ANNUAL STATEMENT

OF THE

PEERLESS INSURANCE COMPANY

of KEENE

STATE OF NEW HAMPSHIRE

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2019

PROPERTY AND CASUALTY

2019

24198201920100100

ANNUAL STATEMENT

For the Year Ended December 31, 2019

OF THE CONDITION AND AFFAIRS OF THE

Peerless Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 24198 **Employer's ID Number** 02-0177030

Organized under the Laws of New Hampshire **, State of Domicile or Port of Entry** NH

Country of Domicile United States of America

Incorporated/Organized March 7, 1901 **Commenced Business** November 23, 1903

Statutory Home Office 100 Liberty Way (Street and Number) , Dover, NH, US 03820 (City or Town, State, Country and Zip Code)

Main Administrative Office 175 Berkeley Street (Street and Number)

Boston, MA, US 02116 (City or Town, State, Country and Zip Code) 617-357-9500 x41177 (Area Code) (Telephone Number)

Mail Address 175 Berkeley Street (Street and Number or P.O. Box) , Boston, MA, US 02116 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 175 Berkeley Street (Street and Number) Boston, MA, US 02116 (City or Town, State, Country and Zip Code) 617-357-9500 (Area Code) (Telephone Number)

Internet Web Site Address www.LibertyMutualGroup.com

Statutory Statement Contact Lindsey Pendergast (Name) 617-357-9500 x41177 (Area Code) (Telephone Number) (Extension)

Statutory.Compliance@LibertyMutual.com (E-Mail Address) 857-224-1430 (Fax Number)

OFFICERS

Chairman of the Board

David Henry Long

	Name	Title
1.	David Henry Long	President and Chief Executive Officer
2.	Mark Charles Touhey	Senior Vice President and Secretary
3.	Laurance Henry Soyer Yahia	Senior Vice President and Treasurer

VICE-PRESIDENTS

Name	Title	Name	Title
Alison Brooke Erbig	Senior Vice President and Comptroller	Melanie Marie Foley	EVP-Chief Talent & Enterprises Services Off.
Neeti Bhalla Johnson	EVP and Chief Investment Officer	Kevin Hugh Kelley	Executive Vice President
James Francis Kelleher	EVP and Chief Legal Officer	Dennis James Langwell	Executive Vice President
James Martin McGlennon	EVP and Chief Information Officer	Christopher Locke Peirce	EVP and Chief Financial Officer
Timothy Michael Sweeney	Executive Vice President		

DIRECTORS OR TRUSTEES

Melanie Marie Foley	Neeti Bhalla Johnson	James Francis Kelleher	Kevin Hugh Kelley
Dennis James Langwell	David Henry Long	James Martin McGlennon	Christopher Locke Peirce
Timothy Michael Sweeney	Mark Charles Touhey		

State of Massachusetts

County of Suffolk ss

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

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

Subscribed and sworn to (or affirmed) before me this on this 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 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	10,665,759,265		10,665,759,265	9,815,462,276
2. Stocks (Schedule D):				
2.1 Preferred stocks	4,340,000		4,340,000	14,935,500
2.2 Common stocks	1,207,724,664	683,276	1,207,041,388	1,236,003,081
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	603,448,895		603,448,895	464,100,562
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)	1,420,000		1,420,000	2,714,150
4.2 Properties held for the production of income (less $ 0 encumbrances)				
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ (211,222,207), Schedule E - Part 1), cash equivalents ($ 189,333,679, Schedule E - Part 2), and short-term investments ($ 17,581,097, Schedule DA)	(4,307,431)		(4,307,431)	1,738,344
6. Contract loans (including $ 0 premium notes)				
7. Derivatives (Schedule DB)	729,565		729,565	
8. Other invested assets (Schedule BA)	1,124,194,477		1,124,194,477	992,647,350
9. Receivables for securities	28,377,751		28,377,751	25,439,814
10. Securities lending reinvested collateral assets (Schedule DL)	197,227,840		197,227,840	415,245,581
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	13,828,915,026	683,276	13,828,231,750	12,968,286,658
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	85,182,039		85,182,039	76,678,337
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	422,057,983	48,095,635	373,962,348	338,754,005
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 15,042,185 earned but unbilled premiums)	1,474,058,393	1,504,221	1,472,554,172	1,433,931,999
15.3 Accrued retrospective premiums ($ 0) and contracts subject to redetermination ($ 0)	65,963,067	6,622,096	59,340,971	69,312,410
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	(32,958)		(32,958)	8,200
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	211,450,001		211,450,001	213,594,000
19. Guaranty funds receivable or on deposit	4,425,155		4,425,155	7,812,881
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets ($ 0)	1,812	1,812		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	5,736,031		5,736,031	104,829,535
24. Health care ($ 0) and other amounts receivable	(1)	3	(4)	(4)
25. Aggregate write-ins for other-than-invested assets	312,534,045	16,130,770	296,403,275	277,889,499
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	16,410,290,593	73,037,813	16,337,252,780	15,491,097,520
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	16,410,290,593	73,037,813	16,337,252,780	15,491,097,520

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Cash Surrender Value Life Insurance	211,361,465		211,361,465	196,268,378
2502. Equities and deposits in pools and associations	42,855,730		42,855,730	42,939,001
2503. Amounts receivable under high deductible policies	36,418,725	11,324	36,407,401	34,726,139
2598. Summary of remaining write-ins for Line 25 from overflow page	21,898,125	16,119,446	5,778,679	3,955,981
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	312,534,045	16,130,770	296,403,275	277,889,499

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	7,152,830,843	6,692,963,649
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	22,693,561	17,744,477
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	1,460,310,685	1,373,120,082
4.	Commissions payable, contingent commissions and other similar charges	121,710,030	129,307,324
5.	Other expenses (excluding taxes, licenses and fees)	193,152,283	188,741,410
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	46,672,443	54,504,904
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	16,026,198	23,606,162
7.2	Net deferred tax liability		
8.	Borrowed money $ 0 and interest thereon $ 0		
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $ 44,731,926 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)	3,202,858,595	3,140,571,781
10.	Advance premium	19,924,456	19,886,393
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	457,530	444,611
12.	Ceded reinsurance premiums payable (net of ceding commissions)	1	1
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	15,928,275	14,137,938
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	4	4
19.	Payable to parent, subsidiaries and affiliates	42,753,543	6,891,790
20.	Derivatives		38,014
21.	Payable for securities	195,314,455	119,566,494
22.	Payable for securities lending	197,227,840	415,245,581
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	(504,731,569)	(421,623,351)
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	12,183,129,173	11,775,147,264
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	12,183,129,173	11,775,147,264
29.	Aggregate write-ins for special surplus funds	13,107,377	17,243,433
30.	Common capital stock	8,848,635	8,848,635
31.	Preferred capital stock		
32.	Aggregate write-ins for other-than-special surplus funds		
33.	Surplus notes		
34.	Gross paid in and contributed surplus	2,066,113,364	2,066,113,364
35.	Unassigned funds (surplus)	2,066,054,232	1,623,744,824
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)	4,154,123,608	3,715,950,256
38.	Totals (Page 2, Line 28, Col. 3)	16,337,252,781	15,491,097,520

	DETAILS OF WRITE-IN LINES		
2501.	Other liabilities	135,609,003	104,951,210
2502.	Amounts held under uninsured plans	105,250,217	108,760,855
2503.	Retroactive reinsurance reserves	(745,590,789)	(635,335,416)
2598.	Summary of remaining write-ins for Line 25 from overflow page		
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(504,731,569)	(421,623,351)
2901.	Special surplus from retroactive reinsurance	13,107,377	17,243,433
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)	13,107,377	17,243,433
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 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	6,391,054,782	6,215,353,892
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	3,992,730,732	3,590,124,586
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	805,825,662	760,523,283
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	1,825,615,252	1,840,536,548
5.	Aggregate write-ins for underwriting deductions		
6.	Total underwriting deductions (Lines 2 through 5)	6,624,171,646	6,191,184,417
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(233,116,864)	24,169,475
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	548,992,161	508,443,067
10.	Net realized capital gains (losses) less capital gains tax of $ 4,982,247 (Exhibit of Capital Gains (Losses))	17,481,290	(28,847,079)
11.	Net investment gain (loss) (Lines 9 + 10)	566,473,451	479,595,988
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 562,287 amount charged off $ 27,497,319)	(26,935,032)	(20,518,226)
13.	Finance and service charges not included in premiums	39,381,840	40,356,619
14.	Aggregate write-ins for miscellaneous income	16,450,891	(88,455,620)
15.	Total other income (Lines 12 through 14)	28,897,699	(68,617,227)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	362,254,286	435,148,236
17.	Dividends to policyholders	2,506,345	3,288,233
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)	359,747,941	431,860,003
19.	Federal and foreign income taxes incurred	57,970,753	27,294,774
20.	Net income (Line 18 minus Line 19) (to Line 22)	301,777,188	404,565,229
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	3,715,950,255	3,448,452,589
22.	Net income (from Line 20)	301,777,188	404,565,229
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ 39,658,548	93,982,259	(93,156,196)
25.	Change in net unrealized foreign exchange capital gain (loss)	17,854,912	(11,171,882)
26.	Change in net deferred income tax	37,514,548	(28,201,623)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(12,955,557)	(4,537,862)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in		
	33.2 Transferred to capital (Stock Dividend)		
	33.3 Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders		
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus		
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	438,173,350	267,497,666
39.	Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	4,154,123,605	3,715,950,255

	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.	Retroactive reinsurance gain/(loss)	12,625,237	(88,548,576)
1402.	Other income/(expense)	3,825,654	92,956
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	16,450,891	(88,455,620)
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 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	6,365,369,957	6,311,301,421
2.	Net investment income	584,334,029	536,350,926
3.	Miscellaneous income	21,293,898	(72,236,422)
4.	Total (Lines 1 through 3)	6,970,997,884	6,775,415,925
5.	Benefit and loss related payments	3,530,937,287	3,437,479,535
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	2,554,912,344	2,496,734,114
8.	Dividends paid to policyholders	2,493,426	3,230,629
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	70,532,963	24,028,934
10.	Total (Lines 5 through 9)	6,158,876,020	5,961,473,212
11.	Net cash from operations (Line 4 minus Line 10)	812,121,864	813,942,713
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	11,208,184,661	7,692,879,885
12.2	Stocks	665,852,035	60,831,381
12.3	Mortgage loans	48,013,702	37,274,693
12.4	Real estate		
12.5	Other invested assets	1,379,136,884	1,547,741,960
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments	(852,935)	(1,087,836)
12.7	Miscellaneous proceeds	(3,138,163)	(14,710,112)
12.8	Total investment proceeds (Lines 12.1 to 12.7)	13,297,196,184	9,322,929,971
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	11,954,606,319	8,394,237,679
13.2	Stocks	590,132,743	315,809,693
13.3	Mortgage loans	187,786,328	75,998,820
13.4	Real estate		
13.5	Other invested assets	1,300,817,088	1,699,351,097
13.6	Miscellaneous applications	(75,747,961)	(31,526,071)
13.7	Total investments acquired (Lines 13.1 to 13.6)	13,957,594,517	10,453,871,218
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)	(660,398,333)	(1,130,941,247)
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(157,765,306)	70,655,648
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(157,765,306)	70,655,648
	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)	(6,041,775)	(246,342,886)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	1,734,344	248,077,230
19.2	End of year (Line 18 plus Line 19.1)	(4,307,431)	1,734,344

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

20.0001	2 - Net investment income	1,148,540	806,443
20.0002	12.1 - Proceeds from investments sold, matured or repaid - Bonds	48,000,049	55,355,965
20.0003	13.1 - Cost of Investment Acquired - Bonds	48,436,804	165,605,841
20.0004	16.6 - Other cash provided (applied)	(711,785)	109,443,433

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	148,219,299	63,273,948	65,409,107	146,084,140
2. Allied lines	118,853,265	52,751,949	54,557,438	117,047,776
3. Farmowners multiple peril	22,424,477	10,459,407	11,198,326	21,685,558
4. Homeowners multiple peril	1,257,749,352	668,483,561	673,594,464	1,252,638,449
5. Commercial multiple peril	472,209,185	212,087,670	233,757,258	450,539,597
6. Mortgage guaranty				
8. Ocean marine	32,288,715	14,203,199	18,743,957	27,747,957
9. Inland marine	205,123,644	45,013,052	56,235,083	193,901,613
10. Financial guaranty				
11.1 Medical professional liability—occurrence	19,179,566	9,722,537	8,927,887	19,974,216
11.2 Medical professional liability—claims-made	28,672,041	11,429,063	14,770,594	25,330,510
12. Earthquake	17,398,064	7,670,066	8,029,715	17,038,415
13. Group accident and health	44,303,067	7,378,311	7,561,857	44,119,521
14. Credit accident and health (group and individual)				
15. Other accident and health	3,880,946	852,505	1,380,345	3,353,106
16. Workers' compensation	405,604,318	45,189,908	45,288,138	405,506,088
17.1 Other liability—occurrence	448,207,193	252,905,836	246,708,598	454,404,431
17.2 Other liability—claims-made	196,276,309	117,708,006	134,044,795	179,939,520
17.3 Excess workers' compensation	12,349,484	4,703,242	5,236,182	11,816,544
18.1 Products liability—occurrence	35,699,722	16,732,938	16,627,463	35,805,197
18.2 Products liability—claims-made	6,851,396	2,639,738	3,200,501	6,290,633
19.1,19.2 Private passenger auto liability	1,340,864,138	674,724,762	667,926,291	1,347,662,609
19.3,19.4 Commercial auto liability	294,289,407	132,262,692	138,632,095	287,920,004
21. Auto physical damage	1,035,747,385	509,566,567	512,174,401	1,033,139,551
22. Aircraft (all perils)	11,361,078	4,859,587	3,121,868	13,098,797
23. Fidelity	8,465,766	1,583,656	2,656,527	7,392,895
24. Surety	201,817,114	125,969,035	144,409,979	183,376,170
26. Burglary and theft	757,488	417,153	300,026	874,615
27. Boiler and machinery	9,090,833	3,735,412	3,868,000	8,958,245
28. Credit	4,534,431	8,378,922	9,141,939	3,771,414
29. International				
30. Warranty				
31. Reinsurance-nonproportional assumed property	44,627,261	20,510,498	8,548,361	56,589,398
32. Reinsurance-nonproportional assumed liability	21,415,282	8,088,145	7,456,449	22,046,978
33. Reinsurance-nonproportional assumed financial lines	5,405,532	17,826,563	18,400,679	4,831,416
34. Aggregate write-ins for other lines of business	10,138	11	2,360	7,789
35. TOTALS	6,453,675,896	3,051,127,939	3,121,910,683	6,382,893,152

DETAILS OF WRITE-IN LINES				
3401. Tuition Protection Plan	10,138	11	2,360	7,789
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)	10,138	11	2,360	7,789

