



19917201920100100

ANNUAL STATEMENT

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

Liberty Insurance Underwriters Inc.

NAIC Group Code 0111 0111 NAIC Company Code 19917 Employer's ID Number 22-2227331
Organized under the Laws of Illinois, State of Domicile or Port of Entry IL
Country of Domicile United States of America
Incorporated/Organized November 17, 1978 Commenced Business December 29, 1978
Statutory Home Office 2815 Forbs Avenue, Hoffman Estates, IL, US 60192
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.libertyiu.com
Statutory Statement Contact Lindsey Pendergast, Statutory.Compliance@LibertyMutual.com

OFFICERS

Chairman of the Board
Mark Charles Touhey

Table with 2 columns: Name, Title. Rows include Matthew Paul Dolan (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. Rows include Alison Brooke Erbig (Senior Vice President and Comptroller), James Francis Kelleher (EVP and Chief Legal Officer), Neeti Bhalla Johnson (EVP and Chief Investment Officer), and Christopher Locke Peirce (EVP and Chief Financial Officer).

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Name, Name, Name. Rows include Matthew Paul Dolan, Alison Brooke Erbig, Michael Joseph Fallon, Stacie Ann Graham, Julie Marie Haase, Stephen Douglas Hylka, Christopher Bradley Johnston, James Michael MacPhee, and Sean Bulman McSweeney, Elizabeth Julia Morahan, Francis William Robinson, Jr., Mark Charles Touhey.

State of Massachusetts
County of Suffolk ss

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

(Signature) Matthew Paul Dolan, Mark Charles Touhey, Laurance Henry Soyer Yahia
(Printed Name) 1, 2, 3
President and Chief Executive Officer, Senior Vice President and Secretary, Senior Vice President and Treasurer
(Title)

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)	97,740,346		97,740,346	193,837,476
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 773,878, Schedule E - Part 1), cash equivalents (\$ 28,442,211, Schedule E - Part 2), and short-term investments (\$ (1), Schedule DA)	29,216,088		29,216,088	42,002,099
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				(1)
10. Securities lending reinvested collateral assets (Schedule DL)	61,637		61,637	4,761,387
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	127,018,071		127,018,071	240,600,961
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	490,072		490,072	985,583
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	48,627,790		48,627,790	30,533,268
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	12,009,761		12,009,761	7,192,219
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon	15,675		15,675	3,840,534
18.2 Net deferred tax asset	22,000	22,000		
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	942,791		942,791	1,380,825
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets				
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	189,126,160	22,000	189,104,160	284,533,390
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	189,126,160	22,000	189,104,160	284,533,390

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)				

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)		
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	6,238,841	5,581,491
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)		
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)		
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
7.2 Net deferred tax liability	95,000	235,000
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 236,350,870 and including warranty reserves of \$ 0 and accrued accident and health experience rating refunds including \$ 0 for medical loss ratio rebate per the Public Health Service Act)		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	22,884,536	17,998,349
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20)		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ 0 certified) (Schedule F, Part 3 Column 78)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	31,791,810	113,435,705
20. Derivatives		
21. Payable for securities		5,001,264
22. Payable for securities lending	61,637	4,761,387
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	500,001	500,000
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	61,571,825	147,513,196
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	61,571,825	147,513,196
29. Aggregate write-ins for special surplus funds		
30. Common capital stock	3,500,000	3,500,000
31. Preferred capital stock		
32. Aggregate write-ins for other-than-special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	69,386,705	69,386,705
35. Unassigned funds (surplus)	54,645,630	64,133,489
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)	127,532,335	137,020,194
38. Totals (Page 2, Line 28, Col. 3)	189,104,160	284,533,390

DETAILS OF WRITE-IN LINES		
2501. Other liabilities	500,001	500,000
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	500,001	500,000
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)		
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)		
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)		
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)		
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)		
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	4,396,783	4,992,709
10. Net realized capital gains (losses) less capital gains tax of \$ 21,896 (Exhibit of Capital Gains (Losses))	82,372	37,166
11. Net investment gain (loss) (Lines 9 + 10)	4,479,155	5,029,875
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)		
13. Finance and service charges not included in premiums		
14. Aggregate write-ins for miscellaneous income	56,675	49,242
15. Total other income (Lines 12 through 14)	56,675	49,242
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	4,535,830	5,079,117
17. Dividends to policyholders		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	4,535,830	5,079,117
19. Federal and foreign income taxes incurred	1,033,104	(1,197,880)
20. Net income (Line 18 minus Line 19) (to Line 22)	3,502,726	6,276,997
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	137,020,196	127,395,218
22. Net income (from Line 20)	3,502,726	6,276,997
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0		
25. Change in net unrealized foreign exchange capital gain (loss)	569,415	3,539,177
26. Change in net deferred income tax	153,000	(1,860,000)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(13,000)	1,625,000
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		43,804
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	(13,700,000)	
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)	(9,487,859)	9,624,978
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	127,532,337	137,020,196

DETAILS OF WRITE-IN LINES		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		
1401. Other income/(expense)	56,675	49,242
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	56,675	49,242
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)		

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	(13,208,335)	12,418,453
2. Net investment income	4,972,345	5,352,971
3. Miscellaneous income	56,675	49,241
4. Total (Lines 1 through 3)	(8,179,315)	17,820,665
5. Benefit and loss related payments	4,160,192	380,689
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions		
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	(2,769,858)	1,158,314
10. Total (Lines 5 through 9)	1,390,334	1,539,003
11. Net cash from operations (Line 4 minus Line 10)	(9,569,649)	16,281,662
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	64,398,456	72,535,979
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	8,748,362	11,590,491
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	(1)	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	73,146,817	84,126,470
13. Cost of investments acquired (long-term only):		
13.1 Bonds	66,148,278	79,155,537
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	4,048,612	13,895,457
13.6 Miscellaneous applications	5,001,264	(5,001,264)
13.7 Total investments acquired (Lines 13.1 to 13.6)	75,198,154	88,049,730
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)	(2,051,337)	(3,923,260)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	13,700,000	
16.6 Other cash provided (applied)	12,534,971	2,275,280
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,165,029)	2,275,280
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(12,786,015)	14,633,682
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	42,002,103	27,368,421
19.2 End of year (Line 18 plus Line 19.1)	29,216,088	42,002,103

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

20.0001	2. Net investment income	46,817	60,122
20.0002	12.1 - Proceeds from investments sold, matured or repaid - Bonds	97,895,607	
20.0003	13.1 - Cost of investments Acquired - Bonds	46,817	60,122
20.0004	16.6 Cash provided (applied) - Other cash provided (applied)	(97,895,607)	

NONE Underwriting and Investment Exhibit - Part 1

NONE Underwriting and Investment Exhibit - Part 1A

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1	Reinsurance Assumed		Reinsurance Ceded		6
	Direct Business (a)	2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire		15,634,006		15,634,006		
2. Allied lines		(158,152)		(158,152)		
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril	158,070	12,983,675		13,141,745		
6. Mortgage guaranty						
8. Ocean marine	1,170,761	7,096,596		8,267,356		1
9. Inland marine	3,208,637,037	3,814,288		3,212,451,324		1
10. Financial guaranty						
11.1 Medical professional liability--occurrence	54,804,763			54,804,763		
11.2 Medical professional liability--claims-made	3,433,489			3,433,489		
12. Earthquake						
13. Group accident and health	120,598,700			120,598,700		
14. Credit accident and health (group and individual)						
15. Other accident and health	102,610	2,612		105,222		
16. Workers' compensation						
17.1 Other liability—occurrence	151,966,098	29,577,688		181,543,787		(1)
17.2 Other liability—claims-made	48,464,786	59,543,699		108,008,485		
17.3 Excess workers' compensation		1,710,262		1,710,262		
18.1 Products liability—occurrence		2,627,222		2,627,222		
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability						
19.3,19.4 Commercial auto liability		37,943		37,943		
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity	209,363	1,533,423		1,742,786		
24. Surety						
26. Burglary and theft		94		94		
27. Boiler and machinery						
28. Credit	105,000			105,000		
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	X X X					
32. Reinsurance-nonproportional assumed liability	X X X					
33. Reinsurance-nonproportional assumed financial lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	3,589,650,677	134,403,356		3,724,054,032		1

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

NONE

(a) 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		268,791	268,791					
2. Allied lines		11,035,697	11,035,697					
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril		12,942,334	12,942,334					
6. Mortgage guaranty								
8. Ocean marine	359,164	407,486	766,649	1		1		
9. Inland marine	2,249,930,715	551,768	2,250,482,483					
10. Financial guaranty								
11.1 Medical professional liability—occurrence	7,647,108		7,647,108					
11.2 Medical professional liability—claims-made	170,808		170,808					
12. Earthquake								
13. Group accident and health	110,774,889		110,774,889					
14. Credit accident and health (group and individual)								
15. Other accident and health	2,450		2,450					
16. Workers' compensation								
17.1 Other liability—occurrence	99,571,754	894,424	100,466,178					
17.2 Other liability—claims-made	64,298,243	866,024	65,164,267					
17.3 Excess workers' compensation								
18.1 Products liability—occurrence	9,027,268	156,321	9,183,589					
18.2 Products liability—claims-made								
19.1,19.2 Private passenger auto liability								
19.3,19.4 Commercial auto liability	4,452,138		4,452,138					
21. Auto physical damage								
22. Aircraft (all perils)								
23. Fidelity	2,423,900	28,490	2,452,390					
24. Surety								
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-nonproportional assumed property	X X X							
32. Reinsurance-nonproportional assumed liability	X X X							
33. Reinsurance-nonproportional assumed financial lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	2,548,658,437	27,151,335	2,575,809,771	1		1		

