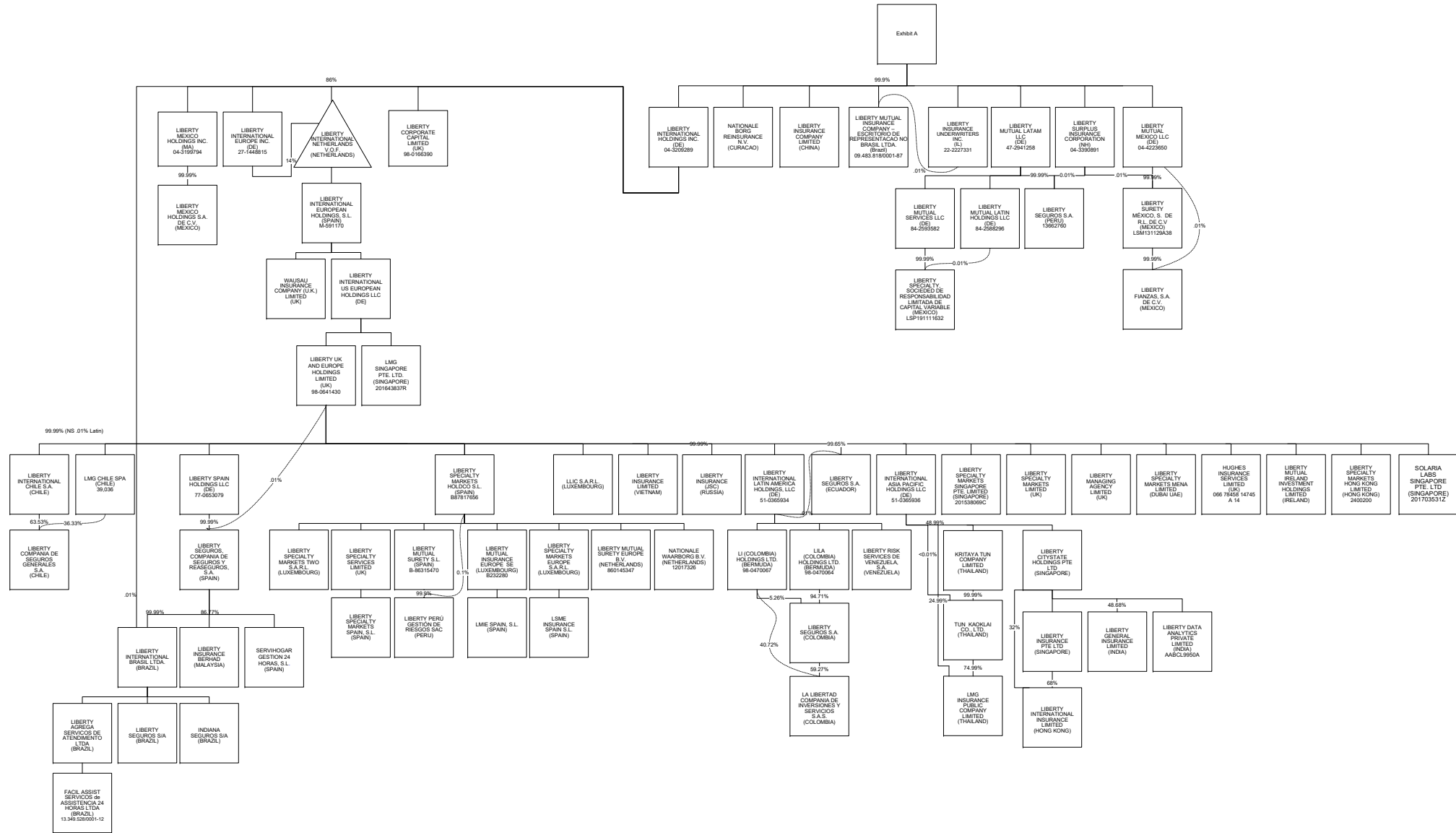
# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