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A – RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	60,894,265	4,514,843			65,409,108
2. Allied lines	54,708,850	(151,411)			54,557,439
3. Farmowners multiple peril	11,198,887	(561)			11,198,326
4. Homeowners multiple peril	673,438,678	155,786			673,594,464
5. Commercial multiple peril	228,832,283	10,848,441	(5,923,467)		233,757,257
6. Mortgage guaranty					
8. Ocean marine	12,577,945	6,166,012			18,743,957
9. Inland marine	44,241,834	11,993,249			56,235,083
10. Financial guaranty					
11.1 Medical professional liability—occurrence	8,274,596	653,292			8,927,888
11.2 Medical professional liablity—claims-made	11,061,067	3,709,527			14,770,594
12. Earthquake	7,743,909	285,807			8,029,716
13. Group accident and health	5,034,989	2,526,869			7,561,858
14. Credit accident and health (group and individual)					
15. Other accident and health	1,287,601	92,743			1,380,344
16. Workers' compensation	151,544,877	(29,525,191)	(8,046,628)	(68,684,920)	45,288,138
17.1 Other liability—occurrence	194,985,394	50,499,627	(780,402)	2,003,980	246,708,599
17.2 Other liability—claims-made	67,460,178	66,589,593	(4,976)		134,044,795
17.3 Excess workers' compensation	4,819,596	510,175		(93,589)	5,236,182
18.1 Products liability—occurrence	12,885,948	5,102,105	(286,713)	(1,073,877)	16,627,463
18.2 Products liability—claims-made	2,583,395	617,106			3,200,501
19.1,19.2 Private passenger auto liability	667,942,495	(16,204)			667,926,291
19.3,19.4 Commercial auto liability	136,119,301	570,112	57,343	1,885,339	138,632,095
21. Auto physical damage	511,931,248	243,154			512,174,402
22. Aircraft (all perils)	3,046,579	75,289			3,121,868
23. Fidelity	2,471,201	185,326			2,656,527
24. Surety	40,511,317	103,898,662			144,409,979
26. Burglary and theft	269,792	30,233			300,025
27. Boiler and machinery	3,789,473	78,527			3,868,000
28. Credit	2,691,207	6,450,732			9,141,939
29. International					
30. Warranty					
31. Reinsurance-nonproportional assumed property	2,814,426	5,733,935			8,548,361
32. Reinsurance-nonproportional assumed liability	7,180,246	276,204			7,456,450
33. Reinsurance-nonproportional assumed financial lines	18,400,679				18,400,679
34. Aggregate write-ins for other lines of business	2,360				2,360
35. TOTALS	2,950,744,616	252,113,982	(14,984,843)	(65,963,067)	3,121,910,688
36. Accrued retrospective premiums based on experience					65,963,067
37. Earned but unbilled premiums					14,984,842
38. Balance (Sum of Lines 35 through 37)					3,202,858,597

DETAILS OF WRITE-IN LINES					
3401. Tuition Protection Plan	2,360				2,360
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)	2,360				2,360

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	5,038,606	148,219,299		5,038,606		148,219,299
2. Allied lines	1,106,952	118,853,265		1,106,952		118,853,265
3. Farmowners multiple peril	10,127,609	22,424,477		10,127,609		22,424,477
4. Homeowners multiple peril	15,170,537	1,257,749,352		15,170,537		1,257,749,352
5. Commercial multiple peril	14,619,380	472,209,185		14,619,380		472,209,185
6. Mortgage guaranty						
8. Ocean marine		32,288,715				32,288,715
9. Inland marine	4,538,127	205,123,644		4,538,127		205,123,644
10. Financial guaranty						
11.1 Medical professional liability--occurrence		19,179,566				19,179,566
11.2 Medical professional liability--claims-made		28,672,041				28,672,041
12. Earthquake	162,619	17,398,064		162,619		17,398,064
13. Group accident and health		44,303,067				44,303,067
14. Credit accident and health (group and individual)						
15. Other accident and health		3,880,946				3,880,946
16. Workers' compensation	3,411,898	405,604,318		3,411,898		405,604,318
17.1 Other liability—occurrence	7,368,948	448,207,193		7,368,948		448,207,193
17.2 Other liability—claims-made	112,214	196,276,309		112,214		196,276,309
17.3 Excess workers' compensation		12,349,484				12,349,484
18.1 Products liability—occurrence	33,178	35,699,722		33,178		35,699,722
18.2 Products liability—claims-made		6,851,396				6,851,396
19.1,19.2 Private passenger auto liability	8,225,346	1,340,864,138		8,225,346		1,340,864,138
19.3,19.4 Commercial auto liability	10,502,213	294,289,407		10,502,213		294,289,407
21. Auto physical damage	10,411,107	1,035,747,385		10,411,107		1,035,747,385
22. Aircraft (all perils)		11,361,078				11,361,078
23. Fidelity	44,501	8,465,766		44,501		8,465,766
24. Surety	275,217	201,817,114		275,217		201,817,114
26. Burglary and theft	4,153	757,488		4,153		757,488
27. Boiler and machinery	18,034	9,090,833		18,034		9,090,833
28. Credit		4,534,431				4,534,431
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	X X X	44,627,261				44,627,261
32. Reinsurance-nonproportional assumed liability	X X X	21,415,282				21,415,282
33. Reinsurance-nonproportional assumed financial lines	X X X	5,405,532				5,405,532
34. Aggregate write-ins for other lines of business		10,138				10,138
35. TOTALS	91,170,639	6,453,675,896		91,170,639		6,453,675,896

DETAILS OF WRITE-IN LINES						
3401. Tuition Protection Plan		10,138				10,138
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)		10,138				10,138

(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

	Losses Paid Less Salvage				5	6	7	8
Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	3,826,225	78,185,548	3,826,225	78,185,548	96,965,347	88,783,933	86,366,962	59.121
2. Allied lines	724,026	84,291,136	724,026	84,291,136	64,743,109	77,817,908	71,216,337	60.844
3. Farmowners multiple peril	7,624,397	13,223,669	7,624,397	13,223,669	6,337,345	5,948,002	13,613,012	62.775
4. Homeowners multiple peril	5,046,737	679,982,043	5,046,737	679,982,043	314,982,305	325,335,539	669,628,809	53.457
5. Commercial multiple peril	25,832,823	264,006,429	25,832,823	264,006,429	473,800,671	487,895,755	249,911,345	55.469
6. Mortgage guaranty								
8. Ocean marine		11,224,340		11,224,340	24,215,104	18,230,272	17,209,172	62.020
9. Inland marine	1,567,815	119,714,224	1,567,815	119,714,224	28,388,756	29,185,103	118,917,877	61.329
10. Financial guaranty								
11.1 Medical professional liability—occurrence		3,094,933		3,094,933	38,583,660	34,248,880	7,429,713	37.197
11.2 Medical professional liability—claims-made		15,578,676		15,578,676	46,272,788	46,253,130	15,598,334	61.579
12. Earthquake		256,036		256,036	(922,110)	606,725	(1,272,799)	(7.470)
13. Group accident and health		37,719,067		37,719,067	24,645,402	19,025,629	43,338,840	98.231
14. Credit accident and health (group and individual)								
15. Other accident and health		1,911,598		1,911,598	4,391,495	5,513,598	789,495	23.545
16. Workers' compensation	14,186,659	235,378,565	14,186,659	235,378,565	2,146,086,230	2,225,571,964	155,892,831	38.444
17.1 Other liability—occurrence	25,090,419	274,763,645	25,090,419	274,763,645	1,189,110,774	996,464,388	467,410,031	102.862
17.2 Other liability—claims-made	81,070	61,909,129	81,070	61,909,129	439,015,647	375,146,866	125,777,910	69.900
17.3 Excess workers' compensation		4,872,261		4,872,261	120,086,948	118,408,679	6,550,530	55.435
18.1 Products liability—occurrence	12,871	20,451,424	12,871	20,451,424	85,893,409	76,629,776	29,715,057	82.991
18.2 Products liability—claims-made		1,536,101		1,536,101	13,317,501	11,093,088	3,760,514	59.780
19.1,19.2 Private passenger auto liability	9,983,603	806,392,033	9,983,603	806,392,033	1,275,462,730	1,186,288,928	895,565,835	66.453
19.3,19.4 Commercial auto liability	19,780,654	191,535,390	19,780,654	191,535,390	512,880,036	413,951,234	290,464,192	100.884
21. Auto physical damage	4,939,678	574,164,026	4,939,678	574,164,026	32,082,023	24,997,928	581,248,121	56.260
22. Aircraft (all perils)		9,092,460		9,092,460	22,080,551	12,034,302	19,138,709	146.110
23. Fidelity	(231)	1,173,946	(231)	1,173,946	16,001,767	15,981,896	1,193,817	16.148
24. Surety	1,698	23,360,457	1,698	23,360,457	60,306,278	46,448,286	37,218,449	20.296
26. Burglary and theft		46,481		46,481	1,371,512	1,355,438	62,555	7.152
27. Boiler and machinery		3,706,597		3,706,597	3,472,362	2,131,778	5,047,181	56.341
28. Credit		103,541		103,541	3,391,059	2,084,374	1,410,226	37.393
29. International								
30. Warranty					188,950	327,895	(138,945)	
31. Reinsurance-nonproportional assumed property	X X X	7,058,086		7,058,086	9,788,873	(16,244,248)	33,091,207	58.476
32. Reinsurance-nonproportional assumed liability	X X X	10,907,299		10,907,299	94,560,383	57,969,610	47,498,072	215.440
33. Reinsurance-nonproportional assumed financial lines	X X X	236,803		236,803	5,329,944	3,476,957	2,089,790	43.254
34. Aggregate write-ins for other lines of business		10,430		10,430	(4)	33	10,393	133.432
35. TOTALS	118,698,444	3,535,886,373	118,698,444	3,535,886,373	7,152,830,845	6,692,963,646	3,995,753,572	62.601

DETAILS OF WRITE-IN LINES								
3401. Tuition Protection Plan		10,430		10,430	(4)	33	10,393	133.432
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)		10,430		10,430	(4)	33	10,393	133.432

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

	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire	1,897,803	53,090,159	1,897,803	53,090,159	537,681	43,875,187	537,681	96,965,346	6,376,321
2. Allied lines	7,901	35,661,017	7,901	35,661,017	139,970	29,082,093	139,970	64,743,110	4,599,485
3. Farmowners multiple peril	5,604,682	5,411,255	5,604,682	5,411,255	2,268,660	926,090	2,268,660	6,337,345	411,820
4. Homeowners multiple peril	2,156,288	186,987,057	2,156,288	186,987,057	1,216,951	127,995,248	1,216,951	314,982,305	51,664,233
5. Commercial multiple peril	46,185,658	292,463,373	46,185,655	292,463,376	55,503,005	181,337,294	55,503,004	473,800,671	137,335,731
6. Mortgage guaranty									
8. Ocean marine		9,003,933		9,003,933		15,211,171		24,215,104	2,308,251
9. Inland marine	155,968	22,852,425	155,968	22,852,425	(432,521)	5,536,331	(432,521)	28,388,756	3,922,857
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		8,100,574		8,100,574		30,483,086		38,583,660	3,528,001
11.2 Medical professional liablity—claims-made		20,502,575		20,502,575		25,770,213		46,272,788	8,196,879
12. Earthquake	(1)	264,533	(1)	264,533	1,638	(1,186,643)	1,638	(922,110)	250,887
13. Group accident and health		15,223,249		15,223,249		9,422,154		(a) 24,645,403	1,176,116
14. Credit accident and health (group and individual)									
15. Other accident and health		1,642,112		1,642,112		2,749,382		(a) 4,391,494	156,574
16. Workers' compensation	53,157,301	994,803,401	53,157,301	994,803,401	75,152,295	1,151,282,829	75,152,295	2,146,086,230	413,945,924
17.1 Other liability—occurrence	18,016,307	439,228,410	18,016,307	439,228,410	42,662,372	749,882,363	42,662,372	1,189,110,773	299,040,644
17.2 Other liability—claims-made	30,700	131,160,772	30,700	131,160,772	93,477	307,854,874	93,477	439,015,646	87,603,546
17.3 Excess workers' compensation		47,845,805	(1)	47,845,806		72,241,143		120,086,949	18,403,821
18.1 Products liability—occurrence	75,500	17,539,679	75,500	17,539,679	333,270	68,353,730	333,270	85,893,409	59,510,440
18.2 Products liability—claims-made		1,309,875		1,309,875		12,007,626		13,317,501	5,759,491
19.1,19.2 Private passenger auto liability	10,280,815	687,921,338	10,280,815	687,921,338	(3,344,630)	587,541,391	(3,344,630)	1,275,462,729	254,661,160
19.3,19.4 Commercial auto liability	10,553,093	224,411,634	10,553,093	224,411,634	18,090,698	288,468,402	18,090,698	512,880,036	54,861,500
21. Auto physical damage	531,884	3,203,088	531,884	3,203,088	592,528	28,878,935	592,528	32,082,023	23,565,160
22. Aircraft (all perils)		(1,784,382)		(1,784,382)		23,864,933		22,080,551	3,824,344
23. Fidelity		2,739,874		2,739,874	314,691	13,261,894	314,691	16,001,768	2,522,423
24. Surety	10,910	(7,716,443)	10,910	(7,716,443)	(1,733)	68,022,720	(1,733)	60,306,277	11,095,452
26. Burglary and theft		355,287		355,287		1,016,225		1,371,512	290,866
27. Boiler and machinery		2,733,770		2,733,770	584	738,593	584	3,472,363	299,024
28. Credit		359,387		359,387		3,031,672		3,391,059	301,435
29. International									
30. Warranty						188,950		188,950	32,300
31. Reinsurance-nonproportional assumed property	X X X	33,435,805		33,435,805	X X X	(23,646,933)		9,788,872	1,288,007
32. Reinsurance-nonproportional assumed liability	X X X	19,324,324		19,324,324	X X X	75,236,059		94,560,383	3,290,850
33. Reinsurance-nonproportional assumed financial lines	X X X	1,761,005		1,761,005	X X X	3,568,938		5,329,943	87,144
34. Aggregate write-ins for other lines of business			3	(3)			1	(4)	
35. TOTALS	148,664,809	3,249,834,891	148,664,808	3,249,834,892	193,128,936	3,902,995,950	193,128,936	7,152,830,842	1,460,310,686

DETAILS OF WRITE-IN LINES									
3401. Tuition Protection Plan			3	(3)			1	(4)	
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)			3	(3)			1	(4)	

(a) Including $ 0 for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	(361,323)			(361,323)
1.2 Reinsurance assumed	407,393,912			407,393,912
1.3 Reinsurance ceded	(361,323)			(361,323)
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	407,393,912			407,393,912
2. Commission and brokerage:				
2.1 Direct, excluding contingent		14,233,197		14,233,197
2.2 Reinsurance assumed, excluding contingent		500,015,372		500,015,372
2.3 Reinsurance ceded, excluding contingent		14,233,197		14,233,197
2.4 Contingent—direct		(112,369)		(112,369)
2.5 Contingent—reinsurance assumed		62,048,086		62,048,086
2.6 Contingent—reinsurance ceded		(112,369)		(112,369)
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)		562,063,458		562,063,458
3. Allowances to manager and agents		60,920,715		60,920,715
4. Advertising	457,975	127,560,415	58,083	128,076,473
5. Boards, bureaus and associations	1,481,531	10,140,897	32,551	11,654,979
6. Surveys and underwriting reports	295,720	30,518,802	37,325	30,851,847
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	235,709,145	497,363,818	9,289,614	742,362,577
8.2 Payroll taxes	12,030,013	34,415,844	2,236,865	48,682,722
9. Employee relations and welfare	31,077,051	88,009,600	5,556,760	124,643,411
10. Insurance	23,624,800	3,208,944	204,909	27,038,653
11. Directors' fees	9,908	26,931	1,864	38,703
12. Travel and travel items	10,566,231	28,370,109	438,610	39,374,950
13. Rent and rent items	15,410,436	43,848,696	5,158,502	64,417,634
14. Equipment	13,214,178	37,240,068	2,266,911	52,721,157
15. Cost or depreciation of EDP equipment and software	10,353,346	3,933,652	1,588,652	15,875,650
16. Printing and stationery	1,002,072	4,562,087	69,712	5,633,871
17. Postage, telephone and telegraph, exchange and express	6,309,194	34,751,414	308,380	41,368,988
18. Legal and auditing	4,526,498	7,523,481	305,763	12,355,742
19. Totals (Lines 3 to 18)	366,068,098	1,012,395,473	27,554,501	1,406,018,072
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 528,838		130,380,664		130,380,664
20.2 Insurance department licenses and fees		13,171,174		13,171,174
20.3 Gross guaranty association assessments		574,846		574,846
20.4 All other (excluding federal and foreign income and real estate)		19,538,429		19,538,429
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		163,665,113		163,665,113
21. Real estate expenses			7,411	7,411
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	32,363,651	87,491,207	3,473,693	123,328,551
25. Total expenses incurred	805,825,661	1,825,615,251	31,035,605	(a) 2,662,476,517
26. Less unpaid expenses—current year	1,460,310,685	361,534,756		1,821,845,441
27. Add unpaid expenses—prior year	1,373,120,082	372,553,638		1,745,673,720
28. Amounts receivable relating to uninsured plans, prior year		8,200		8,200
29. Amounts receivable relating to uninsured plans, current year		(32,958)		(32,958)
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	718,635,058	1,836,592,975	31,035,605	2,586,263,638