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

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

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		608,177	608,177			2,652,583	2,652,583		
2. Allied lines		10,984,336	10,984,336		83,737	9,554,338	9,638,075		
3. Farmowners multiple peril									
4. Homeowners multiple peril									
5. Commercial multiple peril	212	64,947,055	64,947,267		(3,387,988)	19,870,163	16,482,174	1	
6. Mortgage guaranty									
8. Ocean marine	193,039	160,733	353,772		(699,346)	5,556,401	4,857,056	(1)	
9. Inland marine	423,636	1,253,522	1,677,158		181,853,329	4,237,899	186,091,228		
10. Financial guaranty									
11.1 Medical professional liability—occurrence	16,657,449		16,657,449		88,174,686		88,174,686		
11.2 Medical professional liability—claims-made	710,500		710,500		2,708,764		2,708,764		
12. Earthquake									
13. Group accident and health	55,305,537		55,305,537		12,002,259		12,002,259	(a)	
14. Credit accident and health (group and individual)									
15. Other accident and health					19,309	933	20,242	(a)	
16. Workers' compensation									
17.1 Other liability—occurrence	111,476,478	3,940,712	115,417,190		390,676,255	44,476,370	435,152,625		
17.2 Other liability—claims-made	110,168,949	9,470,597	119,639,546		171,304,567	53,163,843	224,468,410		
17.3 Excess workers' compensation		25,645	25,645			3,223,081	3,223,081		
18.1 Products liability—occurrence	603,016	208,417	811,433		(1,306,303)	1,090,606	(215,697)		
18.2 Products liability—claims-made									
19.1,19.2 Private passenger auto liability	14,078		14,078						
19.3,19.4 Commercial auto liability	4,149,471		4,149,471		3,689,072	67,224	3,756,296		
21. Auto physical damage	54,134		54,134		264,166		264,166		
22. Aircraft (all perils)									
23. Fidelity	694,430	(9)	694,421		4,445,839	2,529,053	6,974,892		
24. Surety						(1,654)	(1,654)		
26. Burglary and theft						180	180		
27. Boiler and machinery									
28. Credit					6,591		6,591		
29. International									
30. Warranty					(354,030)		(354,030)		
31. Reinsurance-nonproportional assumed property	X X X				X X X				
32. Reinsurance-nonproportional assumed liability	X X X				X X X				
33. Reinsurance-nonproportional assumed financial lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	300,450,929	91,599,185	392,050,114		849,480,907	146,421,020	995,901,927		

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

(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	187,532,563			187,532,563
1.2 Reinsurance assumed	4,605,476			4,605,476
1.3 Reinsurance ceded	192,138,039			192,138,039
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)				
2. Commission and brokerage:				
2.1 Direct, excluding contingent		59,191,016		59,191,016
2.2 Reinsurance assumed, excluding contingent		26,331,564		26,331,564
2.3 Reinsurance ceded, excluding contingent		85,522,580		85,522,580
2.4 Contingent—direct		32,328		32,328
2.5 Contingent—reinsurance assumed				
2.6 Contingent—reinsurance ceded		32,328		32,328
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)				
3. Allowances to manager and agents				
4. Advertising			518	518
5. Boards, bureaus and associations			290	290
6. Surveys and underwriting reports			333	333
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries			82,768	82,768
8.2 Payroll taxes			19,930	19,930
9. Employee relations and welfare			49,509	49,509
10. Insurance			1,826	1,826
11. Directors' fees			17	17
12. Travel and travel items			3,908	3,908
13. Rent and rent items			45,961	45,961
14. Equipment			20,198	20,198
15. Cost or depreciation of EDP equipment and software			14,154	14,154
16. Printing and stationery			621	621
17. Postage, telephone and telegraph, exchange and express			2,748	2,748
18. Legal and auditing			2,724	2,724
19. Totals (Lines 3 to 18)			245,505	245,505
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 0				
20.2 Insurance department licenses and fees				
20.3 Gross guaranty association assessments				
20.4 All other (excluding federal and foreign income and real estate)				
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)				
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses			30,950	30,950
25. Total expenses incurred			276,455	(a) 276,455
26. Less unpaid expenses—current year				
27. Add unpaid expenses—prior year				
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)			276,455	276,455

DETAILS OF WRITE-IN LINES				
2401. Other expenses			30,950	30,950
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)			30,950	30,950

(a) Includes management fees of \$ 276,453 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)	1,730,687	1,432,863
1.1 Bonds exempt from U.S. tax	(a)	313,917	243,594
1.2 Other bonds (unaffiliated)	(a)	2,287,721	2,135,919
1.3 Bonds of affiliates	(a)		
2.1 Preferred stocks (unaffiliated)	(b)		
2.11 Preferred stocks of affiliates	(b)		
2.2 Common stocks (unaffiliated)			
2.21 Common stocks of affiliates			
3. Mortgage loans	(c)		
4. Real estate	(d)		
5. Contract loans			
6. Cash, cash equivalents and short-term investments	(e)	835,323	835,323
7. Derivative instruments	(f)		
8. Other invested assets			
9. Aggregate write-ins for investment income		25,536	25,536
10. Total gross investment income		5,193,184	4,673,235
11. Investment expenses	(g)		276,453
12. Investment taxes, licenses and fees, excluding federal income taxes	(g)		
13. Interest expense	(h)		
14. Depreciation on real estate and other invested assets	(i)		
15. Aggregate write-ins for deductions from investment income			
16. Total deductions (Lines 11 through 15)			276,453
17. Net investment income (Line 10 minus Line 16)			4,396,782

DETAILS OF WRITE-IN LINES			
0901. Miscellaneous Income/(Expense)		25,536	25,536
0902. Investment Income/(Expense) – Pooling Restatement			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)		25,536	25,536
1501.	NONE		
1502.			
1503.			
1598. Summary of remaining write-ins for Line 15 from overflow page			
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)			

- (a) Includes \$ 132,348 accrual of discount less \$ 242,970 amortization of premium and less \$ 118,557 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 276,453 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 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	(266,437)		(266,437)		
1.1 Bonds exempt from U.S. tax	246,912		246,912		
1.2 Other bonds (unaffiliated)	123,793		123,793		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	104,268		104,268		

DETAILS OF WRITE-IN LINES					
0901.	NONE				
0902.					
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)					

EXHIBIT OF NONADMITTED ASSETS

	1 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			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	22,000	9,000	(13,000)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets			
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	22,000	9,000	(13,000)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	22,000	9,000	(13,000)

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501.			
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)			

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the State of Illinois, the accompanying financial statements of Liberty Insurance Underwriters, Inc. (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. Liberty Insurance Underwriters, Inc. state basis (Page 4, Line 20, Columns 1 & 3)	XXX	XXX	XXX	\$3,502,726	\$6,276,997
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>\$3,502,726</u>	<u>\$6,276,997</u>

SURPLUS

5. Liberty Insurance Underwriters, Inc. state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$127,532,335	\$137,020,194
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>\$127,532,335</u>	<u>\$137,020,194</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.

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

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

B. Statutory Mergers

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

C. Impairment Loss

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

Note 4 – Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company does not invest in mortgage loans.

B. Debt Restructuring

Not applicable.

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loaned Backed Securities

NOTES TO FINANCIAL STATEMENTS

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
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	(\$3,454)
2. 12 Months or Longer	(\$12,207)

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

1. Less than 12 Months	\$1,883,059
2. 12 Months or Longer	\$5,920,775

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

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

1. The Company has not entered into any repurchase agreements during the year. Refer to Note 17B for the policy on requiring collateral 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	\$61,637
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	\$61,637
(g) Securities Received	2,145,253
(h) Total Collateral Received	\$2,206,891
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	-

NOTES TO FINANCIAL STATEMENTS

(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 \$ 2,206,891

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

4. Securities Lending Transactions Administered by an Affiliated Agent

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

5. Collateral Reinvestment

a. Aggregate Amount Collateral Received

	Amortized Cost	Fair Value
1. Securities Lending		
(a) Open	\$0	\$0
(b) 30 Days or Less	22,963	22,963
(c) 31 to 60 Days	18,533	18,533
(d) 61 to 90 Days	20,141	20,141
(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	\$61,637	\$61,637
(l) Securities Received	-	-
(m) Total Collateral Reinvested	\$61,637	\$61,637
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	-	-

NOTES TO FINANCIAL STATEMENTS

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

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

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

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not applicable.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not applicable.

H. Repurchase Agreements Transactions Accounted for as a Sales

Not applicable.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not applicable.

J. Real Estate

The Company does not hold any investments in real estate.

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

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

L. Restricted Assets

1. Restricted Assets (Included Pledge)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted				
	Current Year				
	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)
a. Subject to contractual obligation for which liability is not shown	\$0	\$0	\$0	\$0	\$0
b. Collateral held under security lending agreements	61,637	-	-	-	61,637
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	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

i. FHLB capital stock	-	-	-	-	-
j. On deposit with states	6,477,441	-	-	-	6,477,441
k. On deposit with other regulatory bodies	-	-	-	-	-
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	-	-	-
m. Pledged as collateral not captured in other categories	-	-	-	-	-
n. Other restricted assets	-	-	-	-	-
o. Total Restricted Assets	\$6,539,079	\$0	\$0	\$0	\$6,539,079

(a) Subset of column 1

(b) Subset of column 3

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted			
			Current Year	
	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	4,761,387	(4,699,750)	-	61,637
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	6,702,758	(225,317)	-	6,477,441
k. On deposit with other regulatory bodies	-	-	-	-
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-	-	-
m. Pledged as collateral not captured in other categories	-	-	-	-
n. Other restricted assets	-	-	-	-
o. Total Restricted Assets	\$11,464,145	(\$4,925,066)	\$0	\$6,539,079

Restricted Asset Category	Current Year	
	Percentage	
	10 Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	11 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	0.033	0.033
c. Subject to repurchase agreements	-	-
d. Subject to reverse repurchase agreements	-	-
e. Subjects to dollar repurchase agreements	-	-

NOTES TO FINANCIAL STATEMENTS

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	3,425	3,425
k. On deposit with other regulatory bodies	-	-
l. Pledged collateral to FHLB (including assets backing funding agreements)	-	-
m. Pledged as collateral not captured in other categories	-	-
n. Other restricted assets	-	-
o. Total Restricted Assets	3,458	3,458

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

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

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

Not applicable.

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

Not applicable.

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

	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	\$61,637	\$61,637	0.033	0.033
i. Other	-	-	-	-
j. Total Collateral Assets (a+b+c+d+e+f+g+h+i)	\$61,637	\$61,637	0.033	0.033
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	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

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)	\$61,637	0.10
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.

O. 5GI Securities

Not applicable.