## PART 1 - ORGANIZATIONAL CHART



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

## PART 1 - ORGANIZATIONAL CHART

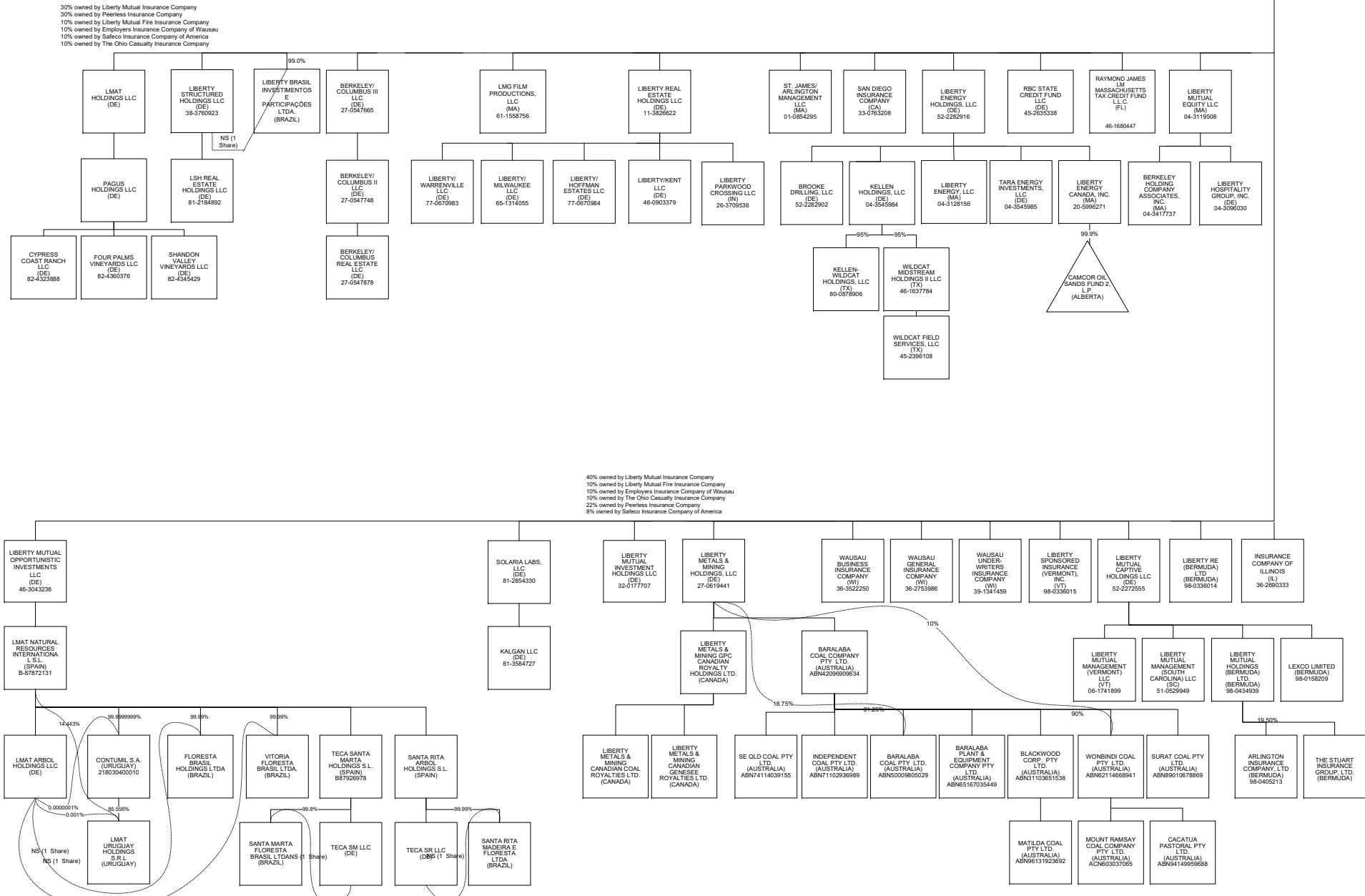




# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

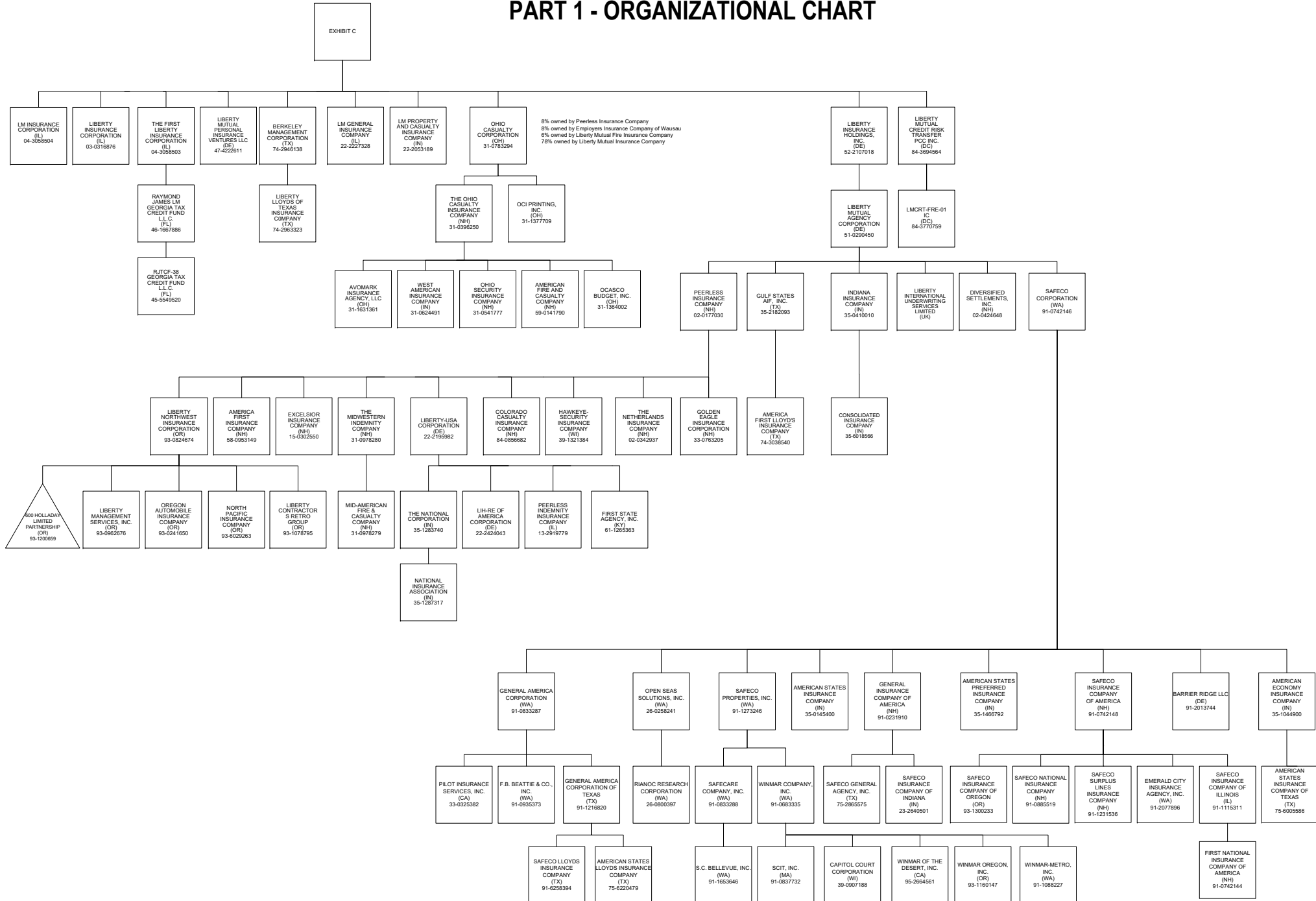
## PART 1 - ORGANIZATIONAL CHART

EXHIBIT B