DETAILS OF WRITE-IN LINES				
2401. Other expenses	32,363,651	87,491,207	3,473,693	123,328,551
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)	32,363,651	87,491,207	3,473,693	123,328,551

(a) Includes management fees of $ 864,277,984 to affiliates and $ 60,913,844 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 24,739,112	23,668,681
1.1	Bonds exempt from U.S. tax	(a) 49,282,596	52,410,808
1.2	Other bonds (unaffiliated)	(a) 262,256,396	267,097,600
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 80,890	80,890
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	19,132,933	20,931,332
2.21	Common stocks of affiliates	129,846,236	129,846,236
3.	Mortgage loans	(c) 23,804,460	23,963,576
4.	Real estate	(d) 329,347	329,347
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 7,914,234	7,389,035
7.	Derivative instruments	(f) (8,130)	(8,130)
8.	Other invested assets	52,465,250	52,465,250
9.	Aggregate write-ins for investment income	2,083,850	2,083,850
10.	Total gross investment income	571,927,174	580,258,475
11.	Investment expenses		(g) 31,035,607
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) 230,708
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		31,266,315
17.	Net investment income (Line 10 minus Line 16)		548,992,160

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)	2,083,850	2,083,850
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)	2,083,850	2,083,850
1501.			
1502.	NONE		
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 $ 11,267,952 accrual of discount less $ 35,704,800 amortization of premium and less $ 34,916,855 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 $ (627,516) accrual of discount less $ 0 amortization of premium and less $ 66,801 paid for accrued interest on purchases.
(d) Includes $ 329,347 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.
(e) Includes $ 1,979,706 accrual of discount less $ 100,476 amortization of premium and less $ 176,133 paid for accrued interest on purchases.
(f) Includes $ 0 accrual of discount less $ 0 amortization of premium.
(g) Includes $ 31,028,196 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 $ 230,708 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	4,984,924		4,984,924		
1.1	Bonds exempt from U.S. tax	19,096,079		19,096,079	(1,041,262)	
1.2	Other bonds (unaffiliated)	70,092,973	(17,813,392)	52,279,581	34,260,233	17,006,205
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)	3,171,410		3,171,410		
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	4,370,015		4,370,015	127,108,247	18,408
2.21	Common stocks of affiliates				(98,578,768)	
3.	Mortgage loans	255,103		255,103	(51,879)	
4.	Real estate		(1,063,442)	(1,063,442)		
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments	(852,935)		(852,935)	(714)	(41,244)
7.	Derivative instruments	(65,031,321)		(65,031,321)	8,738,839	
8.	Other invested assets	5,454,349		5,454,349	63,655,398	(24,122)
9.	Aggregate write-ins for capital gains (losses)	(200,225)		(200,225)	(449,286)	
10.	Total capital gains (losses)	41,340,372	(18,876,834)	22,463,538	133,640,808	16,959,247

	DETAILS OF WRITE-IN LINES					
0901.	DEFERRED G/L-TRSFR OF ASSETS-INTERCO NON-CASH				(449,286)	
0902.	FOREIGN EXCHANGE GAIN/LOSS - OTHER	(200,225)		(200,225)		
0903.						
0998.	Summary of remaining write-ins for Line 09 from overflow page					
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)	(200,225)		(200,225)	(449,286)	

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	683,276	756,063	72,787
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)	683,276	756,063	72,787
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	48,095,635	30,798,039	(17,297,596)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,504,221	1,251,659	(252,562)
15.3 Accrued retrospective premiums and contracts subject to redetermination	6,622,096	7,700,996	1,078,900
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		1,225	1,225
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets	1,812	2,084	272
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	3	3	
25. Aggregate write-ins for other-than-invested assets	16,130,770	19,568,260	3,437,490
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	73,037,813	60,078,329	(12,959,484)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	73,037,813	60,078,329	(12,959,484)

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Other assets	16,119,446	19,380,299	3,260,853
2502. Amounts receivable under high deductible policies	11,324	187,961	176,637
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	16,130,770	19,568,260	3,437,490

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 New Hampshire, the accompanying financial statements of Peerless Insurance Company (the "Company") have been prepared in conformity with the National Association of Insurance Commissioners ("NAIC") Accounting Practices and Procedures Manual ("APP Manual").

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

NET INCOME

		SSAP #	F/S Page	F/S Line #	2019	2018
1.	Peerless Insurance Company state basis (Page 4, Line 20, Columns 1 & 3)	XXX	XXX	XXX	$301,777,188	$404,565,230
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	$301,777,188	$404,565,230

SURPLUS

		SSAP #	F/S Page	F/S Line #	2019	2018
5.	Peerless Insurance Company state basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	$4,154,123,609	$3,715,950,258
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	$4,154,123,609	$3,715,950,258

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:

1. 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).

2. Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the SVO Manual.

3. 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).

4. 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).

5. 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

Because of a contingent commission booking error in 2018, the Company recorded a decrease in Other Underwriting Expenses Incurred (Statement of Income, Line 4) of $18,289,140 which was the reversal of an adjustment booked in 2018

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

On August 24, 2007, the Company and three affiliates (Liberty Mutual Fire Insurance Company (“LMFIC”), a Wisconsin insurance company; Employers Insurance Company of Wausau (“EICOW”), a Wisconsin insurance company; and Liberty Mutual Insurance Company (“LMIC”), a Massachusetts insurance company) acquired all of the issued and outstanding voting shares of Ohio Casualty Corporation, a non-insurance holding company, which is the upstream parent of four property casualty insurance companies. The Company directly acquired an 8% ownership interest in Ohio Casualty Corporation, while the affiliates account for the remaining 92% (LMFIC 6%, PIC 8%, and LMIC 78%). The transaction was accounted for as a statutory purchase and the cost was $222,400,560, resulting in goodwill in the amount of $117,712,240. Goodwill was fully amortized as of December 31, 2017.

B. Statutory Mergers

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

C. Impairment Loss

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

Note 4 – Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

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

Farm mortgages	N/A
Residential mortgages	N/A
Commercial mortgages	4.250% and 5.625%
Mezzanine	N/A

NOTES TO FINANCIAL STATEMENTS

2. The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was: 75%

3. Taxes, assessments and any amounts advanced and not included in the mortgage loan total:

2019	2018
$23,206	$26,955

4. Age Analysis of Mortgage Loans:

	Farm	Residential Insured	Residential All Other	Commercial Insured	Commercial All Other	Mezzanine	Total
a. Current Year							
1. Recorded Investments (All)							
(a) Current	$0	$0	$0	$0	$603,180,508	$0	$603,180,508
(b) 30-59 Days Past Due	-	-	-	-	248,099	-	248,099
(c) 60-89 Days Past Due	-	-	-	-	-	-	-
(d) 90-179 Days Past Due	-	-	-	-	-	-	-
(e) 180+ Days Past Due	-	-	-	-	$133,082	-	$133,082
2. Acquiring Interest 90-179 Days Past Due							
(a) Recorded Investment	-	-	-	-	-	-	-
(b) Interest Accrued	-	-	-	-	-	-	-
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	-	-	-	-	-	-	-
(b) Interest Accrued	-	-	-	-	-	-	-
4. Interest Reduced							
(a) Recorded Investment	-	-	-	-	$995,590	-	$995,590
(b) Number of Loans	-	-	-	-	41	-	41
(c) Percent Reduced	0%	0%	0%	0%	94.200%	0%	94.200%
5. Participant or Co-lender in a Mortgage Loan Agreement							
(a) Recorded Investment	-	-	-	-	$603,561,688	-	$603,561,688
b. Prior Year							
1. Recorded Investments (All)							
(a) Current	$0	$0	$0	$0	$464,095,766	$0	$464,095,766
(b) 30-59 Days Past Due	-	-	-	-	-	-	-
(c) 60-89 Days Past Due	-	-	-	-	-	-	-
(d) 90-179 Days Past Due	-	-	-	-	-	-	-
(e) 180+ Days Past Due	-	-	-	-	$65,710	-	$65,710
2. Acquiring Interest 90-179 Days Past Due							
(a) Recorded Investment	-	-	-	-	-	-	-
(b) Interest Accrued	-	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

3. Accruing Interest 180+ Days Past Due

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

4. Interest Reduced

(a) Recorded Investment	-	-	-	-	$13,865,112	-	$13,865,112
(b) Number of Loans	-	-	-	-	191	-	191
(c) Percent Reduced	0%	0%	0%	0%	1.417%	0%	1.417%

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

(a) Recorded Investment	-	-	-	-	$464,161,476	-	$464,161,476

5. Investment in Impaired Loans With or Without Allowance for Credit Losses:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. With Allowance for Credit Losses	$0	$0	$0	$0	$330,840	$0	$330,840
2. No Allowance for Credit Losses	-	-	-	-	$1,390,829	-	$1,390,829
3. Total (1+2)	-	-	-	-	$1,721,669	-	$1,721,669
4. Subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan	-	-	-	-	$1,721,669	-	$1,721,669
b. Prior Year							
1. With Allowance for Credit Losses	$0	$0	$0	$0	$527,501	$0	$527,501
2. No Allowance for Credit Losses	-	-	-	-	$798,762	-	$798,762
3. Total (1+2)	-	-	-	-	$1,326,263	-	$1,326,263
4. Subject to a participant or co-lender mortgage loan agreement for which the reporting entity is restricted from unilaterally foreclosing on the mortgage loan	-	-	-	-	$1,326,263	-	$1,326,263

NOTES TO FINANCIAL STATEMENTS

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

		Residential		Commercial			
	Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. Current Year							
1. Average Recorded Investment	-	-	-	-	$1,523,966	-	$1,523,966
2. Interest Income Recognized	-	-	-	-	$82,812	-	$82,812
3. Recorded Investments on Nonaccrual Status	-	-	-	-	$133,082	-	$133,082
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	$79,494	-	$79,494
b. Prior Year							
1. Average Recorded Investment	-	-	-	-	$1,458,198	-	$1,458,198
2. Interest Income Recognized	-	-	-	-	$67,473	-	$67,473
3. Recorded Investments on Nonaccrual Status	-	-	-	-	$65,710	-	$65,710
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	$68,773	-	$68,773

7. Allowance for Credit Losses:

	2019	2018
a. Balance at beginning of period	$60,914	$91,487
b. Additions charged to operations	72,624	(4,451)
c. Direct write-downs charged against the allowances	(20,745)	(26,122)
d. Recoveries of amounts previously charged off	-	-
e. Balance at end of period	$112,793	$60,914

8. Mortgage Loans Derecognized as a Result of Foreclosure:

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

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

B. Debt Restructuring

	2019	2018
1. The total recorded investment in restructured loans, as of year end	$1,681,571	$1,321,270
2. The realized capital losses related to these loans	$0	$0

NOTES TO FINANCIAL STATEMENTS

3. Total contractual commitments to extend credit to debtors owning receivables whose terms have been modified in troubled debt restructurings	$0	$0

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loaned Backed Securities

1. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.

2. All Loaned Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate as of December 31, 2019: None

3. Each Loaned Backed Security with a recognized other-than-temporary impairment held by the company at December 31, 2019:

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other-than-temporary impairment	Amortized cost after other-than-temporary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Reported
61749BAB9	19,548	17,753	1,795	17,753	14,180	3/31/2019
61749BAB9	282,458	256,514	25,944	256,514	204,897	3/31/2019
61749BAB9	25,569	23,221	2,349	23,221	18,548	3/31/2019
Total	XXX	XXX	30,088	XXX	XXX	XXX

4. All impaired Loaned Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2019:

a. The aggregate amount of unrealized losses:

1. Less than 12 Months	($10,622,941)
2. 12 Months or Longer	($4,366,753)

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

1. Less than 12 Months	$526,787,375
2. 12 Months or Longer	$286,418,418

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.

NOTES TO FINANCIAL STATEMENTS

3. Collateral Received

a. Aggregate Amount Collateral Received

	Fair Value
1. Securities Lending	
(a) Open	$197,227,840
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	$197,227,840
(g) Securities Received	114,382,388
(h) Total Collateral Received	$311,610,228
2. Dollar Repurchase Agreement	-
(a) Open	-
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	-
(g) Securities Received	-
(h) Total Collateral Received	-

b. The fair value of that collateral and of the portion of that collateral that it has sold or re-pledged	$ 311,610,228

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	73,478,342	73,478,342
(c) 31 to 60 Days	59,302,979	59,302,979
(d) 61 to 90 Days	64,446,520	64,446,520
(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	$197,227,840	$197,227,840
(l) Securities Received	-	-
(m) Total Collateral Reinvested	$197,227,840	$197,227,840
2. Dollar Repurchase Agreement		
(a) Open	-	-
(b) 30 Days or Less	-	-

NOTES TO FINANCIAL STATEMENTS

(c) 31 to 60 Days	-	-
(d) 61 to 90 Days	-	-
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	-	-
(l) Securities Received	-	-
(m) Total Collateral Reinvested	-	-

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

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

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

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not applicable.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not applicable.

H. Repurchase Agreements Transactions Accounted for as a Sales

Not applicable.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not applicable.

J. Real Estate

1. In 2019 the Company recognized an impairment of $1.1M on one (1) of its commercial real estate properties which is depicted below. The property was classified as held for sale during the year and an impairment was recorded to account for the difference between net book value and estimated sales price. The impairment is included in the "Net realized capital gains" caption on the Statement of Income.

Property Location	**Impairment**
Keene, NH	$ 1,063,442

2. The one (1) property outlined in question 1 was classified as held for sale in 2019 with no properties disposed of as of 12/31/2019

3. The Company did not experience any changes to its plans regarding sale of its investments in real estate other than what has been disclosed in questions 1 and 2.

4. The Company has not experienced any changes to a plan of sale for investment in real estate

5. The Company does not engage in retail land sale operations

6. The Company does not hold real estate investments with participating mortgage loan features.

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

NOTES TO FINANCIAL STATEMENTS

1. There are thirteen years remaining of unexpired tax credits. The required holding period for the LIHTC investment is fifteen years.