P. Short Sales

Not applicable.

Q. Prepayment Penalty and Acceleration Fees

Not applicable.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

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

Not Applicable

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

Not Applicable

NOTES TO FINANCIAL STATEMENTS

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

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

Note 9 - Income Taxes

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	Total (Col 1+2)
(a) Gross Deferred Tax Assets	\$ 3,000	\$ 22,000	\$ 25,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	3,000	22,000	25,000
(d) Deferred Tax Assets Nonadmitted	-	22,000	22,000
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	3,000	-	3,000
(f) Deferred Tax Liabilities	98,000	-	98,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	\$ (95,000)	\$ -	\$ (95,000)

	12/31/2018		
	(1)	(2)	(3)
	Ordinary	Capital	Total (Col 1+2)
(a) Gross Deferred Tax Assets	\$ 3,000	\$ 22,000	\$ 25,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	3,000	22,000	25,000
(d) Deferred Tax Assets Nonadmitted	-	9,000	9,000
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	3,000	13,000	16,000
(f) Deferred Tax Liabilities	238,000	13,000	251,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	\$ (235,000)	\$ -	\$ (235,000)

	Change		
	(7)	(8)	(9)
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	\$ -	\$ -	\$ -
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	-	-	-
(d) Deferred Tax Assets Nonadmitted	-	13,000	13,000
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	-	(13,000)	(13,000)
(f) Deferred Tax Liabilities	(140,000)	(13,000)	(153,000)
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	\$ 140,000	\$ -	\$ 140,000

NOTES TO FINANCIAL STATEMENTS

2.

	12/31/2019		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ -	\$ -	\$ -
(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)	-	-	-
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	-	-	-
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			19,215,018
(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.	3,000	-	3,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ 3,000	\$ -	\$ 3,000

	12/31/2018		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	\$ -	\$ -	\$ -
(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)	-	-	-
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	-	-	-
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			20,468,469
(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.	3,000	13,000	16,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ 3,000	\$ 13,000	\$ 16,000

	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.	\$ -	\$ -	\$ -
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of	-	-	-

NOTES TO FINANCIAL STATEMENTS

the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)			
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	-	-	-
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			(1,253,451)
(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.	-	(13,000)	(13,000)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.			
Total (2(a) + 2(b) + 2(c))	\$ -	\$ (13,000)	\$ (13,000)

3.

	2019	2018
(a) Ratio Percentage Used to Determine Recovery Period And Threshold Limitation Amount	69045.400%	36195.4%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above	\$ 127,532,335	\$ 137,020,194

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)	\$3,000	\$22,000	\$3,000	\$22,000	\$0	\$0
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)	\$3,000	\$0	\$3,000	\$13,000	\$0	(\$13,000)
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

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	\$1,033,104	(\$1,965,874)	\$2,998,978
(b) Foreign	-	767,994	(767,994)
(c) Subtotal	1,033,104	(1,197,880)	2,230,984
(d) Federal income tax on net capital gains	21,896	9,880	12,016
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	\$1,055,000	(\$1,188,000)	\$2,243,000
2. Deferred Tax Assets:			
(a) Ordinary			

NOTES TO FINANCIAL STATEMENTS

	\$0	\$0	\$0
(1) Discounting of unpaid losses			
(2) Unearned premium reserve	-	-	-
(3) Policyholder reserves	-	-	-
(4) Investments	3,000	3,000	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	-	-	-
(8) Compensation and benefits accrual	-	-	-
(9) Pension accrual	-	-	-
(10) Receivables – nonadmitted	-	-	-
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	-	-	-
(99) Subtotal	3,000	3,000	-
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	3,000	3,000	-
(e) Capital			
(1) Investments	22,000	22,000	-
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	22,000	22,000	-
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	22,000	9,000	13,000
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	-	13,000	(13,000)
(i) Admitted deferred tax assets (2d + 2h)	3,000	16,000	(13,000)
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	94,000	90,000	4,000
(2) Fixed assets	1,000	1,000	-
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total ordinary tax liabilities)	3,000	147,000	(144,000)
(99) Subtotal	98,000	238,000	(140,000)

NOTES TO FINANCIAL STATEMENTS

(b) Capital:			
(1) Investments	-	13,000	(13,000)
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	-	13,000	(13,000)
(c) Deferred tax liabilities (3a99 + 3b99)	98,000	251,000	(153,000)
4. Net deferred tax assets/liabilities (2i – 3c)	(\$95,000)	(\$235,000)	\$140,000

D. Effective tax rates differ from the current statutory rate of 21% principally due to the effects of revisions to prior year estimates.

E. The Company has no net operating loss or tax credit carry-forwards available to offset future net income subject to Federal income tax.

The amount of Federal income taxes incurred and available for recoupment in the event of future losses is \$909,000 from the current year and none 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
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.

NOTES TO FINANCIAL STATEMENTS

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. Alternative Minimum Tax (AMT) Credit
- Not applicable

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 Liberty Mutual Insurance Company ("LMIC"), a Massachusetts insurance company. LMIC is wholly-owned by Liberty Mutual Group Inc. The ultimate parent of LMIC is Liberty Mutual Holding Company Inc. ("LMHC"), a Massachusetts company.
- B. Transactions between the Company and its affiliates are listed on Schedule Y Part 2.
- C. There have been no material transactions with the Company's affiliates during 2019.
- D. At December 31, 2019, the Company reported a net \$30,849,019 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, written or otherwise, for the benefit of an affiliate.
- 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 and a cash management agreement with Liberty Mutual Group Asset Management Inc. ("LMGAM"). Under the agreement, LMGAM provides services to the Company.

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

NOTES TO FINANCIAL STATEMENTS

Company	Credit Line
Liberty Mutual Insurance Company	\$ 50,000,000

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

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

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

Not applicable.
- 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 5,000 shares authorized, and 2,000 shares issued and outstanding as of December 31, 2019. All shares have a stated par value of \$1,750.
- 2. Preferred Stock

Not applicable.
- 3. There are no dividend restrictions.
- 4. On September 30, 2019 the Company paid an ordinary dividend of \$13,700,000.

NOTES TO FINANCIAL STATEMENTS

- The maximum amount of dividends which can be paid by Illinois-domiciled insurance companies to shareholders without the prior approval of the Insurance Director is the greater of (a) 10% of surplus or (b) net income, subject to the availability of accumulated undistributed earnings. The Company cannot pay a dividend in 2020 without the prior approval of the Insurance Commissioner, as its full year dividends paid exceeds the max dividend as calculated according to state guidance.
- 5.
 6. The Company does not have restricted unassigned surplus.
 7. The Company had no advances to surplus.
 8. The Company does not hold stock for special purposes.
 9. The Company does not hold special surplus funds.
 10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains and (losses) is \$0.
 11. Surplus Notes
Not applicable.
 12. Quasi-reorganization (dollar impact)
Not applicable.
 13. Quasi-reorganization (effective date)
Not applicable.

Note 14 - Contingencies

- A. Contingent Commitments
Refer to Note 10E.
- B. Assessments
The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments and premium-based assessments are presumed probable when the premium on which the assessments are expected to be based are written. In the case of loss-based assessments, the event that obligates the entity is an entity incurring the losses on which the assessments are expected to be based.
- C. Gain Contingencies
Not applicable
- D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits
The Company did not have claims related extra contractual obligation losses or bad faith losses stemming from lawsuits in the current period.
- 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.

NOTES TO FINANCIAL STATEMENTS

As disclosed in Note 9 F, the Company is a member of a controlled group for federal income tax purposes, and that group includes LMGI. LMGI is the plan sponsor of the Liberty Mutual Retirement Benefit Plan, a qualified plan under federal law. Pursuant to federal law, if LMGI has not made the minimum required contributions with respect to the Liberty Mutual Retirement Benefit Plan, the Company, jointly and severally with all other members of the controlled group, would be contingently liable to make such contributions.

The Company routinely assesses the collectability of its premium receivable balances. The Company does not believe the amounts in excess of non-admitted amounts are material.

Note 15 - Leases

A. Lessee Leasing Arrangements

The Company has no net lease obligations. Refer to Note 26.

B. Leasing as a Significant Part of Lessor's Business Activities

Leasing is not a significant part of the Company's business activities.

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

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

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

A. Transfers of Receivables Reported as Sales

The Company did not have any transfers of receivables reported as sales.

B. Transfers and Servicing of Financial Assets

The Company participates in a Securities Lending Program to generate additional income, whereby certain fixed income and mortgage backed securities are loaned for a period of time from the Company's portfolio to qualifying third parties, via a lending agent. The Company does not participate in term loans; therefore, the Company does not have contractual collateral transactions that extend beyond one year from the reporting date. Borrowers of these securities provide collateral equal to or in excess of 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities, such as Treasuries and Agency Bonds. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 102% of the market value of the loaned securities. Additionally, the lending agent indemnifies the Company against borrower defaults. Cash collateral is carried as an asset with an offsetting liability on the balance sheet, as the collateral is unrestricted and the Company can exercise discretion as to how the collateral is invested. The loaned securities remain a recorded asset of the Company.

At December 31, 2019 the total fair value of securities on loan was \$2,156,054, with corresponding collateral value of \$2,206,891 of which \$61,637 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

Pursuant to the guidance in SSAP No. 100, *Fair Value Measurements*, the Company carries no assets or liabilities on its balance sheet measured at fair value.

B. Other Fair Value Disclosures

Not applicable.

C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)
Cash, Cash Equivalents and Short Term	\$29,216,089	\$29,216,088	\$773,878	\$0	\$0
Bonds	\$100,470,179	\$97,740,346	\$34,865,557	\$65,604,622	\$0
Preferred Stock	-	-	-	-	-
Common Stock	-	-	-	-	-
Securities Lending	61,643	61,637	-	61,643	-
Mortgage Loans	-	-	-	-	-
Surplus Notes	-	-	-	-	-
Derivative Assets	-	-	-	-	-
Total Assets	\$129,747,912	\$127,018,071	\$35,639,435	\$65,666,265	\$0
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	\$28,442,211	\$0
Bonds	-	-
Preferred Stock	-	-
Common Stock	-	-
Securities Lending	-	-
Mortgage Loans	-	-
Surplus Notes	-	-
Derivative Assets	-	-
Total Assets	\$28,442,211	-
Derivative Liabilities	-	-
Total Liabilities	\$0	-

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.