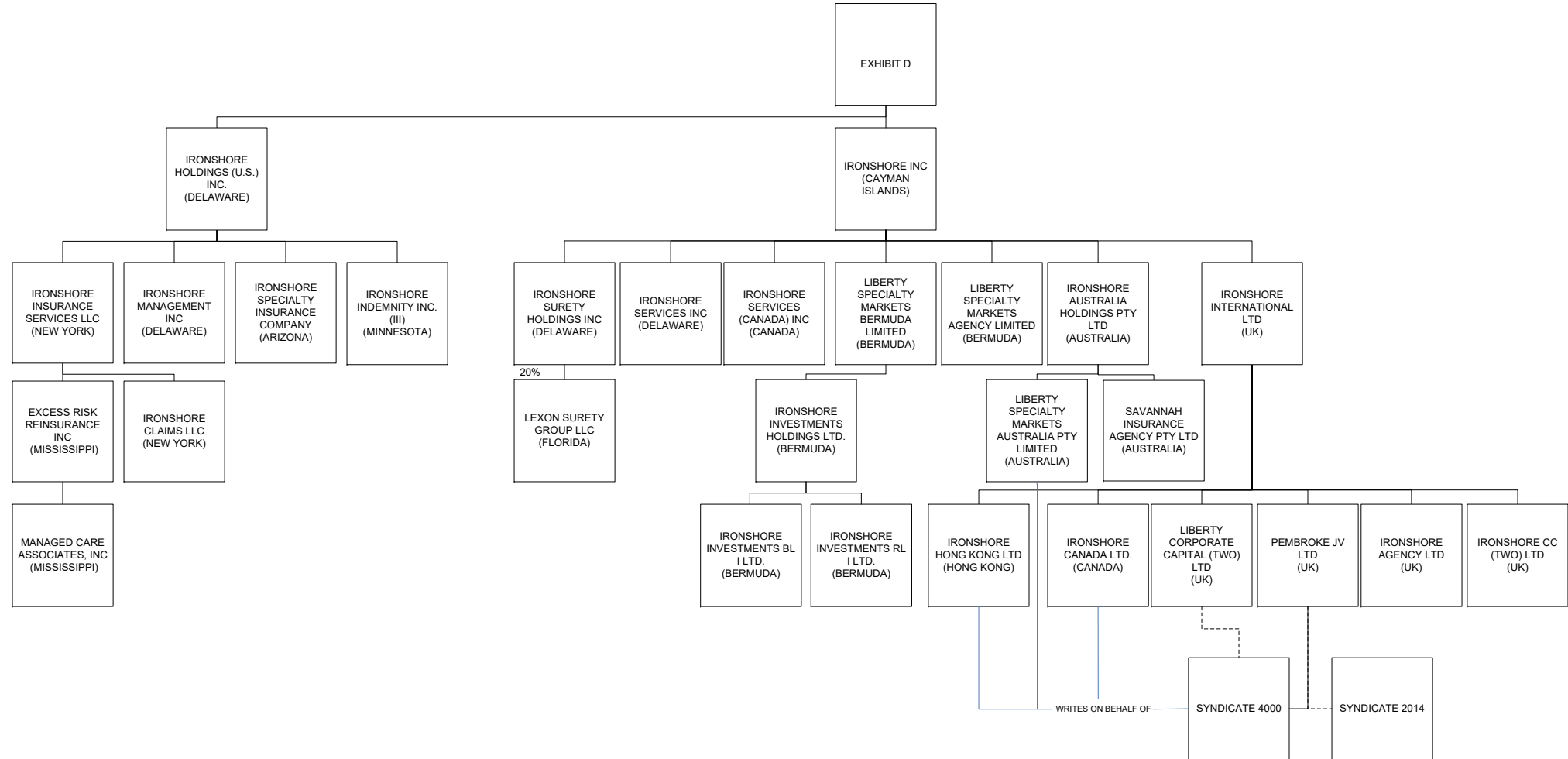
# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

## PART 1 - ORGANIZATIONAL CHART



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

## PART 1 - ORGANIZATIONAL CHART



**OVERFLOW PAGE FOR WRITE-INS**

**Page 2 - Continuation**

**ASSETS**

	Current Year			Prior Year
	1	2	3	4
<b>REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS</b>	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Other assets	8,700,129	6,447,779	2,252,350	2,257,644
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	8,700,129	6,447,779	2,252,350	2,257,644

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