2. There were $30,753,690 of LIHTC and other tax benefits recognized during the year.

3. The balance of the investment recognized in the statement of financial position for the current year is $140,489,388.

4. The Company's LIHTC property is required to meet regulatory benchmarks to comply with the LIHTC program which include the review of tenant files. Oversight of the projects is administered by the State Housing agencies.

5. The carrying value of the Company's investment in LIHTC did not exceed 10% of its admitted assets.

6. The Company did not recognize any impairment loss on its LIHTC investment during the year.

7. The Company did not write-down its LIHTC investment or reclassify the LIHTC during the year due to the forfeiture or ineligibility of tax credits.

L. Restricted Assets

1. Restricted Assets (Included Pledge)

	Gross (Admitted & Nonadmitted) Restricted				
	Current Year				
	1	2	3	4	5
Restricted Asset Category	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	197,227,840	-	-	-	197,227,840
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	4,640,400	-	-	-	4,640,400
j. On deposit with states	474,608,464	-	-	-	474,608,464
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	$676,476,704	$0	$0	$0	$676,476,704

(a) Subset of column 1

(b) Subset of column 3

NOTES TO FINANCIAL STATEMENTS

	Gross (Admitted & Nonadmitted) Restricted			
	6	7	8	9
Restricted Asset Category	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Nonadmitted Restricted	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	415,245,582	(218,017,742)	-	197,227,840
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	6,200,400	(1,560,000)	-	4,640,400
j. On deposit with states	551,247,256	(76,638,792)	-	474,608,464
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	23,288,821	(23,288,821)	-	-
o. Total Restricted Assets	$995,982,059	$ (319,505,355)	$0	$676,476,704

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

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

	Percentage	
	10	11
	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown	-	-
b. Collateral held under security lending agreements	1.202	1.207
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	0.028	0.028
j. On deposit with states	2.89	2.91
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	4.12	4.14

NOTES TO FINANCIAL STATEMENTS

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)

	Gross Restricted				
	Current Year				
	1	2	3	4	5
Description of Asset	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)
	$0	$0	$0	$0	$0
Total	$23,288,821	$0	$0	$0	$23,288,821

	Gross Restricted			Percentage	
	6	7	8	9	10
Description of Asset	Total From Prior Year	Increase / (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
US Bank Reinsurance	$23,288,821	($23,288,821)	$0	0.15%	0.15%
Total	$23,288,821	$0	$0	0.15%	0.15%

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	$197,227,840	$197,227,840	1.202	1.207
i. Other	-	-	-	-
j. Total Collateral Assets (a+b+c+d+e+f+g+h+i)	$197,227,840	$197,227,840	1.202	1.207
Protected Cell:				
k. Cash, cash equivalents and short-term investments	-	-	-	-
l. Schedule D, Part 1	-	-	-	-
m. Schedule D, Part 2, Section 1	-	-	-	-
n. Schedule D, Part 2, Section 2	-	-	-	-
o. Schedule B	-	-	-	-
p. Schedule A	-	-	-	-
q. Schedule BA, Part 1	-	-	-	-
r. Schedule DL, Part 1	-	-	-	-
s. Other	-	-	-	-
t. Total Collateral Assets (a+b+c+d+e+f+g+h+i)	-	-	-	-

* j = Column 1 divided by Asset Page, Line 26 (Column 1)
* t = Column 1 divided by Asset Page, Line 27 (Column 1)
** j = Column 1 divided Asset Page, Line 26 (Column 3)
** t = Column 1 divided Asset Page, Line 27 (Column 3)

NOTES TO FINANCIAL STATEMENTS

	1 Amount	2 % of Liability to Total Liabilities *
u. Recognized Obligation to Return Collateral Asset (General Account)	$197,227,840	1.619
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

Investment	Number of 5GI Securities		Aggregate BACV		Aggregate Fair Value	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
1. Bonds - AC	1		$1,881,842	$0	$1,885,167	$0
2. Bonds - FV						
3. LB & SS - AC						
4. LB & SS - FV						
5. Preferred Stock - AC						
6. Preferred Stock - FV						
7. Total (1+2+3+4+5+6)	1	0	$1,881,842	$0	$1,885,167	$0

AC - Amortized Cost
FV - Fair Value

P. Short Sales

Not applicable.

Q. Prepayment Penalty and Acceleration Fees

	General Account	Protected Cell
(1) Number of CUSIPs	83	-
(2) Aggregate Amount of Investment Income	1,410,989	-

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

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

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

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

The Company invests in limited partnerships that are reported in accordance with SSAP No. 48. These limited partnerships are valued by the equity method using traditional private equity valuation measures. Interim poor performance which indicates a probable inability to recover the carrying amount of the assets leads to impairment losses being recognized by management. Management may also engage to sell limited partnership interests which may also lead to impairment losses being recognized. The Company did not recognize any impairment losses during the year.

Note 7 - Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2019.

NOTES TO FINANCIAL STATEMENTS

Note 8 - Derivative Instruments

A. Derivatives under SSAP No. 86 --Derivatives

1, 2, 3. Derivative financial instruments utilized by the Company during 2019 and 2018 included interest rate futures and swap contracts, and equity index collars (index call and put options) agreements.

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

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

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

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

The Company uses equity collars (index call and put options), to hedge public equity exposure with the goal of preserving some potential upside for the existing exposure, while limiting some of the potential downside. Changes in fair value of the options are reported as net unrealized gains in unassigned surplus. Periodic settlements of the equity collar agreements, which represent amounts receivable from or payable to the counterparty are based on the settlement terms of the agreement and any gains or losses are recorded as net realized capital gains or losses. Gains at the exercise date are reported as net realized gains. Gains at the exercise date are reported as net realized gains.

The Company uses interest rate swap contracts to hedge floating rate bond exposure by exchanging a portion of the Company's future floating cash flows for fixed rate cash flows. The daily cash settlements of margin gain or losses for open swap contracts that receive hedge accounting treatment are reported as net unrealized capital gains or losses within other comprehensive income. Settlements of margin gains or losses for swap contracts that received hedged accounting treatment and have terminated are reported in net realized capital gains or losses.

4. The Company entered into futures contracts in 2019 and 2018 which required the payment/receipt of premiums at either the inception of the contracts or throughout the life of the contracts, depending on the agreement with counterparties and brokers.

5. The Company did not have gains or losses in net unrealized capital gains or losses that represented a component of any derivatives' gain or loss that was excluded from the assessment of hedge effectiveness in 2019 or 2018.

6. The Company did not have gains or losses in net unrealized gains or losses that resulted from derivatives that no longer qualify for hedge accounting treatment in 2019 and 2018.

7. The Company did not have derivatives accounted for as cash flow hedges of a forecasted transaction

B. Derivatives under SSAP No.108 -- Derivatives Hedging Variable Annuity Guarantees

Not Applicable

NOTES TO FINANCIAL STATEMENTS

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) (Col 1+2)
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	$ 371,497,000	$ 6,726,000	$ 378,223,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	371,497,000	6,726,000	378,223,000
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	371,497,000	6,726,000	378,223,000
(f) Deferred Tax Liabilities	91,332,000	75,441,000	166,773,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	$ 280,165,000	$ (68,715,000)	$ 211,450,000

	12/31/2018		
	(1)	(2)	(3) (Col 1+2)
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	$ 328,493,000	$ 26,407,000	$ 354,900,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	328,493,000	26,407,000	354,900,000
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	328,493,000	26,407,000	354,900,000
(f) Deferred Tax Liabilities	99,168,000	42,138,000	141,306,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	$ 229,325,000	$ (15,731,000)	$ 213,594,000

	Change		
	(7)	(8)	(9)
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	$ 43,004,000	$ (19,681,000)	$ 23,323,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	43,004,000	(19,681,000)	23,323,000
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	43,004,000	(19,681,000)	23,323,000
(f) Deferred Tax Liabilities	(7,836,000)	33,303,000	25,467,000
(g) Net Admitted Deferred Tax Asset/(Net Deferred Tax Liability) (1e – 1f)	$ 50,840,000	$ (52,984,000)	$ (2,144,000)

NOTES TO FINANCIAL STATEMENTS

2.

	12/31/2019		
	(1)	(2)	(3) (Col 1+2)
	Ordinary	Capital	Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	$ 100,734,552	$ 54,525	$ 100,789,077
(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)	186,456,709	-	186,456,709
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	186,456,709	-	186,456,709
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			610,990,396
(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.	84,305,739	6,671,475	90,977,214
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ 371,497,000	$ 6,726,000	$ 378,223,000

	12/31/2018		
	(4)	(5)	(6) (Col 4+5)
	Ordinary	Capital	Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	$ 58,700,124	$ 2,287	$ 58,702,411
(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)	190,307,652	-	190,307,652
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	190,307,652	-	190,307,652
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			529,319,115
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities.	79,485,224	26,404,713	105,889,937
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ 328,493,000	$ 26,407,000	$ 354,900,000

	Change		
	(7)	(8)	(9) (Col 7+8)
	Ordinary	Capital	Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.	$ 42,034,428	$ 52,238	$ 42,086,666
(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)	(3,850,943)	-	(3,850,943)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	(3,850,943)	-	(3,850,943)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			81,671,281
(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.	4,820,515	(19,733,238)	(14,912,723)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ 43,004,000	$ (19,681,000)	$ 23,323,000

NOTES TO FINANCIAL STATEMENTS

3.

	2019	2018
(a) Ratio Percentage Used to Determine Recovery Period And Threshold Limitation Amount	441.9%	419.1%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above	$ 3,942,673,607	$ 3,502,356,256

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)	$371,497,000	$6,726,000	$328,493,000	$26,407,000	$43,004,000	$(19,681,000)
2. Percentage Of Adjusted Gross DTAs By Tax Character Attributable To The Impact Of Tax Planning Strategies	0%	0%	0%	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs Amount From Note 9A1(e)	$371,497,000	$6,726,000	$328,493,000	$26,407,000	$43,004,000	$(19,681,000)
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Admitted Because Of The Impact Of Tax Planning Strategies	0%	0%	0%	0%	0%	0%

(b) Does the Company's tax-planning strategies include the use of Reinsurance: Yes _____ No__X__

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

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

	(1) 12/31/2019	(2) 12/31/2018	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	$57,859,248	$26,967,400	$30,891,848
(b) Foreign	111,505	327,374	(215,869)
(c) Subtotal	57,970,753	27,294,774	30,675,979
(d) Federal income tax on net capital gains	4,982,247	(7,305,774)	12,288,021
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	$62,953,000	$19,989,000	$42,964,000
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	$127,803,000	$123,256,000	$4,547,000
(2) Unearned premium reserve	138,518,000	136,252,000	2,266,000
(3) Policyholder reserves	-	-	-
(4) Investments	10,664,000	8,038,000	2,626,000
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	256,000	36,000	220,000

NOTES TO FINANCIAL STATEMENTS

(8) Compensation and benefits accrual	6,771,000	7,142,000	(371,000)
(9) Pension accrual	-	-	-
(10) Receivables – nonadmitted	15,338,000	12,458,000	2,880,000
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	59,278,000	30,414,000	28,864,000
(13) Other (including items <5% of total ordinary tax assets)	12,869,000	10,897,000	1,972,000
(99) Subtotal	371,497,000	328,493,000	43,004,000
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	371,497,000	328,493,000	43,004,000
(e) Capital			
(1) Investments	6,726,000	26,407,000	(19,681,000)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	6,726,000	26,407,000	(19,681,000)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	6,726,000	26,407,000	(19,681,000)
(i) Admitted deferred tax assets (2d + 2h)	378,223,000	354,900,000	23,323,000
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	3,804,000	3,825,000	(21,000)
(2) Fixed assets	49,518,000	44,134,000	5,384,000
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	30,429,000	42,867,000	(12,438,000)
(5) Other (including items <5% of total ordinary tax liabilities)	7,581,000	8,342,000	(761,000)
(99) Subtotal	91,332,000	99,168,000	(7,836,000)
(b) Capital:			
(1) Investments	75,441,000	42,138,000	33,303,000
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	75,441,000	42,138,000	33,303,000
(c) Deferred tax liabilities (3a99 + 3b99)	166,773,000	141,306,000	25,467,000
4. Net deferred tax assets/liabilities (2i – 3c)	$211,450,000	$213,594,000	$(2,144,000)

D. Effective tax rates differ from the current statutory rate of 21% principally due to the effects of discounting of unpaid losses and loss adjustment expenses, tax exempt income, intercompany dividends, LP & LLC income, amortization, partnership loss, derivatives, loss reserve transitional adjustment, utilization of general business credits and revisions to prior year estimates.

NOTES TO FINANCIAL STATEMENTS

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

The Company has general business credit carry-forwards which expire as follows

Year Generated	Amount	Expiration
2016	$508,000	2036
2017	$13,518,000	2037
2018	$18,931,000	2038
2019	$26,321,000	2039

The amount of Federal income taxes incurred and available for recoupment in the event of future losses is $52,168,000 from the current year and $47,470,000 from the preceding year.

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

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

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

NOTES TO FINANCIAL STATEMENTS

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 Agency Corporation, an insurance holding company incorporated in Delaware. Liberty Mutual Agency Corporation is wholly owned by Liberty Insurance Holdings, Inc., an insurance holding company incorporated in Delaware. Liberty Insurance Holdings, Inc. is wholly owned by Liberty Mutual Insurance Company ("LMIC"), a Massachusetts insurance company. The ultimate parent of LMIC is Liberty Mutual Holding Company Inc., a Massachusetts company.

B. Transactions between the Company and its affiliates are listed on Schedule Y Part 2.

C. As of December 31, 2019, the Company had the following capital transactions with its parent and subsidiaries:

1.	Received capital contributions of	$	-
2.	Received return of capital distributions of	$	104,752,776
3.	Contributed capital in the amount of	$	-
4.	Received dividends in the amount of	$	192,546,236

D. At December 31, 2019, the Company reported a net $37,017,512 due to affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.

E. The Company has not made any guarantees or initiated any undertakings for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.

F. Refer to Note 26 for information regarding the Inter-Company Reinsurance Agreement.

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

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

The Company is a party to an investment management agreement with Liberty Mutual Group Asset Management Inc. ("LMGAM"), and an investment management agreement with Liberty Mutual Investment Advisors LLC ("LMIA"). Under these agreements, LMGAM and LMIA provide services to the Company.

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

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

Company	**Credit Line**	
Indiana Insurance Company	$	50,000,000
Liberty Mutual Insurance Company	$	650,000,000
The Ohio Casualty Insurance Company	$	100,000,000
Peerless Indemnity Insurance Company	$	50,000,000
Safeco Insurance Company of America	$	100,000,000
The Netherlands Insurance Company	$	50,000,000

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

NOTES TO FINANCIAL STATEMENTS

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

Company	Credit Line
Indiana Insurance Company	$ 50,000,000
Liberty Mutual Insurance Company	$ 650,000,000
The Ohio Casualty Insurance Company	$ 100,000,000
Peerless Indemnity Insurance Company	$ 50,000,000
Safeco Insurance Company of America	$ 100,000,000
The Netherlands Insurance Company	$ 50,000,000

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

G. The Company is a member of a holding company structure as illustrated in Schedule Y Part 1.

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

I. The Company does not own investments in subsidiary, controlled or affiliated companies that exceed 10% of its admitted assets.