NOTES TO FINANCIAL STATEMENTS

Note 21 - Other Items

A. Unusual or Infrequent Items

The Company has no unusual or infrequent items to report.

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

1. Interrogatory 6.1

The Company cedes 100% of its business to Liberty Mutual Insurance Company, the lead company in the Liberty Mutual Pool. Liberty Mutual Insurance Company purchases external catastrophe reinsurance coverage.

Interrogatory 6.2

As a member of the Liberty Intercompany Pool, the Pool employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property exposures, we utilize RMS's RiskLink v15.0 and AIR's Touchstone v3.1 software. For workers' compensation, Liberty Mutual utilizes RiskLink v15.0 from RMS.

Interrogatory 6.3

The Company cedes 100% of its business to Liberty Mutual Insurance Company, the lead company in the Liberty Mutual Pool. Liberty Mutual Insurance Company purchases external catastrophe reinsurance coverage.

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 does not have 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

NOTES TO FINANCIAL STATEMENTS

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.

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

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

B. Reinsurance Recoverable in Dispute

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

C. Reinsurance Assumed & Ceded

The following table sets forth the maximum return premium and commission equity due the reinsurers or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2019.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	\$ 86,694,323	\$16,984,674	\$236,350,870	\$7,927,301	\$ (149,656,547)	\$ 9,057,373
All Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 86,694,323	\$16,984,674	\$236,350,870	\$7,927,301	\$ (149,656,547)	\$ 9,057,373

Directed Unearned
Premium Reserve: \$ 149,656,547

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	\$ 323,523	\$ -	\$ 323,253	\$ -
b. Sliding Scale Adjustments	\$ -	\$ -	\$ -	\$ -
c. Other Profit Commission Arrangements	\$ -	\$ -	\$ -	\$ -
d. TOTAL	\$ 323,523	\$ -	\$ 323,253	\$ -

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

D. Uncollectible Reinsurance

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

E. Commutation of Ceded Reinsurance

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

F. Retroactive Reinsurance

The Company does not have any retroactive reinsurance agreements.

NOTES TO FINANCIAL STATEMENTS

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

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

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

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

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

Note 26 - Intercompany Pooling Arrangements

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

Lead Company:	NAIC Company Number	Pooling Companies	Line of Business
Liberty Mutual Insurance Company ("LMIC")	23043	50.00%	All Lines
Affiliated Peerless Insurance Company ("PIC")	24198	20.00%	All Lines
Pool Companies: 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

NOTES TO FINANCIAL STATEMENTS

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. ("III")	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 ("LMMMAIC")	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
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

NOTES TO FINANCIAL STATEMENTS

100%				
Quota				
Share				
Affiliated	LM Property and Casualty Insurance Company			
Companies:	("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. The Company has no amounts due (to)/from affiliated entities participating in the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement as of December 31, 2019.

Note 27 - Structured Settlements

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

Note 28 - Health Care Receivables

Not applicable.

Note 29 - Participating Policies

Not applicable.

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

Not applicable.

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

The Company has no net loss and loss adjustment expense reserves. Refer to Note 26.

Note 33 - Asbestos/Environmental Reserves

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

NOTES TO FINANCIAL STATEMENTS

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? _____ Illinois _____
- 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). _____ 06/01/2015 _____
- 3.4 By what department or departments?
 Illinois Department of Financial and Professional Regulation Division of Insurance

- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes No N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 4.12 renewals? Yes No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes No
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- If yes, complete and file the merger history data file with the NAIC.

GENERAL INTERROGATORIES

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

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]

6.2 If yes, give full information:

.....

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]

7.2 If yes,

7.21 State the percentage of foreign control. _____ %

7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....
.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
.....
.....

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Ernst & Young, LLP
 200 Clarendon Street
 Boston, MA 02116

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

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

.....

GENERAL INTERROGATORIES

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

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

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

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

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

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

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

12.2 If yes, provide explanation:

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

.....

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

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

.....

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

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

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []

17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers	\$ _____
20.12 To stockholders not officers	\$ _____
20.13 Trustees, supreme or grand (Fraternal only)	\$ _____

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers	\$ _____
20.22 To stockholders not officers	\$ _____
20.23 Trustees, supreme or grand (Fraternal only)	\$ _____

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]

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

21.21 Rented from others	\$ _____
21.22 Borrowed from others	\$ _____
21.23 Leased from others	\$ _____
21.24 Other	\$ _____

GENERAL INTERROGATORIES

- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes No
- 22.2 If answer is yes:
- | | | |
|--|--|----------|
| | 22.21 Amount paid as losses or risk adjustment | \$ _____ |
| | 22.22 Amount paid as expenses | \$ _____ |
| | 22.23 Other amounts paid | \$ _____ |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ _____

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes No
- 24.02 If no, give full and complete information, relating thereto:

- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
 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 No N/A
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 2,206,891
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ _____
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes No N/A
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes No N/A
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes No N/A
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- | | | |
|--|--|------------------|
| | 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$ <u>61,637</u> |
| | 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$ <u>61,637</u> |
| | 24.103 Total payable for securities lending reported on the liability page | \$ <u>61,637</u> |
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes No

GENERAL INTERROGATORIES

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

	25.21 Subject to repurchase agreements	\$ _____
	25.22 Subject to reverse repurchase agreements	\$ _____
	25.23 Subject to dollar repurchase agreements	\$ _____
	25.24 Subject to reverse dollar repurchase agreements	\$ _____
	25.25 Placed under option agreements	\$ _____
	25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ _____
	25.27 FHLB Capital Stock	\$ _____
	25.28 On deposit with states	\$ 6,477,441
	25.29 On deposit with other regulatory bodies	\$ _____
	25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$ _____
	25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$ _____
	25.32 Other	\$ _____

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....

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

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

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

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

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

	26.41 Special accounting provision of SSAP No. 108	Yes [] No [X]
	26.42 Permitted accounting practice	Yes [] No [X]
	26.43 Other accounting guidance	Yes [] No [X]

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

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated 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 [X]

27.2 If yes, state the amount thereof at December 31 of the current year. \$ _____

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

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

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

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

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

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

28.0597 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

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's invested assets? Yes No

28.06 For those firms or individuals listed in the table 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
.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D – Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes No

29.2 If yes, complete the following schedule:

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

GENERAL INTERROGATORIES

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	97,740,350	100,471,315	2,730,965
30.2 Preferred stocks			
30.3 Totals	97,740,350	100,471,315	2,730,965

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.
- 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.

GENERAL INTERROGATORIES

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?

\$ _____

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

37.1 Amount of payments for legal expenses, if any?

\$ _____

37.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total 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?

\$ _____

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	\$ _____		\$ _____	
2.2 Premium Denominator	\$ _____		\$ _____	
2.3 Premium Ratio (2.1 / 2.2)				
2.4 Reserve Numerator	\$ _____		\$ _____	
2.5 Reserve Denominator	\$ 6,238,841		\$ 5,581,491	
2.6 Reserve Ratio (2.4 / 2.5)	_____		_____	

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [X] No []

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

3.21 Participating policies \$ _____

3.22 Non-participating policies \$ 3,589,650,678

4. For Mutual reporting entities and Reciprocal Exchanges only:

4.1 Does the reporting entity issue assessable policies? Yes [] No [X]

4.2 Does the reporting entity issue non-assessable policies? Yes [] No [X]

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? _____ %

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ _____

5. For Reciprocal Exchanges Only:

5.1 Does the exchange appoint local agents? Yes [] No [X]

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes [] No [] N/A [X]

5.22 As a direct expense of the exchange Yes [] No [] N/A [X]

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No [X]

5.5 If yes, give full information

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
See Note 21C1
.....
.....
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
See Note 21C1
.....
.....
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [] No [X]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss
The Company cedes 100% of its net business to Liberty Mutual Insurance Company, the lead company in the Liberty Mutual Pool. Liberty Mutual Insurance Company purchases external catastrophe reinsurance coverage on behalf of the Liberty Mutual Pool.
.....
.....
- 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 [X] No []
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 5
- 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 [X] 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 [] No [X]

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 | | \$ | |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | | \$ | |
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? \$ _____
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes No N/A
- 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 | | \$ | |
| 12.62 Collateral and other funds | | \$ | |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ _____
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes No
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. _____ 1
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes 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
Incurred | Direct Losses
Unpaid | Direct Written
Premium | Direct Premium
Unearned | Direct Premium
Earned |
| 16.11 Home | \$ | | | | | |
| 16.12 Products | \$ | | | | | |
| 16.13 Automobile | \$ | | | | | |
| 16.14 Other* | \$ | | (354,030) | | | |

* Disclose type of coverage: GL

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
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
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)	352,165,950	321,443,471	456,931,340	435,084,114	421,654,476
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,227,927,273	3,052,289,895	3,007,376,403	2,612,133,162	1,142,942,018
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	21,409,102	19,675,218	24,719,955	22,872,114	1,280,753
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	122,551,708	93,261,122	15,025,732	6,574,808	9,822,678
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	3,724,054,033	3,486,669,706	3,504,053,430	3,076,664,198	1,575,699,925
Net Premiums Written (Page 8, Part 1B, Col. 6)					
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)				
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1				
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1			(1)	
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)				1	
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	1				
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)					
14. Net investment gain (loss) (Line 11)	4,479,155	5,029,875	2,535,087	3,599,970	4,129,642
15. Total other income (Line 15)	56,675	49,242	18,198	8,160	45,514
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	1,033,104	(1,197,880)	1,481,538	2,156,913	1,372,521
18. Net income (Line 20)	3,502,726	6,276,997	1,071,747	1,451,217	2,802,635
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	189,104,160	284,533,390	264,075,060	209,482,688	214,324,261
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	48,627,790	30,533,268	40,220,575	20,648,338	1,606,130
20.2 Deferred and not yet due (Line 15.2)					
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	61,571,825	147,513,196	136,679,842	82,282,552	88,684,648
22. Losses (Page 3, Line 1)					
23. Loss adjustment expenses (Page 3, Line 3)					
24. Unearned premiums (Page 3, Line 9)					
25. Capital paid up (Page 3, Lines 30 & 31)	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
26. Surplus as regards policyholders (Page 3, Line 37)	127,532,335	137,020,194	127,395,217	127,200,136	125,639,611
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(9,569,649)	16,281,662	(20,536,003)	(14,425,086)	2,201,734
Risk-Based Capital Analysis					
28. Total adjusted capital	127,532,335	137,020,194	127,395,217	127,200,136	125,639,611
29. Authorized control level risk-based capital	184,708	378,558	396,512	531,964	623,477
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	77.0	80.6	86.3	69.6	68.2
31. Stocks (Lines 2.1 & 2.2)					
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	23.0	17.5	12.6	28.8	31.2
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)	0.0	2.0	1.1	1.6	0.6
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47					
49. Total investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)					