J. The Company did not recognize any impairment write down for its SCA companies during the statement period.

K. The Company does not use CARVM in calculating its investment in its foreign subsidiaries.

L. The Company utilizes the look-through approach for the valuation of the following downstream non-insurance holding company:

	Carrying Value
Ohio Casualty Corporation	$159,301,869

The Company has limited the value of its investment in this company to the value contained in the audited financial statements. All liabilities, commitments, contingencies, guarantees or obligations of the downstream non-insurance holding company, which are required to be recorded as liabilities, commitments, contingencies, guarantees or obligations under applicable accounting guidance, are reflected in the company's determination of the carrying value of the investment in the downstream non-insurance holding company.

M. All SCA investments

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

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
N/A				
Total SSAP No. 97 8a Entities				
b. SSAP No. 97 8b(ii) Entities				
Liberty USA Corporation	100%	$ 168,291,003	$ 167,607,727	$ -
Ohio Casualty Corporation	8%	$ 159,301,869	$ 158,618,592	$ 683,276
Total SSAP No. 97 8b(ii) Entities		$ 327,592,872	$ 326,226,319	$ 683,276
c. SSAP No. 97 8b(iii)				
Liberty Mutual Investment Holdings LLC	22%	$ 678,584,821	$ 678,584,821	$ -
LMAT Holdings LLC	30%	$ 52,909,061	$ 52,909,061	$ -
Total SSAP No. 97 8b(iii) Entities		$ 731,493,882	$ 731,493,882	$ -
d. SSAP No. 97 8b(iv)				
N/A				
Total SSAP No. 97 8b(iv) Entities				
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)		$ 1,059,086,754	$ 1,057,720,201	$ 683,276
f. Aggregate Total (a+e)		$ 1,059,086,754	$ 1,057,720,201	$ 683,276

NOTES TO FINANCIAL STATEMENTS

2. NAIC Filing Response Information

SCA Entity	Type of NAIC Filing*	Date of Filing to NAIC	2018 NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N	Code**
a. SSAP No. 97 8a Entities						
N/A						
Total SSAP No. 97 8a Entities						
b. SSAP No. 97 8b(ii) Entities						
Ohio Casualty Corporation (filed for nonadmitted non-P&C values only)	S2	12/28/2019	$ -	Yes	No	N/A
Liberty USA Corporation (filed for nonadmitted non-P&C values only)	S2	12/28/2019	$ -	Yes	No	N/A
Total SSAP No. 97 8b(ii) Entities			$ -			
c. SSAP No. 97 8b(iii)						
Liberty Mutual Investment Holdings LLC	N/A	N/A	N/A	N/A	N/A	N/A
LMAT Holdings LLC	N/A	N/A	N/A	N/A	N/A	N/A
Total SSAP No. 97 8b(iii) Entities						
d. SSAP No. 97 8b(iv)						
N/A						
Total SSAP No. 97 8b(iv) Entities						
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)			$ -			
f. Aggregate Total (a+e)			$ -			

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

** I – Immaterial or M – Material

N. Investment in Insurance SCAs

The Company does not hold investments in Insurance SCAs for which the audited statutory equity reflects a departure from the NAIC statutory accounting practices and procedures.

O. SCA Loss Tracking

The Company does not hold any investments in SCAs which are in a deficit position.

Note 11 - Debt

A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

B. FHLB (Federal Home Loan Bank) Agreements

1. The Company is a member of the Federal Home Loan Bank (FHLB) of Boston. There were no outstanding borrowings as of December 31, 2019. The Company has determined the actual maximum borrowing capacity as $1,200,000,000 per Board of Directors consent.

NOTES TO FINANCIAL STATEMENTS

2. FHLB Capital Stock

a. Aggregate Totals
1. Current year

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Membership Stock – Class A	$0	$0	$0
Membership Stock – Class B	4,640,400	4,640,400	-
Activity Stock	-	-	-
Excess Stock	-	-	-
Aggregate Total	4,640,400	4,640,400	-
Actual Borrowing Capacity as Determined by the Insurer	$1,200,000,000	XXX	XXX

2. Prior Year-end

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Membership Stock – Class A	$0	$0	$0
Membership Stock – Class B	6,200,400	6,200,400	-
Activity Stock	-	-	-
Excess Stock	-	-	-
Aggregate Total	6,200,400	6,200,400	-
Actual Borrowing Capacity as Determined by the Insurer	$1,200,000,000	XXX	XXX

b. Membership Stock (Class A and B) Eligible and Not Eligible for Redemption

			Eligible for Redemption			
	1	2	3	4	5	6
	Current Year Total (2+3+4+5+6)	Not Eligible for Redemption	Less Than 6 Months	6 Months to Less Than 1 Year	1 to Less Than 1 Year	3 to 5 Years
Membership Stock	-	-	-	-	-	-
Class A	-	-	-	-	-	-
Class B	4,640,400	4,640,400	-	-	-	-

3. Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

1. Current Year Total General and Protected Cell Accounts

	Fair Value	**Carrying Value**	**Aggregate Total Borrowing**
Total Collateral Pledged	$0	$0	$0

2. Current Year Total General Accounts

	Fair Value	**Carrying Value**	**Aggregate Total Borrowing**
Total Collateral Pledged	$0	$0	$0

3. Current Year Protected Cell Accounts

	Fair Value	**Carrying Value**	**Aggregate Total Borrowing**
Total Collateral Pledged	$0	$0	$0

4. Prior Year-end Total General Protected Cell Accounts

	Fair Value	**Carrying Value**	**Aggregate Total Borrowing**
Total Collateral Pledged	$0	$0	$0

NOTES TO FINANCIAL STATEMENTS

b. Maximum Amount Pledged During Reporting Period

1. Current Year Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	$0	$0	$0

2. Current Year Total General Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	$0	$0	$0

3. Current Year Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	$0	$0	$0

4. Prior Year-end Total General Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	$0	$0	$0

4. Borrowing from FHLB

a. Amount as of the Reporting Date

1. Current Year

	(1)	(2)	(3)	(4)
	Total 2+3	General Account	Protected Cell Accounts	Funding Agreements Reserves Established
Debt	$0	$0	$0	XXX
Funding Agreements	-	-	-	-
Other	-	-	-	XXX
Aggregate Total	$0	$0	$0	$0

2. Prior Year-end

	(1)	(2)	(3)	(4)
	Total 2+3	General Account	Protected Cell Accounts	Funding Agreements Reserves Established
Debt	$0	$0	$0	XXX
Funding Agreements	-	-	-	-
Other	-	-	-	XXX
Aggregate Total	$0	$0	$0	$0

b. Maximum Amount During Reporting Period (Current Year)

	(1)	(2)	(3)
	Total 2+3	General Account	Protected Cell Accounts
Debt	$0	$0	$0
Funding Agreements	-	-	-
Other	-	-	-
Aggregate Total	$0	$0	$0

c. FHLB - Prepayment Obligations

	Does the Company have prepayment obligations under the following arrangements (yes/no)?
Debt	NO
Funding Agreements	N/A
Other	N/A

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

NOTES TO FINANCIAL STATEMENTS

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 5,000,000 common shares authorized, and 3,524,456 shares issued and outstanding as of December 31, 2019. All shares have a stated par value of $2.50.

   The Company has 113,043 preferred shares authorized and no shares are issued and outstanding as of December 31, 2019. All shares have a stated par value of $2.50.

2. Preferred Stock

   Not applicable.

3. There are no dividend restrictions.

4. The Company did not pay any dividends to its parent during 2019.

5. The maximum amount of dividends that can be paid by New Hampshire-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the lesser of 10% of surplus or net income excluding realized capital gains. The maximum dividend payout that may be made without prior approval in 2020 is $284,295,898.

6. As of December 31, 2019, the Company has pre-tax restricted surplus of $13,107,377 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

8. The Company does not hold stock for special purposes.

9. The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2019.

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized losses is ($305,039,231) after applicable deferred taxes of $14,209,163.

11. Surplus Notes

    Not applicable.

12. Quasi-reorganization (dollar impact)

    Not applicable.

13. Quasi-reorganization (effective date)

    Not applicable.

Note 14 - Contingencies

A. Contingent Commitments

   Refer to Note 10E.

B. Assessments

   The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments and premium-based assessments are presumed probable when the premium on which the assessments are expected to be based are written. In the case of loss-based assessments, the event that obligates the entity is an entity incurring the losses on which the assessments are expected to be based.

   The Company was subject to a New York Fair Plan assessment of $303,368. The Company was also subject to a North Carolina Fair Plan assessment of $268,640 and, in conjunction with that assessment, recorded a $479,660 reduction in equity and deposits in pools and associations. In addition, The Company underwent a review of equity and deposits in pools and associations balances for the State of Massachusetts Fair Plan, which resulted in a $1,402,499 write off. The Company also accrued for a Texas Windstorm assessment of $1,785,829 that is expected to be settled in 2020.

NOTES TO FINANCIAL STATEMENTS

The Company has accrued a liability for guaranty funds and other assessments of $17,321,589 that is offset by future premium tax credits of $528,838. Current guaranty fund assessments and assessments based on losses paid are expected to be paid out in the next two years, while premium tax offsets are realized over the period determined by each individual state once the guaranty fund assessment has been paid. The Company continues to remit payments relating to prior year insolvencies.

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

a.	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	$ 637,709
b.	Decreases current year:	
	Premium tax offset applied	$ 637,709
c.	Increases current year:	
	Premium tax offset applied	$ 528,838
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$ 528,838

C. Gain Contingencies

Not applicable

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

The Company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

	Direct
Claims related to ECO and bad faith losses paid during the reporting period	$ 1,175,000

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

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

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

(f) Per Claim [X] (g) Per Claimant [ ]

E. Product Warranties

The Company does not write product warranty business.

F. Joint and Several Liabilities

The Company is not a participant in any joint and several liabilities.

G. All Other Contingencies

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company.

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

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

NOTES TO FINANCIAL STATEMENTS

Note 15 - Leases

A. Lessee Leasing Arrangements

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

Year Ending December 31	Operating Leases
2020	$ 20,222,217
2021	18,094,497
2022	13,119,340
2023	10,146,543
2024	9,842,645
2025 & thereafter	55,775,398
Total	$ 127,200,639

The amount of liability the Company recognized in its financial statements for lease agreements for which it is no longer using the leased property benefits is $12,631,638.

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

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

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

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

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

	Assets		Liabilities	
	2019	2018	2019	2018
a. Swaps	$ -	$ -	$ -	$ -
b. Futures	$ 1,669,000	$ 1,580,000	$ 6,428,000	$ 1,273,000
c. Options	$ -	$ -	$ -	$ -
d. Total	$ 1,669,000	$ 1,580,000	$ 6,428,000	$ 1,273,000

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

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

2. The credit risk, market risk, cash requirements, and accounting policies of the Company's derivative instruments utilized during 2019 and 2018 are discussed in Note 8.

3. The Company is exposed to credit-related losses in the event of nonperformance by counterparties to financial instruments, but it does not expect any counterparties to fail to meet their obligations given their high credit ratings. The credit exposure is represented by the fair value of contracts with a positive statement value at the reporting date. Because exchange-traded futures are affected through a regulated exchange and positions are marked to market on a daily basis, the Company has little exposure to credit-related losses in the event of nonperformance by counterparties to such financial instruments. The Company has not incurred any losses on derivative financial instruments due to counterparty non-performance.

4. The Company is required to put up collateral for any futures contracts that are entered. The Company pledges or obtains collateral when certain predetermined exposure limits are exceeded. The amount of collateral that is required is determined by the exchange on which it is traded and is typically in the form of cash. The Company currently puts up cash and U.S. Treasury Bonds to satisfy this collateral requirement.

NOTES TO FINANCIAL STATEMENTS

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 $293,305,074 with corresponding collateral value of $311,610,228 of which $197,227,840 represents cash collateral that was reinvested.

C. Wash Sales

1. The Company did not have any wash sale transactions during the year.

2. Not applicable.

Note 18 – Gain or (Loss) to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

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

Note 20 - Fair Value Measurements

A. Inputs Used for Assets and Liabilities Measured at Fair Value

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

- Level 1 — Valuations based on unadjusted observable quoted market prices in active markets for identical assets or liabilities that the Company has the ability to access.

- Level 2 — Valuations based on observable inputs (other than Level 1 prices), such as quoted prices for similar assets or liabilities at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.

- Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement and involve measurement judgment. The unobservable inputs reflect the Company's estimates of the assumptions that market participants would use in valuing the assets and liabilities.

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

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
a. Assets at fair value					
Bonds					
U.S. Government & Agency Securities	$0	$0	$0	$0	$0
U.S. MBS/ABS of Gov. & Corp. Agencies	-	66,220,542	14,292,641	-	80,513,183
U.S. State and Municipal	-	3,482,252	-	-	3,482,252
Corporate and Other	-	105,153,104	20,960,002	-	126,113,106
Foreign Government Securities	-	7,215,625	-	-	7,215,625
Total Bonds	-	182,071,523	35,252,643	-	217,324,166
Preferred Stocks					
Industrial and Miscellaneous (Unaffiliated)	-	-	4,340,000	-	4,340,000
Total Preferred Stocks	-	-	4,340,000	-	4,340,000
Common Stocks					
Industrial and Miscellaneous	714,878,847	24,840,810	4,640,400	-	744,360,057
Total Common Stocks	714,878,847	24,840,810	4,640,400	-	744,360,057
Derivative Assets	729,565	-	-		729,565
Total assets at fair value	$715,608,412	$206,912,333	$44,233,043	$0	$966,753,788
b. Liabilities at fair value					
Derivative Liabilities	$0	$0	$0	$0	$0
Total liabilities at fair value	$0	$0	$0	$0	$0

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

2. Rollforward of Level 3 Items

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

	Balance as of 12/31/2018	**Transfers into Level 3**	**Transfers out of Level 3**	**Total gains and (losses) included in Net Income**	**Total gains and (losses) included in Surplus**
U.S. Government & Agency Securities	$0	$0	$0	$0	$0
U.S. MBS/ABS of Gov. & Corp. Agencies	16,127,852	13,936,413	(17,722,842)	303,382	(192,123)
U.S. State and Municipal	1,909,946	-	(1,907,302)	(9,749)	-
Corporate and Other	-	-	(9,346,027)	560,437	(34,975)
Foreign Government Securities	-	-	-	-	-
Total Bonds	18,037,798	13,936,413	(28,976,171)	854,070	(227,098)
Preferred Stock	14,935,500	-	-	1,491,393	-
Common Stock	6,200,400	-	(3,049,165)	-	(10,663)
Total	39,173,698	13,936,413	(32,025,336)	2,345,463	(237,761)
Net Derivatives	-	-	-	-	-
Total	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

	Purchases	Issuances	Sales	Settlements	Balance as of 12/31/2019
U.S. Government & Agency Securities	$0	$0	$0	$0	$0
U.S. MBS/ABS of Gov. & Corp. Agencies	17,750,512	-	(17,346,447)	1,435,895	14,292,641
U.S. State and Municipal	-	-	-	7,105	-
Corporate and Other	70,876,346	-	(41,096,513)	733	20,960,002
Foreign Government Securities	-	-	-	-	-
Total Bonds	88,626,858	-	(58,442,960)	1,443,733	35,252,643
Preferred Stock	32,688,219	-	(44,775,112)	-	4,340,000
Common Stock	3,802,728	-	(2,302,900)	-	4,640,400
Total	125,117,805	-	(105,520,972)	1,443,733	44,233,043
Net Derivatives	-	-	-	-	-
Total	-	-	-	-	-

3. Policy on Transfers Into and Out of Level 3

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

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

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

U.S. Government and Agency Securities

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

Mortgage-Backed Securities

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

Asset-Backed Securities

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

NOTES TO FINANCIAL STATEMENTS

Municipal Securities

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

Corporate debt and other

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

Foreign government securities

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

Common and Preferred Stocks

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

Other Invested Assets

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

Derivatives

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

B. Other Fair Value Disclosures

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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	(4,302,217)	(4,307,431)	(196,609,554)	$2,973,658	$0
Bonds	$10,987,597,471	$10,665,759,265	$841,171,221	$9,931,537,055	$214,889,195
Preferred Stock	4,340,000	4,340,000	-	-	4,340,000
Common Stock	744,360,057	744,360,058	714,878,847	24,840,810	4,640,400
Securities Lending	197,247,145	197,227,840	-	197,247,145	-
Mortgage Loans	616,961,067	603,448,895	-	-	616,961,067
Surplus Notes	2,373	370	-	2,373	-
Derivative Assets	729,565	729,565	729,565	-	-
Total Assets	$12,546,935,460	$12,211,558,562	$1,360,170,079	$10,156,601,040	$840,830,662
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	$189,333,679	$0
Bonds	-	-
Preferred Stock	-	-
Common Stock	-	-
Securities Lending	-	-
Mortgage Loans	-	-
Surplus Notes	-	-
Derivative Assets	-	-
Total Assets	$189,333,679	-
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.