FIVE – YEAR HISTORICAL DATA (Continued)

	1	2	3	4	5
	2019	2018	2017	2016	2015
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)					2,400
52. Dividends to stockholders (Line 35)	(13,700,000)				
53. Change in surplus as regards policyholders for the year (Line 38)	(9,487,859)	9,624,978	195,082	1,560,525	2,740,208
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	187,084,088	188,085,425	276,477,300	264,344,700	190,503,849
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,261,786,971	1,949,356,984	1,625,257,797	1,351,450,064	668,138,698
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	13,708,984	24,589,093	1,023,524	334,318	153,224
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	113,229,729	1,422,864	1,574,169	4,007,030	2,230,373
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
59. Total (Line 35)	2,575,809,772	2,163,454,366	1,904,332,790	1,620,136,112	861,026,144
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)					
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)					
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1				
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)					
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
65. Total (Line 35)	1				
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)					
68. Loss expenses incurred (Line 3)					
69. Other underwriting expenses incurred (Line 4)					
70. Net underwriting gain (loss) (Line 8)					
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	(5667500.0)				
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)					
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)					
One Year Loss Development (\$000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)					
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)					
Two Year Loss Development (\$000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)					
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)					

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

Yes [] No []

If no, please explain:

.....

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

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

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

States, Etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
Active Status (a)	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)	
1. Alabama	AL	L	54,577,057	54,914,148	43,965,331	42,686,303	7,571,612		
2. Alaska	AK	L	2,651,987	2,692,895	2,234,889	2,746,057	1,696,719		
3. Arizona	AZ	L	88,454,830	88,457,542	70,528,750	66,581,582	14,564,399		
4. Arkansas	AR	L	29,990,086	29,447,770	19,221,246	21,208,852	9,864,924		
5. California	CA	L	381,475,761	386,141,316	323,061,465	306,306,876	135,218,514		
6. Colorado	CO	L	68,914,481	68,527,236	57,058,608	55,146,695	12,682,757		
7. Connecticut	CT	L	47,143,831	47,099,060	27,474,704	32,303,253	16,513,761		
8. Delaware	DE	L	22,968,912	22,993,935	7,845,518	17,559,432	13,959,115		
9. District of Columbia	DC	L	60,206,292	60,407,358	4,077,828	(2,972,845)	4,914,352		
10. Florida	FL	L	157,920,298	159,300,426	155,897,451	146,540,670	46,444,484		
11. Georgia	GA	L	125,127,734	125,892,963	102,604,629	94,405,888	23,852,840		
12. Hawaii	HI	L	17,198,683	17,275,499	10,319,137	11,558,946	7,781,684		
13. Idaho	ID	L	25,833,349	25,767,246	16,155,167	19,507,150	7,569,444		
14. Illinois	IL	L	132,317,498	133,176,480	95,080,389	81,128,018	33,444,498		
15. Indiana	IN	L	68,011,623	68,544,844	40,898,447	49,289,414	19,937,517		
16. Iowa	IA	L	41,544,310	41,594,188	22,049,992	27,761,917	13,100,723		
17. Kansas	KS	L	29,239,833	29,306,727	21,764,469	19,605,305	5,521,313		
18. Kentucky	KY	L	22,287,476	22,003,922	15,125,795	14,935,824	5,731,659		
19. Louisiana	LA	L	50,207,688	50,138,569	32,036,319	32,784,607	11,507,760		
20. Maine	ME	L	11,196,314	11,334,138	7,227,545	7,943,616	2,838,991		
21. Maryland	MD	L	50,564,669	51,148,691	48,974,664	48,815,749	10,149,885		
22. Massachusetts	MA	L	89,940,383	89,022,724	46,879,808	42,697,670	18,353,734		
23. Michigan	MI	L	111,707,918	111,561,496	73,247,968	75,714,793	20,338,587		
24. Minnesota	MN	L	67,443,254	67,824,901	40,462,375	39,605,761	14,547,678		
25. Mississippi	MS	L	31,576,243	32,493,222	26,946,150	27,954,667	20,794,571		
26. Missouri	MO	L	51,126,434	51,712,708	23,625,937	29,964,137	22,348,905		
27. Montana	MT	L	19,713,430	19,778,563	12,870,507	16,452,428	6,291,824		
28. Nebraska	NE	L	35,941,772	35,895,007	19,637,938	24,806,960	11,609,204		
29. Nevada	NV	L	26,002,602	26,005,196	19,574,424	19,639,656	10,776,674		
30. New Hampshire	NH	L	19,018,838	19,097,243	12,405,843	13,922,863	4,698,124		
31. New Jersey	NJ	L	124,713,860	125,335,230	84,802,930	80,374,643	46,537,475		
32. New Mexico	NM	L	28,067,385	28,214,751	22,031,863	21,510,913	2,325,686		
33. New York	NY	L	293,475,587	294,313,569	206,483,884	195,741,400	214,848,003		
34. North Carolina	NC	L	137,465,529	137,831,276	97,724,955	88,741,756	12,061,010		
35. North Dakota	ND	L	17,795,138	17,721,825	13,670,889	16,825,792	6,006,707		
36. Ohio	OH	L	161,056,020	161,659,528	88,163,371	101,733,312	54,538,128		
37. Oklahoma	OK	L	19,192,451	19,788,756	17,645,069	17,028,224	10,008,337		
38. Oregon	OR	L	50,863,380	51,032,136	30,308,154	33,293,885	17,516,004		
39. Pennsylvania	PA	L	160,944,970	161,392,835	79,470,205	72,919,959	34,335,532		
40. Rhode Island	RI	L	12,159,376	12,108,603	7,809,889	9,120,350	7,286,399		
41. South Carolina	SC	L	65,802,284	65,838,416	52,488,802	50,290,197	5,652,448		
42. South Dakota	SD	L	14,018,173	13,905,802	8,108,553	10,128,683	3,598,908		
43. Tennessee	TN	L	89,098,873	89,257,055	51,252,453	50,035,013	17,489,361		
44. Texas	TX	L	211,584,235	215,428,275	199,484,353	188,821,505	89,082,088		
45. Utah	UT	L	28,110,491	28,048,261	18,959,496	18,540,835	6,013,449		
46. Vermont	VT	L	7,775,159	7,850,041	4,008,390	6,688,322	4,594,398		
47. Virginia	VA	L	85,791,407	85,829,598	66,715,297	64,769,566	14,776,064		
48. Washington	WA	L	75,755,046	76,108,110	61,136,462	69,438,659	50,974,995		
49. West Virginia	WV	L	10,016,309	10,023,662	4,340,331	5,658,440	4,108,962		
50. Wisconsin	WI	L	43,419,035	43,728,329	26,868,955	24,435,306	10,701,439		
51. Wyoming	WY	L	12,116,739	12,132,862	7,521,985	9,319,494	3,047,800		
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N			812	861	(953)		
55. U.S. Virgin Islands	VI	N					(286)		
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N				(19)	(5,996)		
58. Aggregate Other Alien	OT	X X X	125,650	87,023	408,045	(240,560)	(190,379)		
59. Totals	(a) 51		3,589,650,683	3,607,191,956	2,548,658,436	2,521,778,780	1,149,931,831		

DETAILS OF WRITE-INS									
58001. ZZZ OTHER ALIEN	X X X		102,538	5,568	408,045	(153,092)	(420,330)		
58002. GBR UNITED KINGDOM	X X X		16,061	6,714		1,908	6,278		
58003. GEO GEORGIA	X X X		7,051	4,068		(17,654)	48,120		
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X			70,673		(71,722)	175,553		
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X		125,650	87,023	408,045	(240,560)	(190,379)		