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

Not applicable.

D. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

E. State Transferable and Non-transferable Tax Credit

NOTES TO FINANCIAL STATEMENTS

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. The Company's only exposure to subprime was inherited through past acquisitions of insurance companies.

2. The Company does not have any direct exposure through investments in subprime mortgage loans.

3. The Company has direct exposure through their investment in residential mortgage-backed securities.

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other-Than- Temporary Impairment Losses Recognized
Residential mortgage-backed securities	$ 497,837	$ 467,142	$ 433,587	$ 90,925

4. The Company does not have any underwriting exposure to sub-prime mortgage risk.

G. Insurance Linked Securities (ILS) Contracts

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

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

Not applicable

Note 22 - Events Subsequent

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

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

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

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

Excluding amounts arising pursuant to the Liberty Mutual Amended and Restated Intercompany Reinsurance Agreement, there are no unsecured reinsurance recoverable or ceded unearned premium of 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.

NOTES TO FINANCIAL STATEMENTS

C. Reinsurance Assumed & Ceded

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

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	$ 3,202,858,594	$ -	$44,731,926	$ -	$ 3,158,126,668	$ -
All Other	$ -	$ -	$ -	$ -	$ -	$ -
Total	$ 3,202,858,594	$ -	$44,731,926	$ -	$ 3,158,126,668	$ -

Directed Unearned Premium Reserve: $ 44,731,927

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:

		Direct	Assumed	Ceded	Net
a.	Contingent Commission	$ 82,452,131	$ 94,687,372	$ 82,452,131	$ 94,687,373
b.	Sliding Scale Adjustments	-	-	-	-
c.	Other Profit Commission Arrangements	-	-	-	-
d.	TOTAL	$ 82,452,131	$ 94,687,372	$ 82,452,131	$ 94,687,373

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

D. Uncollectible Reinsurance

During the current year, the Company wrote off reinsurance balances of $4,828,491. This amount is shown below by Income Statement classification and by reinsurer.

a.	Losses incurred	$ 3,058,869
b.	Loss adjustment expenses incurred	1,769,622
c.	Premiums earned	
d.	Other	
	TOTAL	$ 4,828,491

e.	Company	Amount
	Liberty Mutual Insurance Company, 23043	-
	TOTAL	$ -

E. Commutation of Ceded Reinsurance

The Company commuted several ceded reinsurance treaties in the current year with the reinsurers listed below. The net effect of all commutations was a decrease in Net Income of $304,795. This amount is shown below by Income Statement classification and by reinsurer.

a.	Losses incurred	$ 277,576
b.	Loss adjustment expenses incurred	55,582
c.	Premiums earned	-
d.	Other	(28,363)
	TOTAL	$ 304,795

e.	Company	Amount
	Liberty Mutual Insurance Company, 23043	304,795
	TOTAL	$ 304,795

NOTES TO FINANCIAL STATEMENTS

F. Retroactive Reinsurance

		Assumed	Ceded
a.	Reserves Transferred:		
(1)	Initial Reserves	$ (639,879,450)	$ -
(2)	Adjustments - Prior Year(s)	$ (102,140,090)	$ -
(3)	Adjustments - Current Year	$ (3,571,250)	$ -
(4)	Current Total	$ (745,590,789)	$ -
b.	Consideration Paid or Received:		
(1)	Initial Consideration	$ (625,986,321)	$ -
(2)	Adjustments - Prior Year(s)	$ (11,174,345)	$ -
(3)	Adjustments - Current Year	-	$ -
(4)	Current Total	$ (637,160,666)	$ -
c.	Paid Losses Reimbursed or Recovered:		
(1)	Prior Year(s)	$ 85,149,989	$ -
(2)	Current Year	$ 2,439,171	$ -
(3)	Current Total	$ 87,589,160	$ -
d.	Discount Unwind on Reserves:		
(1)	Prior Year(s)	$ (12,807,387)	$ -
(2)	Current Year	$ (2,918,422)	$ -
(3)	Current Total	$ (15,725,808)	$ -
e.	Special Surplus from Retroactive Reinsurance		
(1)	Initial Surplus Gain or Loss	$ 20,601,136	$ -
(2)	Adjustments - Prior Year(s)	$ (6,991,631)	$ -
(3)	Adjustments - Current Year	$ (1,786,343)	$ -
(4)	Current Year Restricted Surplus	$ 13,107,467	$ -
(5)	Cumulative Total Transferred to Unassigned Funds	$ (1,284,305)	$ -

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

Company	Assumed Amount	Ceded Amount
Liberty Mutual Insurance Company, 23043	$ (745,590,789)	$ -
Total	$ (745,590,789)	$ -

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

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

On November 5, 2019, LMIC entered into a reinsurance transaction with National Indemnity Company (“NICO”), a subsidiary of Berkshire Hathaway Inc, on a combined aggregate excess of loss agreement for certain GRM U.S. Business Lines and GRS National Insurance workers compensation liabilities, commercial auto liability and general liability excluding umbrella and warranty related to post December 31, 2018 development on: (1) workers compensation liabilities arising under policies on the books of the Company’s Global Retail Markets U.S. Business Lines and Global Risks Solutions National Insurance strategic business units as of December 31, 2018 as respects injuries or accidents occurring after December 31, 2013 and prior to January 1, 2019; (2) commercial auto liabilities arising under policies on the books of the Company’s Global Retail Markets U.S. Business Lines and Global Risks Solutions National Insurance strategic business units as of December 31, 2018 as respects injuries or accidents occurring prior to January 1, 2019; and (3) general liability excluding umbrella and warranty arising under policies on the books of the Company’s Global Retail Markets U.S. Business Lines and Global Risks Solutions National Insurance strategic business units as of December 31, 2018 as respects injuries or accidents occurring prior to January 1, 2019. This contract is accounted for on a retroactive basis

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

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

G. Reinsurance Accounted for as a Deposit

The Company has not entered into any reinsurance agreements that have been accounted for as deposits as of December 31, 2019

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

NOTES TO FINANCIAL STATEMENTS

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

I. Certified Reinsurers Downgraded or Status Subject to Revocation.

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

   The Company does not transact business with Certified Reinsurers.

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

   The Company is not a Certified Reinsurer.

J. Asbestos and Pollution Counterparty Reporting Exception

The Counterparty reporting party does not apply to the Company.

Note 24 - Retrospectively rated Contracts and Contracts Subject to Redetermination

A. Accrued retrospective premiums reported in Line 15.3 of the asset page have been determined based upon loss experience on business subject to such experience rating adjustment.

B. The Company records accrued retrospective premium as an adjustment to earned premium.

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

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

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

a.	Total accrued retro premium	$ 65,963,067
b.	Unsecured amount	$ -
c.	Less: Nonadmitted amount (10%)	$ 6,622,096
d.	Less: Nonadmitted for any person whom agents' balances or uncollected premiums are nonadmitted	$ -
e.	Admitted amount (a) - (c) - (d)	$ 59,340,971

F. Risk Sharing Provisions of the Affordable Care Act

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

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

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

NOTES TO FINANCIAL STATEMENTS

Note 26 - Intercompany Pooling Arrangements

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

		NAIC Company Number	Pooling Companies	Line of Business
Lead:	Liberty Mutual Insurance Company ("LMIC")	23043	50.00%	All Lines
Affiliated	Peerless Insurance Company ("PIC")	24198	20.00%	All Lines
Pool:	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	8.00%	All Lines
	The Ohio Casualty Insurance Company ("OCIC")	24074	8.00%	All Lines
	Safeco Insurance Company of America ("SICOA")	24740	6.00%	All Lines
	American Economy Insurance Company ("AEIC")	19690	0.00%	All Lines
	America First Insurance Company ("AFIC")	12696	0.00%	All Lines
	America Fire and Casualty Company ("AFCIC")	24066	0.00%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%	All Lines
	American States Insurance Company ("ASIC")	19704	0.00%	All Lines
	American States Insurance Company of Texas ("ASICT")	19712	0.00%	All Lines
	American States Lloyd's Insurance Company ("ASLCO")	31933	0.00%	All Lines
	American States Preferred Insurance Company ("ASPCO")	37214	0.00%	All Lines
	Colorado Casualty Insurance Company ("CCIC")	41785	0.00%	All Lines
	Consolidated Insurance Company ("CIC")	22640	0.00%	All Lines
	Excelsior Insurance Company ("EIC")	11045	0.00%	All Lines
	First National Insurance Company of America ("FNICA")	24724	0.00%	All Lines
	The First Liberty Insurance Corporation ("FST")	33588	0.00%	All Lines
	General Insurance Company of America ("GICA")	24732	0.00%	All Lines
	Golden Eagle Insurance Corporation ("GEIC")	10836	0.00%	All Lines
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.00%	All Lines
	Insurance Company of Illinois ("ICIL")	26700	0.00%	All Lines
	Indiana Insurance Company ("IIC")	22659	0.00%	All Lines
	Ironshore Indemnity Inc. (“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 ("LMMAIC")	14486	0.00%	All Lines
	Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.00%	All Lines
	Liberty Northwest Insurance Corporation ("LNW")	41939	0.00%	All Lines
	Liberty Personal Insurance Company ("LPIC")	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation ("LSI")	10725	0.00%	All Lines
	Mid-American Fire & Casualty Company ("MAFCC")	23507	0.00%	All Lines
	Montgomery Mutual Insurance Company ("MMIC")	14613	0.00%	All Lines
	The Midwestern Indemnity Company ("MWIC")	23515	0.00%	All Lines
	National Insurance Association ("NIA")	27944	0.00%	All Lines
	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

NOTES TO FINANCIAL STATEMENTS

	Wausau General Insurance Company ("WGIC")	26425	0.00%	All Lines
	Wausau Underwriters Insurance Company ("WUIC")	26042	0.00%	All Lines
	West American Insurance Company ("WAIC")	44393	0.00%	All Lines
100% Quota Share Affiliated	LM Property and Casualty Insurance Company ("LMPAC")	32352	0.00%	All Lines

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

a. Except for WBIC, WGIC and WUIC, each Affiliated Pool Company cedes its underwriting activity to the Lead Company. WBIC, WGIC and WUIC cede 100% of its direct underwriting activity to EICOW.

b. After recording the assumed affiliate transactions noted above, the Lead Company records 100% of its external assumed and ceded reinsurance activity.

c. The Lead Company's remaining underwriting activity, after processing all internal and external reinsurance, is retroceded to the pool members in accordance with each company's pool participation percentage, as noted above.

d. There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.

e. There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the Lead Company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.

f. The write-off of uncollectible reinsurance is pooled and the provision for reinsurance is recognized by the entity placing the outbound external reinsurance.

g. Amounts due (to)/from affiliated entities participating in the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement as of December 31, 2019:

Affiliate	Amount
Liberty Mutual Insurance Company	$ 4,386,031

Note 27 - Structured Settlements

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

Loss Reserves Eliminated by Annuities	Unrecorded Loss Contingencies
$ 198,946,156	$ 198,946,156

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

Life Insurance Company and Location	Licensed in Company's State of Domicile Yes/No	Statement Value (i.e., Present Value) of Annuities	
Lincoln Life Assurance Company of Boston Massachusetts	Yes	$	47,412,813
Prudential Insurance Company New Jersey	Yes	$	99,846,672

Note 28 - Health Care Receivables

Not applicable.

Note 29 - Participating Policies

Not applicable.

NOTES TO FINANCIAL STATEMENTS

Note 30 - Premium Deficiency Reserves

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

Note 31 - High Dollar Deductible Policies

As of December 31, 2019, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $1,155,192,283 and the amount billed and recoverable on paid claims was $36,434,910. There are no unsecured high dollar deductible recoverables from professional employer organizations included in these amounts.

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

For Workers' Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. The December 31, 2019 liabilities include $2,560,032,239 of such discounted reserves. The Company recognized $7,359,199 of interest accretion in the Statement of Income for the current year related to tabular discount on Workers' Compensation. The December 31, 2019 liabilities subject to discount were carried at a value representing a discount of $46,888,025 net of all reinsurance.

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

	Schedule P Lines of Business	Tabular discount Included in Schedule P, Part 1 *	
		1 Case	2 IBNR
1.	Homeowners/Farmowners	$ -	$ -
2.	Private Passenger Auto Liability/Medical	$ -	$ -
3.	Commercial Auto/Truck Liability/Medical	$ -	$ -
4.	Workers' Compensation	$ 78,542,328	$ 41,142,081
5.	Commercial Multiple Peril	$ -	$ -
6.	Medical Professional Liability - occurrence	$ -	$ -
7.	Medical Professional Liability - claims-made	$ -	$ -
8.	Special Liability	$ -	$ -
9.	Other Liability - occurrence	$ -	$ -
10.	Other Liability - claims-made	$ -	$ -
11.	Special Property	$ -	$ -
12.	Auto Physical Damage	$ -	$ -
13.	Fidelity, Surety	$ -	$ -
14.	Other (including Credit, Accident & Health)	$ -	$ -
15.	International	$ -	$ -
16.	Reinsurance Nonproportional Assumed Property	$ -	$ -
17.	Reinsurance Nonproportional Assumed Liability	$ -	$ -
18.	Reinsurance Nonproportional Assumed Financial Lines	$ -	$ -
19.	Products Liability - occurrence	$ -	$ -
20.	Products Liability - claims-made	$ -	$ -
21.	Financial Guaranty/Mortgage Guaranty	$ -	$ -
22.	Warranty	$ -	$ -
23.	Total	$ 78,542,328	$ 41,142,081

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

B. Non-tabular Discount

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 33 - Asbestos/Environmental Reserves

A. Factors Contributing to Uncertainty in Establishing Adequate Reserves

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

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

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

Uncertainty Regarding Reserving Methodologies

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

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

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

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

Asbestos

1. Direct -

		2015	2016	2017	2018	2019
a.	Beginning reserves:	$351,771,702	$296,075,585	$309,775,676	$293,794,225	$305,100,919
b.	Incurred losses and LAE	$ 16,568,687	$ 65,562,378	$ 35,468,335	$ 61,827,999	$ 50,795,796
c.	Calendar year payments	$ 72,264,803	$ 51,862,287	$ 51,449,787	$ 50,521,305	$ 42,792,829
d.	Ending reserves	$296,075,586	$309,775,676	$293,794,224	$305,100,919	$313,103,886

NOTES TO FINANCIAL STATEMENTS

2. Assumed Reinsurance -

		2015	2016	2017	2018	2019
a.	Beginning reserves*:	$114,650,433	$110,629,195	$102,379,798	$106,123,072	$ 99,250,938
b.	Incurred losses and LAE	$ 2,347,282	$ (990,769)	$ 10,133,332	$ (928,837)	$(2,976,246)
c.	Calendar year payments	$ 6,368,520	$ 7,497,952	$ 6,390,058	$ 5,943,296	$ 5,128,533
d.	Ending reserves	$110,629,195	$102,140,474	$106,123,072	$ 99,250,938	$ 91,146,159

*Includes Ironshore acquisition in 2017

3. Net of Ceded Reinsurance -

		2015	2016	2017	2018	2019
a.	Beginning reserves:	$183,609,562	$136,319,699	$134,401,350	$135,018,211	$155,900,042
b.	Incurred losses and LAE	$ 1,226,385	$ 12,457,723	$ 17,174,416	$ 40,154,814	$ 50,041,909
c.	Calendar year payments	$ 48,516,249	$ 14,376,071	$ 16,557,555	$ 19,272,983	$ 37,007,704
d.	Ending reserves	$136,319,698	$134,401,351	$135,018,211	$155,900,042	$168,934,247

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

a.	Direct Basis	$215,170,076
b.	Assumed Reinsurance Basis	$ 64,851,503
c.	Net of Ceded Reinsurance Basis	$114,393,486

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

a.	Direct Basis	$189,466,832
b.	Assumed Reinsurance Basis	$ 2,747,880
c.	Net of Ceded Reinsurance Basis	$ 85,591,515

Environmental

1. Direct -

		2015	2016	2017	2018	2019
a.	Beginning reserves:	$ 84,120,655	$ 72,473,475	$74,540,119	$ 77,278,927	$82,884,918
b.	Incurred losses and LAE	$ 5,896,123	$ 16,049,777	$12,864,268	$ 21,840,598	$22,383,912
c.	Calendar year payments	$ 17,543,303	$ 13,983,133	$10,125,460	$ 16,234,606	$16,647,892
d.	Ending reserves	$ 72,473,475	$ 74,540,119	$77,278,927	$ 82,884,918	$88,620,938

2. Assumed Reinsurance -

		2015	2016	2017	2018	2019
a.	Beginning reserves*:	$ 12,086,120	$ 8,758,274	$ 8,342,342	$ 10,172,370	$ 8,996,828
b.	Incurred losses and LAE	$(1,961,600)	$ (32,950)	$ 2,427,043	$ (164,236)	$ 690,934
c.	Calendar year payments	$ 1,366,246	$ 814,304	$ 597,016	$ 1,011,305	$ 1,157,565
d.	Ending reserves	$ 8,758,274	$ 7,911,020	$10,172,369	$ 8,996,828	$ 8,530,197

*Includes Ironshore acquisition in 2017

3. Net of Ceded Reinsurance -

		2015	2016	2017	2018	2019
a.	Beginning reserves:	$ 59,774,827	$ 52,422,999	$51,207,253	$ 55,030,502	$56,499,683
b.	Incurred losses and LAE	$ 63,620	$ 9,821,199	$10,195,302	$ 9,993,610	$17,224,014
c.	Calendar year payments	$ 7,415,448	$ 11,036,945	$ 6,372,052	$ 8,524,429	$12,157,044
d.	Ending reserves	$ 52,422,999	$ 51,207,253	$55,030,503	$ 56,499,683	$61,566,654

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

a.	Direct Basis	$55,054,396
b.	Assumed Reinsurance Basis	$ 4,178,463
c.	Net of Ceded Reinsurance Basis	$34,142,792

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

a.	Direct Basis	$42,125,516
b.	Assumed Reinsurance Basis	$ 916,056
c.	Net of Ceded Reinsurance Basis	$27,249,158

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 [X] No [ ]

If yes, complete Schedule Y, Parts 1, 1A and 2.

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State Regulating? New Hampshire

1.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes [ ] No [X]

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 [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2018

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2013

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/20/2015

3.4 By what department or departments?
State of New Hampshire Insurance Department

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [ ] No [ ] N/A [X]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [ ] No [ ] N/A [X]

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 [X] No [ ]
4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [ ] No [X]
4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

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

GENERAL INTERROGATORIES

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

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

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

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control. ____________ %

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

1 Nationality	2 Type of Entity

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

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

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Stephanie Neyenhouse FCAS, MAAA
175 Berkeley Street, Boston, MA 02116
Vice President and Chief Actuary, Liberty Mutual Group Inc.

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

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

12.2 If yes, provide explanation:

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

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

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

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

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

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules, and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code. Yes [X] No [ ]

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

GENERAL INTERROGATORIES

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

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

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

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

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

20.11 To directors or other officers $ ________

20.12 To stockholders not officers $ ________

20.13 Trustees, supreme or grand (Fraternal only) $ ________

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

20.21 To directors or other officers $ ________

20.22 To stockholders not officers $ ________

20.23 Trustees, supreme or grand (Fraternal only) $ ________

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

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

21.21 Rented from others $ ________

21.22 Borrowed from others $ ________

21.23 Leased from others $ ________

21.24 Other $ ________

GENERAL INTERROGATORIES

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

22.2 If answer is yes:

22.21	Amount paid as losses or risk adjustment	$
22.22	Amount paid as expenses	$
22.23	Other amounts paid	$

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] 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 [X] No [ ]

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

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
The Company participates in a Securities Lending Program to generate additional income, whereby certain fixed income and mortgage backed securities are loaned for a period of time from the Company's portfolio to qualifying third parties, via a lending agent. The company does not participate in term loans; therefore, the company does not have contractual collateral transactions that extend beyond one year from the reporting date. Borrowers of these securities provide collateral equal to or in excess of

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [X] No [ ] N/A [ ]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. $ 311,610,228

24.06 If answer to 24.04 is no, report amount of collateral for other programs. $

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [X] No [ ] N/A [ ]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [X] No [ ] N/A [ ]

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [X] No [ ] N/A [ ]

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101	Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	$ 197,227,840
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	$ 197,227,840
24.103	Total payable for securities lending reported on the liability page	$ 197,227,840

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No [ ]

GENERAL INTERROGATORIES

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

25.21	Subject to repurchase agreements	$
25.22	Subject to reverse repurchase agreements	$
25.23	Subject to dollar repurchase agreements	$
25.24	Subject to reverse dollar repurchase agreements	$
25.25	Placed under option agreements	$
25.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	$
25.27	FHLB Capital Stock	$ 4,640,400
25.28	On deposit with states	$ 474,608,464
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 [X] No [ ]

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

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

26.3 Does the reporting entity utilize derivatives to hedge variable annuity guaantees 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 rporting 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 [X]

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

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

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

1 Name Firm or Individual	2 Affiliation
Liberty Mutual Group Asset Management Inc.	A
Liberty Mutual Investment Advisors, LLC	A
StanCorp	U
Prudential Mortgage Capital Company	U
Napier Park Global Capital	U

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

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

28.06 For those firms or individuals listed in the table 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Name Firm or Individual	2 Central Registration Depository Number	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
N/A	Liberty Mutual Group	N/A	N/A	DS
N/A	Liberty Mutual Invest	N/A	N/A	DS
N/A	StanCorp	N/A	N/A	DS
N/A	Prudential Mortgage	N/A	N/A	DS
N/A	Napier Park Global C	N/A	SEC	DS

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

GENERAL INTERROGATORIES

29.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	10,685,848,060	11,009,170,737	323,322,677
30.2 Preferred stocks	4,340,000	4,340,000	
30.3 Totals	10,690,188,060	11,013,510,737	323,322,677

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

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

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

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [X] No [ ]

32.2 If no, list exceptions:

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

a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.

b. Issuer or obligor is current on all contracted interest and principal payments.

c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

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

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

a. The security was purchased prior to January 1, 2018.

GENERAL INTERROGATORIES

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

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

35. By assigning FE to a Schedule BA non-registered private fund, the rporting 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 porfolio.
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? $ 12,510,419

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

1 Name	2 Amount Paid
INSURANCE SERVICES OFFICE INC	$ 3,590,006
	$
	$

37.1 Amount of payments for legal expenses, if any? $ 11,743,357

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? $ 740,228

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 Current Year	2 Prior Year
2.1	Premium Numerator	$ 47,476,324	$ 35,624,858
2.2	Premium Denominator	$ 6,382,893,152	$ 6,215,353,892
2.3	Premium Ratio (2.1 / 2.2)	0.01	0.01
2.4	Reserve Numerator	$ 39,311,789	$ 34,258,683
2.5	Reserve Denominator	$ 11,838,693,687	$ 11,224,399,990
2.6	Reserve Ratio (2.4 / 2.5)	0.00	0.00

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

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

3.21 Participating policies $ 282,768

3.22 Non-participating policies $ 90,887,872

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

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

5.5 If yes, give full information

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

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
The Company employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property and worker's compensation exposures, we utilize RMS's RiskLink v17.0 and AIR's Touchstone v6.2 software. For workers' compensation, Liberty Mutual utilizes RiskLink v17.0 from RMS.

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
The Company purchases a combination of quota share reinsurance, per risk excess of loss reinsurance, excess of loss per event catastrophe reinsurance and aggregate programs.

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [ ] No [X]

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss
The Company purchases aggregate coverage to substantially replace nonreinstated catastrophe layers.

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] No [X]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions.

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ]

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]

8.2 If yes, give full information

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [ ] No [X]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 37 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or, Yes [ ] No [X]
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [X]
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [X] No [ ]

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [ ] N/A [ ]

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes [ ] No [X]

11.2 If yes, give full information

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

12.11 Unpaid losses $ 15,563,015

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 9,894,702

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? $ 1,708,964

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [X] N/A [ ]

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

12.41 From %

12.42 To %

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [X] No [ ]

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

12.61 Letters of Credit $ 622,184,611

12.62 Collateral and other funds $ 159,863,571

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 279,085,502

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No [X]

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [X] No [ ]

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

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [X]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [X] No [ ]

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

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [ ] No [X]

15.2 If yes, give full information

16.1 Does the reporting entity write any warranty business? Yes [ ] No [X]
If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:

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 adminstered as of the reporting date. $

19. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [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 2019	2 2018	3 2017	4 2016	5 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)	2,817,647,371	2,838,606,106	2,794,974,938	2,550,961,307	2,468,723,946
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,547,360,709	1,512,059,273	1,093,569,069	1,069,846,479	1,023,190,817
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,845,059,200	1,793,918,855	1,795,393,818	1,781,517,889	1,762,534,662
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	263,331,180	231,224,475	186,321,381	160,546,601	171,189,711
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	71,448,075	105,415,932	70,903,896	59,215,368	75,807,155
6. Total (Line 35)	6,544,846,535	6,481,224,641	5,941,163,102	5,622,087,644	5,501,446,291
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)	2,787,993,574	2,801,491,001	2,708,785,716	2,424,096,345	2,317,395,447
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,526,099,145	1,482,795,973	1,038,170,752	995,774,202	942,160,710
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,805,123,640	1,745,549,751	1,706,157,469	1,660,528,609	1,620,264,228
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	263,011,462	230,941,186	186,024,484	160,158,540	170,807,596
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	71,448,075	105,415,932	70,903,896	59,215,368	75,807,155
12. Total (Line 35)	6,453,675,896	6,366,193,843	5,710,042,317	5,299,773,064	5,126,435,136
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(233,116,864)	24,169,475	(565,400,690)	(154,101,506)	22,670,301
14. Net investment gain (loss) (Line 11)	566,473,451	479,595,988	444,839,479	294,951,291	362,009,012
15. Total other income (Line 15)	28,897,699	(68,617,227)	35,696,828	16,547,703	5,190,303
16. Dividends to policyholders (Line 17)	2,506,345	3,288,233	2,718,709	3,553,953	3,871,075
17. Federal and foreign income taxes incurred (Line 19)	57,970,753	27,294,774	(32,825,742)	(444,275)	81,373,822
18. Net income (Line 20)	301,777,188	404,565,229	(54,757,350)	154,287,810	304,624,719
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	16,337,285,738	15,491,097,520	14,599,952,771	13,330,782,532	13,172,391,683
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	373,962,348	338,754,005	325,704,914	272,454,681	274,945,325
20.2 Deferred and not yet due (Line 15.2)	1,472,554,172	1,433,931,999	1,390,216,204	1,318,063,208	1,238,871,856
20.3 Accrued retrospective premiums (Line 15.3)	59,340,971	69,312,410	77,890,669	79,865,831	78,798,556
21. Total liabilities excluding protected cell business (Page 3, Line 26)	12,183,162,131	11,775,147,264	11,151,500,179	9,791,896,798	9,855,641,908
22. Losses (Page 3, Line 1)	7,152,830,843	6,692,963,649	6,556,638,192	5,713,187,726	5,595,335,919
23. Loss adjustment expenses (Page 3, Line 3)	1,460,310,685	1,373,120,082	1,306,854,399	1,180,363,203	1,171,519,559
24. Unearned premiums (Page 3, Line 9)	3,202,858,595	3,140,571,781	3,001,261,836	2,771,889,321	2,632,208,126
25. Capital paid up (Page 3, Lines 30 & 31)	8,848,635	8,848,635	8,848,635	8,848,635	8,848,635
26. Surplus as regards policyholders (Page 3, Line 37)	4,154,123,608	3,715,950,256	3,448,452,589	3,538,885,731	3,316,749,774
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	812,121,864	813,942,713	409,272,753	346,190,330	400,708,494
Risk-Based Capital Analysis					
28. Total adjusted capital	4,154,123,608	3,715,950,256	3,448,452,589	3,538,885,731	3,316,749,774
29. Authorized control level risk-based capital	892,253,313	835,703,539	784,233,431	669,897,856	620,712,211
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)	77.1	75.7	75.2	76.2	73.5
31. Stocks (Lines 2.1 & 2.2)	8.8	9.6	8.6	11.4	13.0
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	4.4	3.6	3.5	3.0	2.9
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
34. Cash, cash equivalents and short-term investments (Line 5)	(0.0)	0.0	2.0	0.6	2.0
35. Contract loans (Line 6)					
36. Derivatives (Line 7)	0.0			0.0	
37. Other invested assets (Line 8)	8.1	7.7	8.2	7.6	6.9
38. Receivables for securities (Line 9)	0.2	0.2	0.1	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	1.4	3.2	2.3	1.1	1.6
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)	463,364,609	666,696,152	650,301,272	657,041,737	652,526,640
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)			329,486,669		
46. Affiliated mortgage loans on real estate					
47. All other affiliated	731,493,882	670,721,786	670,706,129	560,127,029	520,132,436
48. Total of above Lines 42 to 47	1,194,858,491	1,337,417,938	1,650,494,070	1,217,168,766	1,172,659,076
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)	28.8	36.0	47.9	34.4	35.4

FIVE – YEAR HISTORICAL DATA
(Continued)