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

(a) Active Status Counts

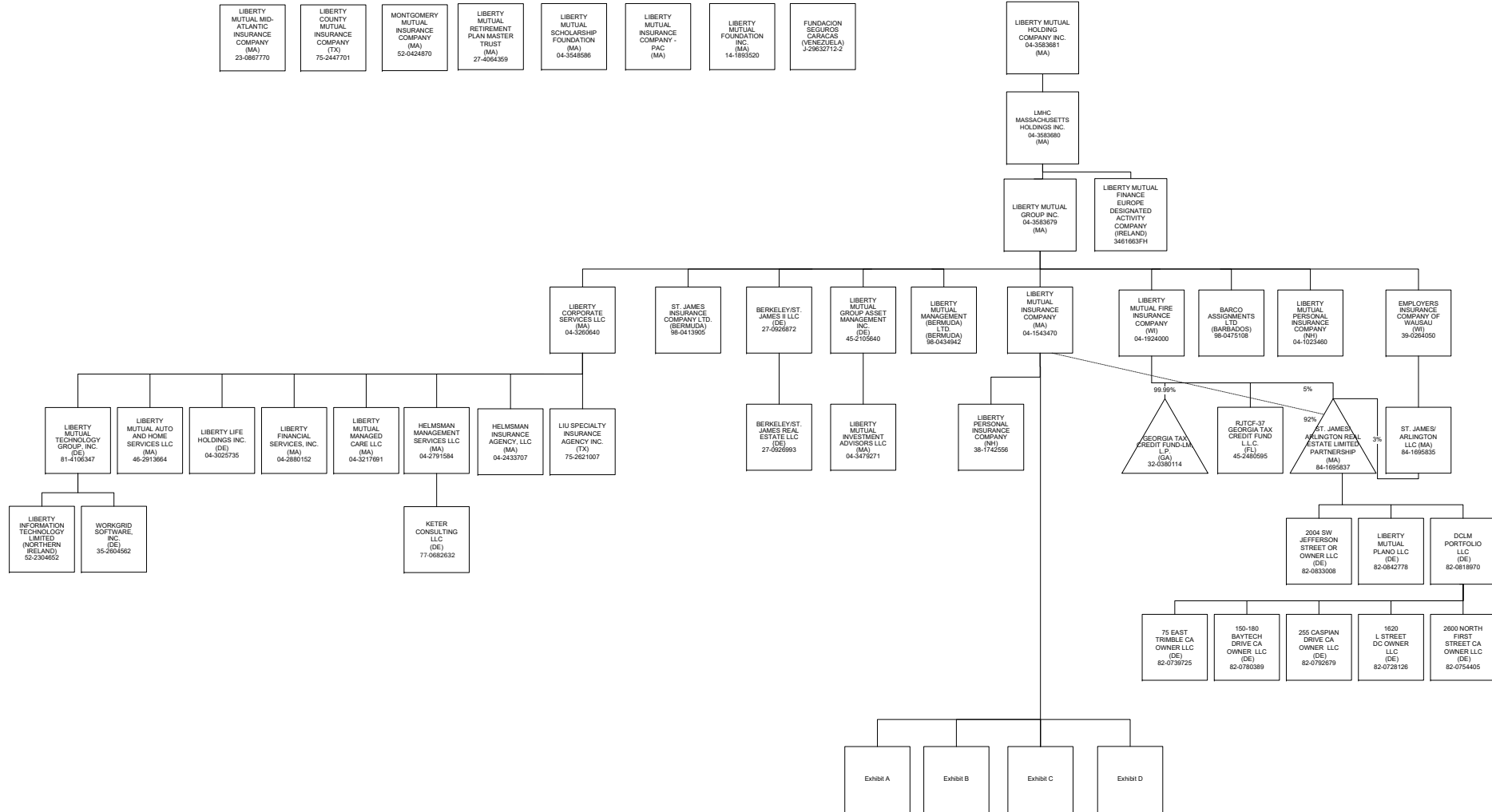
L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG	51
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state	
D - Domestic Surplus Lines Insurer (DSL) - Reporting entities authorized to write surplus lines in the state of domicile	
R - Registered - 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 DSLI)	6

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	

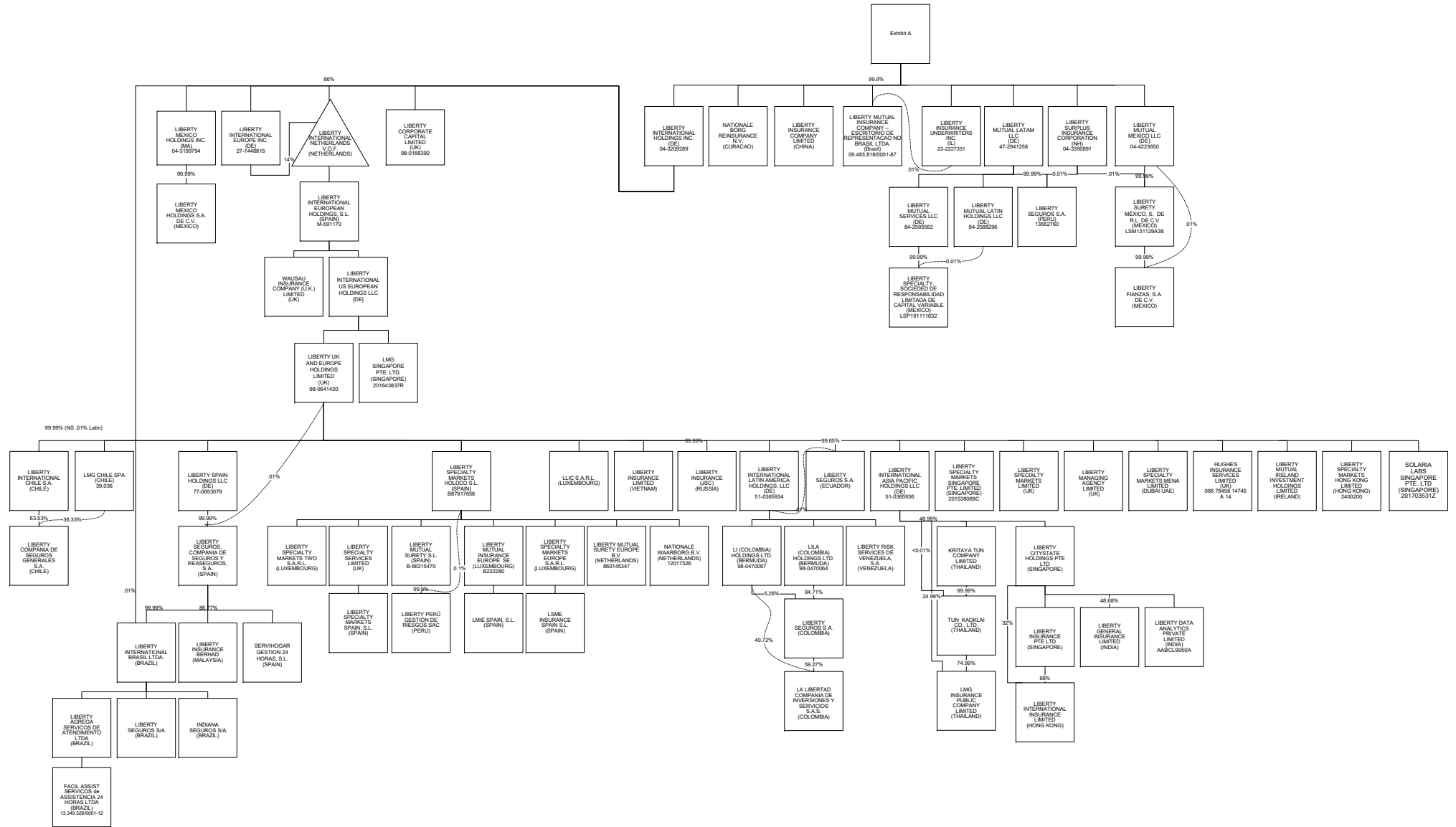
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

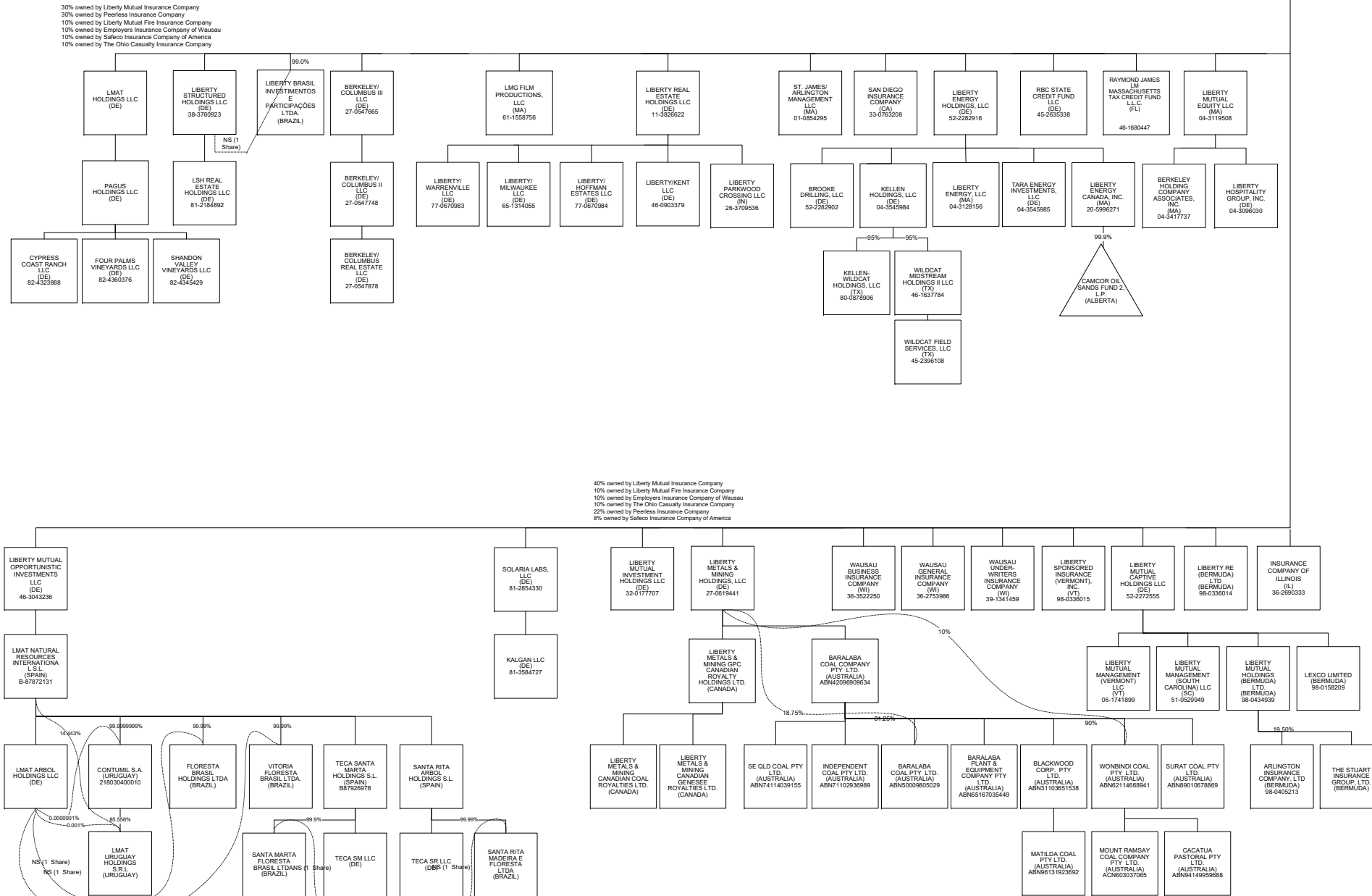
PART 1 - ORGANIZATIONAL CHART



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

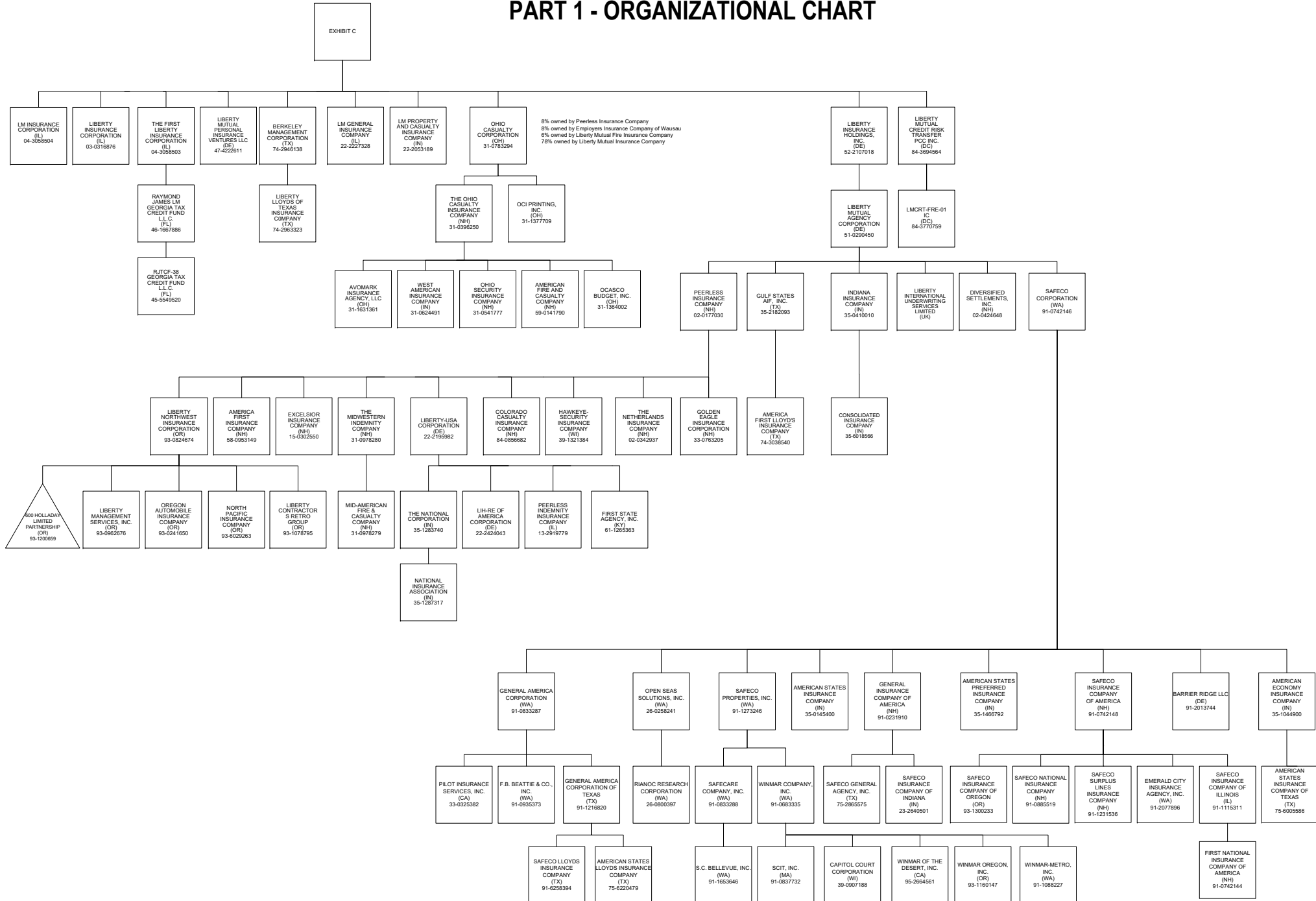
PART 1 - ORGANIZATIONAL CHART

EXHIBIT B



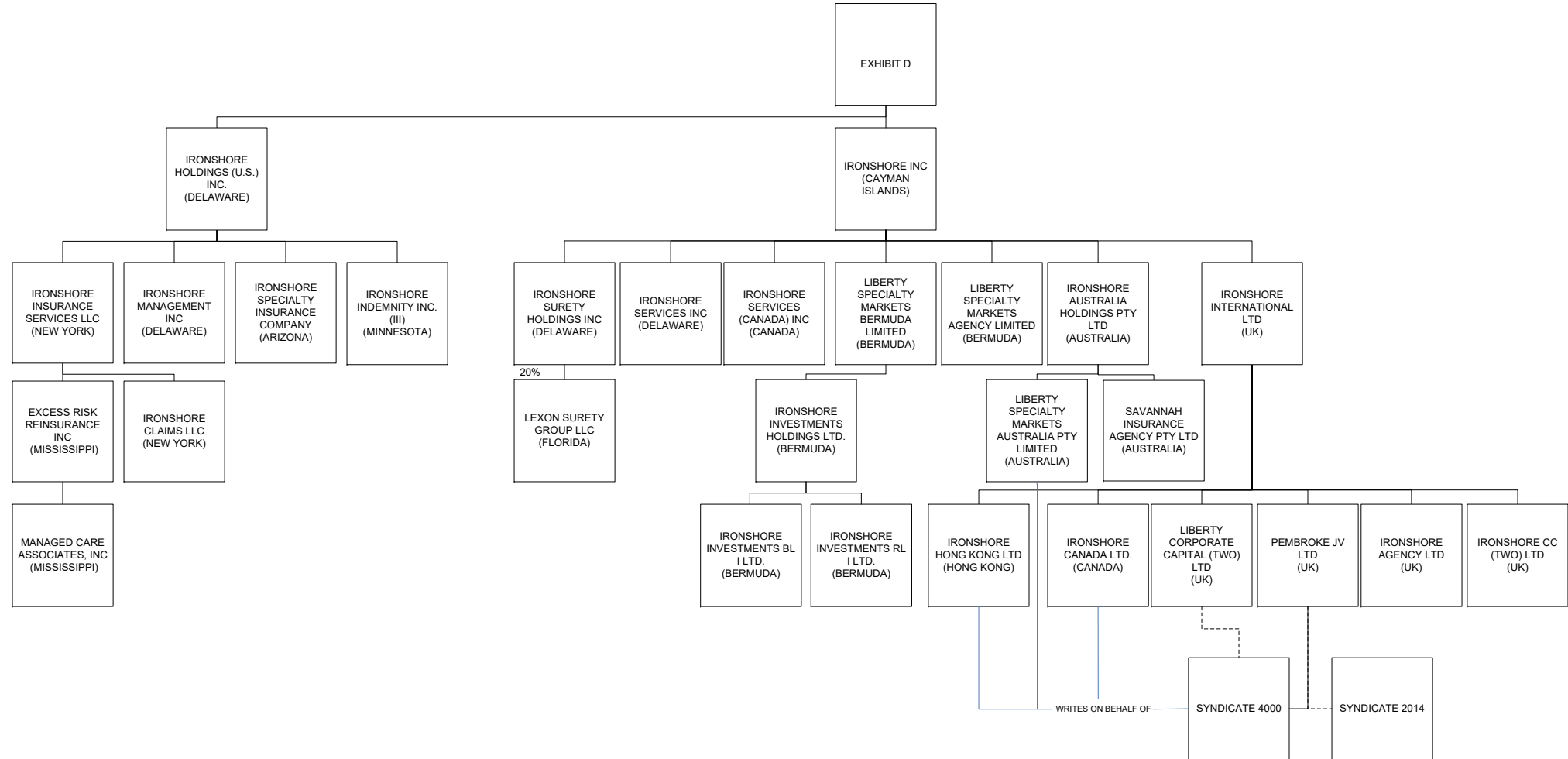
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

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 94 - Continuation

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
REMAINING WRITE-INS AGGREGATED AT LINE 58 FOR OTHER ALIEN									
58004. VGB BRITISH VIRGIN ISLANDS	X X X					(65)	59		
58005. OMN Oman	X X X		89			(69)	142		
58006. LUX LUXEMBOURG	X X X					(248)	27		
58007. CYM CAYMAN ISLANDS	X X X					(2,102)	6,756		
58008. CHL CHILE	X X X					914	914		
58009. CHE SWITZERLAND	X X X					(523)	883		
58010. BMU BERMUDA	X X X		70,584			(69,629)	166,772		
Total (Lines 58004 through 58150) (Page 94, Line 58998)	X X X		70,673			(71,722)	175,553		

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

Assets	2	Schedule E – Part 3 – Special Deposits	E29
Cash Flow	5	Schedule F – Part 1	20
Exhibit of Capital Gains (Losses)	12	Schedule F – Part 2	21
Exhibit of Net Investment Income	12	Schedule F – Part 3	22
Exhibit of Nonadmitted Assets	13	Schedule F – Part 4	27
Exhibit of Premiums and Losses (State Page)	19	Schedule F – Part 5	28
Five-Year Historical Data	17	Schedule F – Part 6	29
General Interrogatories	15	Schedule H – Accident and Health Exhibit – Part 1	30
Jurat Page	1	Schedule H – Part 2, Part 3 and Part 4	31
Liabilities, Surplus and Other Funds	3	Schedule H – Part 5 – Health Claims	32
Notes To Financial Statements	14	Schedule P – Part 1 – Summary	33
Overflow Page For Write-ins	100	Schedule P – Part 1A – Homeowners/Farmowners	35
Schedule A – Part 1	E01	Schedule P – Part 1B – Private Passenger Auto Liability/Medical	36
Schedule A – Part 2	E02	Schedule P – Part 1C – Commercial Auto/Truck Liability/Medical	37
Schedule A – Part 3	E03	Schedule P – Part 1D – Workers' Comp (Excluding Excess Workers' Comp)	38
Schedule A – Verification Between Years	SI02	Schedule P – Part 1E – Commercial Multiple Peril	39
Schedule B – Part 1	E04	Schedule P – Part 1F – Section 1 – Medical Professional Liability	
Schedule B – Part 2	E05	– Occurrence	40
Schedule B – Part 3	E06	Schedule P – Part 1F – Section 2 – Medical Professional Liability	
Schedule B – Verification Between Years	SI02	– Claims-Made	41
Schedule BA – Part 1	E07	Schedule P – Part 1G – Special Liability (Ocean, Marine, Aircraft (All	
Schedule BA – Part 2	E08	Perils), Boiler and Machinery)	42
Schedule BA – Part 3	E09	Schedule P – Part 1H – Section 1 – Other Liability – Occurrence	43
Schedule BA – Verification Between Years	SI03	Schedule P – Part 1H – Section 2 – Other Liability – Claims-Made	44
Schedule D – Part 1	E10	Schedule P – Part 1I – Special Property (Fire, Allied Lines, Inland Marine,	
Schedule D – Part 1A – Section 1	SI05	Earthquake, Burglary & Theft)	45
Schedule D – Part 1A – Section 2	SI08	Schedule P – Part 1J – Auto Physical Damage	46
Schedule D – Part 2 – Section 1	E11	Schedule P – Part 1K – Fidelity/Surety	47
Schedule D – Part 2 – Section 2	E12	Schedule P – Part 1L – Other (Including Credit, Accident and Health)	48
Schedule D – Part 3	E13	Schedule P – Part 1M – International	49
Schedule D – Part 4	E14	Schedule P – Part 1N – Reinsurance - Nonproportional Assumed Property	50
Schedule D – Part 5	E15	Schedule P – Part 1O – Reinsurance - Nonproportional Assumed Liability	51
Schedule D – Part 6 – Section 1	E16	Schedule P – Part 1P – Reinsurance - Nonproportional Assumed Financial Lines	52
Schedule D – Part 6 – Section 2	E16	Schedule P – Part 1R – Section 1 – Products Liability – Occurrence	53
Schedule D – Summary By Country	SI04	Schedule P – Part 1R – Section 2 – Products Liability – Claims – Made	54
Schedule D – Verification Between Years	SI03	Schedule P – Part 1S – Financial Guaranty/Mortgage Guaranty	55
Schedule DA – Part 1	E17	Schedule P – Part 1T – Warranty	56
Schedule DA – Verification Between Years	SI10	Schedule P – Part 2, Part 3 and Part 4 - Summary	34
Schedule DB – Part A – Section 1	E18	Schedule P – Part 2A – Homeowners/Farmowners	57
Schedule DB – Part A – Section 2	E19	Schedule P – Part 2B – Private Passenger Auto Liability/Medical	57
Schedule DB – Part A – Verification Between Years	SI11	Schedule P – Part 2C – Commercial Auto/Truck Liability/Medical	57
Schedule DB – Part B – Section 1	E20	Schedule P – Part 2D – Workers' Comp (Excluding Excess Workers' Comp)	57
Schedule DB – Part B – Section 2	E21	Schedule P – Part 2E – Commercial Multiple Peril	57
Schedule DB – Part B – Verification Between Years	SI11	Schedule P – Part 2F – Section 1 – Medical Professional Liability	
Schedule DB – Part C – Section 1	SI12	– Occurrence	58
Schedule DB – Part C – Section 2	SI13	Schedule P - Part 2F - Medical Professional Liability - Claims - Made	58
Schedule DB - Part D - Section 1	E22	Schedule P – Part 2G – Special Liability (Ocean Marine, Aircraft (All Perils),	
Schedule DB - Part D - Section 2	E23	Boiler and Machinery)	58
Schedule DB - Verification	SI14	Schedule P – Part 4I – Special Property (Fire, Allied Lines, Inland Marine,	
Schedule DB - Part E	E24	Earthquake, Burglary and Theft)	69
Schedule DL - Part 1	E25	Schedule P – Part 4J – Auto Physical Damage	69
Schedule DL - Part 2	E26	Schedule P – Part 4K – Fidelity/Surety	69
Schedule E – Part 1 – Cash	E27	Schedule P – Part 4L – Other (Including Credit, Accident and Health)	69
Schedule E – Part 2 – Cash Equivalents	E28	Schedule P – Part 4M – International	69

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

Schedule P – Part 2H – Section 1 – Other Liability – Occurrence	58	Schedule P – Part 4O – Reinsurance - Nonproportional Assumed Liability	70
Schedule P – Part 2H – Section 2 – Other Liability – Claims – Made	58	Schedule P – Part 4P – Reinsurance - Nonproportional Assumed Financial Lines	70
Schedule P – Part 2I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	59	Schedule P – Part 4R – Section 1 – Products Liability – Occurrence	71
Schedule P – Part 2J – Auto Physical Damage	59	Schedule P – Part 4R – Section 2 – Products Liability – Claims-Made	71
Schedule P – Part 2K – Fidelity, Surety	59	Schedule P – Part 4S – Financial Guaranty/Mortgage Guaranty	71
Schedule P – Part 2L – Other (Including Credit, Accident and Health)	59	Schedule P – Part 4T – Warranty	71
Schedule P – Part 2M – International	59	Schedule P – Part 5A – Homeowners/Farmowners	72
Schedule P – Part 2N – Reinsurance - Nonproportional Assumed Property	60	Schedule P – Part 5B – Private Passenger Auto Liability/Medical	73
Schedule P – Part 2O – Reinsurance - Nonproportional Assumed Liability	60	Schedule P – Part 5C – Commercial Auto/Truck Liability/Medical	74
Schedule P – Part 2P – Reinsurance - Nonproportional Assumed Financial Lines	60	Schedule P – Part 5D – Workers' Comp (Excluding Excess Workers' Comp)	75
Schedule P – Part 2R – Section 1 – Products Liability – Occurrence	61	Schedule P – Part 5E – Commercial Multiple Peril	76
Schedule P – Part 2R – Section 2 – Products Liability – Claims-Made	61	Schedule P – Part 5F – Medical Professional Liability – Claims-Made	78
Schedule P – Part 2S – Financial Guaranty/Mortgage Guaranty	61	Schedule P – Part 5F – Medical Professional Liability – Occurrence	77
Schedule P – Part 2T – Warranty	61	Schedule P – Part 5H – Other Liability – Claims-Made	80
Schedule P – Part 3A – Homeowners/Farmowners	62	Schedule P – Part 5H – Other Liability – Occurrence	79
Schedule P – Part 3B – Private Passenger Auto Liability/Medical	62	Schedule P – Part 5R – Products Liability – Claims-Made	82
Schedule P – Part 3C – Commercial Auto/Truck Liability/Medical	62	Schedule P – Part 5R – Products Liability – Occurrence	81
Schedule P – Part 3D – Workers' Comp (Excluding Excess Workers' Comp)	62	Schedule P – Part 5T – Warranty	83
Schedule P – Part 3E – Commercial Multiple Peril	62	Schedule P – Part 6C – Commercial Auto/Truck Liability/Medical	84
Schedule P – Part 3F – Section 1 – Medical Professional Liability – Occurrence	63	Schedule P – Part 6D – Workers' Comp (Excluding Excess Workers' Comp)	84
Schedule P – Part 3F – Section 2 – Medical Professional Liability – Claims-Made	63	Schedule P – Part 6E – Commercial Multiple Peril	85
Schedule P – Part 3G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	63	Schedule P – Part 6H – Other Liability – Claims-Made	86
Schedule P – Part 3H – Section 1 – Other Liability – Occurrence	63	Schedule P – Part 6H – Other Liability – Occurrence	85
Schedule P – Part 3H – Section 2 – Other Liability – Claims-Made	63	Schedule P – Part 6M – International	86
Schedule P – Part 3I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	64	Schedule P – Part 6N – Reinsurance - Nonproportional Assumed Property	87
Schedule P – Part 3J – Auto Physical Damage	64	Schedule P – Part 6O – Reinsurance - Nonproportional Assumed Liability	87
Schedule P – Part 3K – Fidelity/Surety	64	Schedule P – Part 6R – Products Liability – Claims-Made	88
Schedule P – Part 3L – Other (Including Credit, Accident and Health)	64	Schedule P – Part 6R – Products Liability – Occurrence	88
Schedule P – Part 3M – International	64	Schedule P – Part 7A – Primary Loss Sensitive Contracts	89
Schedule P – Part 3N – Reinsurance - Nonproportional Assumed Property	65	Schedule P – Part 7B – Reinsurance Loss Sensitive Contracts	91
Schedule P – Part 3O – Reinsurance - Nonproportional Assumed Liability	65	Schedule P Interrogatories	93
Schedule P – Part 3P – Reinsurance - Nonproportional Assumed Financial Lines	65	Schedule T – Exhibit of Premiums Written	94
Schedule P – Part 3R – Section 1 – Products Liability – Occurrence	66	Schedule T – Part 2 – Interstate Compact	95
Schedule P – Part 3R – Section 2 – Products Liability – Claims-Made	66	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	96
Schedule P – Part 3S – Financial Guaranty/Mortgage Guaranty	66	Schedule Y - Part 1A - Detail of Insurance Holding Company System	97
Schedule P – Part 3T – Warranty	66	Schedule Y – Part 2 – Summary of Insurer's Transactions With Any Affiliates	98
Schedule P – Part 4A – Homeowners/Farmowners	67	Statement of Income	4
Schedule P – Part 4B – Private Passenger Auto Liability/Medical	67	Summary Investment Schedule	SI01
Schedule P – Part 4C – Commercial Auto/Truck Liability/Medical	67	Supplemental Exhibits and Schedules Interrogatories	99
Schedule P – Part 4D – Workers' Comp (Excluding Excess Workers' Comp)	67	Underwriting and Investment Exhibit Part 1	6
Schedule P – Part 4E – Commercial Multiple Peril	67	Underwriting and Investment Exhibit Part 1A	7
Schedule P – Part 4F – Section 1 – Medical Professional Liability – Occurrence	68	Underwriting and Investment Exhibit Part 1B	8
Schedule P – Part 4F – Section 2 – Medical Professional Liability – Claims-Made	68	Underwriting and Investment Exhibit Part 2	9
Schedule P – Part 4G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	68	Underwriting and Investment Exhibit Part 2A	10
Schedule P – Part 4H – Section 1 – Other Liability – Occurrence	68	Underwriting and Investment Exhibit Part 3	11
Schedule P – Part 4H – Section 2 – Other Liability – Claims-Made	68		