	1 2019	2 2018	3 2017	4 2016	5 2015
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	93,982,259	(93,156,196)	3,941,355	73,870,444	(14,033,120)
52. Dividends to stockholders (Line 35)					
53. Change in surplus as regards policyholders for the year (Line 38)	438,173,350	267,497,666	(90,433,141)	222,135,955	257,832,866
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)	1,684,647,433	1,672,320,289	1,389,930,959	1,513,187,926	1,477,764,977
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	867,715,195	835,183,547	630,499,078	608,458,912	543,732,520
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,019,739,495	1,024,190,937	988,471,761	874,492,556	897,134,583
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	64,280,506	36,801,146	24,342,621	3,732,913	48,002,004
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	18,202,188	37,784,326	22,870,923	15,796,325	22,933,980
59. Total (Line 35)	3,654,584,817	3,606,280,245	3,056,115,342	3,015,668,632	2,989,568,064
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)	1,615,512,157	1,591,164,296	1,288,950,448	1,401,028,500	1,345,043,988
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	856,657,451	817,246,841	602,088,428	575,740,853	503,264,692
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	981,235,538	958,446,837	924,577,917	807,636,049	800,078,156
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	64,279,039	36,740,980	24,198,953	3,657,904	47,770,900
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	18,202,188	37,784,326	22,870,923	15,796,325	22,933,980
65. Total (Line 35)	3,535,886,373	3,441,383,280	2,862,686,669	2,803,859,631	2,719,091,716
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)	62.5	57.8	66.0	56.6	55.6
68. Loss expenses incurred (Line 3)	12.6	12.2	13.5	13.2	12.7
69. Other underwriting expenses incurred (Line 4)	28.6	29.6	30.8	33.1	31.2
70. Net underwriting gain (loss) (Line 8)	(3.6)	0.4	(10.3)	(3.0)	0.5
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	27.8	30.0	29.0	32.0	30.3
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	75.1	70.0	79.5	69.8	68.4
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	155.4	171.3	165.6	149.8	154.6
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)	173,197	(143,135)	176,052	42,035	(33,651)
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)	4.7	(4.2)	5.0	1.3	(1.1)
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)	13,831	78,339	189,244	(17,386)	(38,849)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	0.4	2.2	5.7	(0.6)	(1.4)

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

If no, please explain:

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

($000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
				Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported Direct and Assumed
1. Prior	X X X	X X X	X X X	142,213	46,325	50,845	6,029	9,166	932	1,716	148,938	X X X
2. 2010	5,130,223	997,191	4,133,032	2,927,894	534,036	229,602	30,279	402,722	2,462	168,898	2,993,441	X X X
3. 2011	5,423,160	1,194,787	4,228,373	3,280,516	667,080	245,773	42,322	407,334	2,887	210,818	3,221,334	X X X
4. 2012	5,857,599	1,294,077	4,563,522	3,344,964	711,402	252,692	45,997	421,219	2,594	243,366	3,258,882	X X X
5. 2013	6,184,390	1,393,147	4,791,243	3,158,492	700,065	231,060	38,421	418,444	3,637	193,585	3,065,873	X X X
6. 2014	6,342,503	1,403,690	4,938,813	3,197,661	699,132	220,725	30,639	410,563	4,637	159,497	3,094,541	X X X
7. 2015	6,550,773	1,520,762	5,030,011	3,300,790	746,933	210,487	26,052	408,890	4,863	213,281	3,142,319	X X X
8. 2016	6,720,103	1,525,047	5,195,056	3,305,667	741,466	171,719	21,887	418,189	8,593	125,752	3,123,629	X X X
9. 2017	7,042,768	1,525,375	5,517,393	3,555,713	830,725	129,323	16,464	407,727	2,727	124,477	3,242,847	X X X
10. 2018	7,359,237	1,143,879	6,215,358	2,997,827	491,640	74,720	5,676	389,804	320	149,932	2,964,715	X X X
11. 2019	7,604,449	1,213,407	6,391,042	2,197,673	453,038	28,444	2,475	298,328	175	115,970	2,068,757	X X X
12. Totals	X X X	X X X	X X X	31,409,410	6,621,842	1,845,390	266,241	3,992,386	33,827	1,707,292	30,325,276	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1. Prior	1,131,279	416,265	833,593	320,665	68,957	41,474	293,525	113,117	23,566	51	6,284	1,459,348	X X X
2. 2010	70,682	15,363	116,752	7,314	2,856	611	13,111	1,149	4,975		1,132	183,939	X X X
3. 2011	75,303	13,638	129,202	6,885	2,961	592	23,919	1,186	4,428		1,912	213,512	X X X
4. 2012	101,560	22,397	191,146	18,017	5,476	1,337	35,453	2,233	5,780		3,288	295,431	X X X
5. 2013	110,531	28,386	205,023	28,656	8,138	2,892	36,800	3,608	16,486		3,985	313,436	X X X
6. 2014	146,480	38,718	149,809	29,489	6,695	1,558	41,273	4,354	12,461		4,530	282,599	X X X
7. 2015	204,641	38,468	188,324	45,097	11,494	1,436	53,176	5,136	16,756	5	14,853	384,249	X X X
8. 2016	307,527	47,897	201,591	66,533	18,127	2,576	72,455	7,952	35,121	16	12,659	509,847	X X X
9. 2017	513,872	56,002	412,688	117,293	25,095	4,323	126,255	11,671	54,793	2	56,015	943,412	X X X
10. 2018	644,686	94,623	774,354	100,457	17,229	2,021	175,946	13,578	76,230	3	76,261	1,477,763	X X X
11. 2019	817,312	102,291	1,625,686	184,767	14,858	1,424	231,081	12,266	161,400		114,631	2,549,589	X X X
12. Totals	4,123,873	874,048	4,828,168	925,173	181,886	60,244	1,102,994	176,250	411,996	77	295,550	8,613,125	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	1,227,942	231,406
2. 2010	3,768,594	591,214	3,177,380	73.459	59.288	76.878			20.000	164,757	19,182
3. 2011	4,169,436	734,590	3,434,846	76.882	61.483	81.233			20.000	183,982	29,530
4. 2012	4,358,290	803,977	3,554,313	74.404	62.127	77.885			20.000	252,292	43,139
5. 2013	4,184,974	805,665	3,379,309	67.670	57.831	70.531			20.000	258,512	54,924
6. 2014	4,185,667	808,527	3,377,140	65.994	57.600	68.380			20.000	228,082	54,517
7. 2015	4,394,558	867,990	3,526,568	67.085	57.076	70.111			20.000	309,400	74,849
8. 2016	4,530,396	896,920	3,633,476	67.416	58.813	69.941			20.000	394,688	115,159
9. 2017	5,225,466	1,039,207	4,186,259	74.196	68.128	75.874			20.000	753,265	190,147
10. 2018	5,150,796	708,318	4,442,478	69.991	61.922	71.476			20.000	1,223,960	253,803
11. 2019	5,374,782	756,436	4,618,346	70.679	62.340	72.263			20.000	2,155,940	393,649
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	7,152,820	1,460,305

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)										DEVELOPMENT	
	1 2010	2 2011	3 2012	4 2013	5 2014	6 2015	7 2016	8 2017	9 2018	10 2019	11 One Year	12 Two Year
1. Prior	4,597,212	4,650,292	4,671,058	4,774,460	4,799,162	4,813,751	4,824,823	4,854,788	4,763,247	4,823,225	59,978	(31,563)
2. 2010	2,747,295	2,746,512	2,758,413	2,789,237	2,762,040	2,763,557	2,762,190	2,767,093	2,768,827	2,778,379	9,552	11,286
3. 2011	XXX	2,998,130	2,996,963	3,009,785	3,009,927	3,007,995	3,012,351	3,019,990	3,021,801	3,030,980	9,179	10,990
4. 2012	XXX	XXX	3,121,313	3,144,849	3,115,550	3,097,331	3,109,584	3,120,498	3,133,141	3,134,564	1,423	14,066
5. 2013	XXX	XXX	XXX	2,909,843	2,941,107	2,920,406	2,919,802	2,949,229	2,954,617	2,952,236	(2,381)	3,007
6. 2014	XXX	XXX	XXX	XXX	2,943,847	2,935,469	2,926,561	2,958,752	2,957,107	2,962,704	5,597	3,952
7. 2015	XXX	XXX	XXX	XXX	XXX	3,027,241	3,052,865	3,084,643	3,063,956	3,109,408	45,452	24,765
8. 2016	XXX	XXX	XXX	XXX	XXX	XXX	3,145,528	3,174,760	3,169,365	3,191,919	22,554	17,159
9. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,770,459	3,725,033	3,730,628	5,595	(39,831)
10. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,962,539	3,978,787	16,248	XXX
11. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,160,902	XXX	XXX
										12. Totals	173,197	13,831

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2010	2 2011	3 2012	4 2013	5 2014	6 2015	7 2016	8 2017	9 2018	10 2019		
1. Prior	000	971,112	1,651,914	2,118,808	2,464,698	2,727,038	2,900,369	3,044,352	3,166,123	3,306,827	XXX	XXX
2. 2010	1,155,268	1,748,777	2,050,303	2,271,394	2,408,489	2,483,720	2,529,825	2,555,894	2,577,270	2,593,181	XXX	XXX
3. 2011	XXX	1,364,654	1,928,754	2,252,773	2,479,843	2,625,203	2,713,654	2,755,682	2,793,390	2,816,887	XXX	XXX
4. 2012	XXX	XXX	1,340,948	2,013,913	2,321,624	2,534,305	2,674,978	2,749,880	2,805,572	2,840,257	XXX	XXX
5. 2013	XXX	XXX	XXX	1,263,853	1,869,804	2,166,112	2,386,488	2,509,306	2,603,013	2,651,066	XXX	XXX
6. 2014	XXX	XXX	XXX	XXX	1,343,278	1,933,214	2,233,266	2,419,723	2,598,179	2,688,615	XXX	XXX
7. 2015	XXX	XXX	XXX	XXX	XXX	1,391,561	2,011,898	2,298,092	2,575,114	2,738,292	XXX	XXX
8. 2016	XXX	XXX	XXX	XXX	XXX	XXX	1,477,285	2,076,956	2,450,634	2,714,033	XXX	XXX
9. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,600,629	2,447,131	2,837,847	XXX	XXX
10. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,705,334	2,575,231	XXX	XXX
11. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,770,604	XXX	XXX

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)									
	1 2010	2 2011	3 2012	4 2013	5 2014	6 2015	7 2016	8 2017	9 2018	10 2019
1. Prior	2,165,233	1,688,823	1,308,209	1,216,079	1,068,324	959,904	904,672	875,631	735,604	712,316
2. 2010	987,043	552,409	374,900	284,122	194,603	159,094	139,268	131,491	120,847	123,353
3. 2011	XXX	985,669	605,899	418,574	282,977	219,106	182,604	169,568	147,740	147,256
4. 2012	XXX	XXX	1,141,900	657,320	452,281	334,412	269,701	245,833	219,944	208,663
5. 2013	XXX	XXX	XXX	1,078,589	627,883	445,908	318,862	283,590	237,302	211,871
6. 2014	XXX	XXX	XXX	XXX	1,024,788	599,207	403,729	294,632	195,098	160,440
7. 2015	XXX	XXX	XXX	XXX	XXX	1,047,740	615,335	435,363	242,348	193,500
8. 2016	XXX	XXX	XXX	XXX	XXX	XXX	1,085,962	616,243	350,951	202,262
9. 2017	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,437,497	671,865	413,051
10. 2018	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,506,119	836,903
11. 2019	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,661,266

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

	States, Etc.	1 Active Status (a)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	 3 Direct Premiums Earned	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)
1.	Alabama AL	L					(92,992)	3,790		
2.	Alaska AK	L					(317,048)			
3.	Arizona AZ	L	13,104	30,415		(397)	(61,788)	5,452	2,083	
4.	Arkansas AR	L	2,600	66,751		(539)	(11,652)	414,547	1,367	
5.	California CA	L	26,166,619	26,898,197		33,357,005	19,835,452	50,941,171	5,483,291	
6.	Colorado CO	L		40		390	(32,126)	11,494		
7.	Connecticut CT	L	283,433	452,620	11,455	3,455,778	(893,312)	19,010,547	79,864	
8.	Delaware DE	L	1,234,522	1,881,424		842,832	104,402	3,640,779	545,428	
9.	District of Columbia DC	L	116,766	129,119		5,406	(214,645)	128,072	33,402	
10.	Florida FL	L	11,082	10,282			(234,339)	375,502		
11.	Georgia GA	L	3,681,806	2,702,974		509,135	682,253	2,508,155	1,617,811	
12.	Hawaii HI	N								
13.	Idaho ID	L								
14.	Illinois IL	L	2,719,656	2,868,547		1,100,943	1,372,485	5,651,344	1,182,893	
15.	Indiana IN	L	8,330,084	7,066,319		3,060,965	4,267,681	15,798,276	3,695,132	
16.	Iowa IA	L	4,851	4,246			(293,477)	1,338,639	947	
17.	Kansas KS	L	535,658	333,405		32,468	(112,441)	574,250	112,331	
18.	Kentucky KY	L	2,959,241	3,012,457		1,265,496	1,014,014	4,868,345	885,778	
19.	Louisiana LA	L	65,441	52,585		1,529,544	664,150	1,766,632	9,302	
20.	Maine ME	L	19,253,549	21,365,462		13,346,256	9,070,776	17,828,298	600,864	
21.	Maryland MD	L	627,161	854,043		1,213,763	419,218	9,229,363	200,610	
22.	Massachusetts MA	L	675,239	1,138,136		4,622,442	(924,999)	29,822,585	228,603	
23.	Michigan MI	L	17,805	30,635		82,445	(103,892)	2,478,785	5,956	
24.	Minnesota MN	L	582,426	430,982		100,609	119,349	3,860,713	219,004	
25.	Mississippi MS	L					(67,649)			
26.	Missouri MO	L	77,797	172,338		1,052,268	620,091	1,554,469	13,410	
27.	Montana MT	L					(146,586)	1,057,241		
28.	Nebraska NE	L	32,148	16,607			(43,395)	398,287	9,446	
29.	Nevada NV	L	4,971	5,017			466	466	2,722	
30.	New Hampshire NH	L	706,057	1,052,789	49,157	1,479,128	344,362	31,894,066	206,197	
31.	New Jersey NJ	Q					(4,499)	9,643		
32.	New Mexico NM	L	420	420			(269,988)	567,866		
33.	New York NY	L	1,227,917	947,736	135,838	30,934,206	2,212,870	43,179,524	618,379	
34.	North Carolina NC	L	1,614,323	1,840,251		777,421	(128,747)	4,155,177	408,818	
35.	North Dakota ND	L					50,362	474,873		
36.	Ohio OH	L	1,057,579	1,178,802		128,411	(66,598)	1,083,391	210,968	
37.	Oklahoma OK	L	13,767	90,439		411,090	115,792	7,015,239	4,250	
38.	Oregon OR	L					(7,240)	10,533		
39.	Pennsylvania PA	L	2,743,007	3,467,285		4,374,404	3,387,932	30,457,289	666,536	
40.	Rhode Island RI	L	13,131,624	14,197,031	8,320	9,119,333	7,041,732	9,209,285	261,828	
41.	South Carolina SC	L	480,864	571,436		2,162,690	(1,596,763)	8,462,641	200,236	
42.	South Dakota SD	L					10,412			
43.	Tennessee TN	L	1,482,142	1,730,283		416,404	44,294	2,884,311	301,637	
44.	Texas TX	L	143,269	361,918		206,847	(445,667)	1,889,187	45,612	
45.	Utah UT	L					286,455	2,709,948		
46.	Vermont VT	L	637,973	1,046,866	11,225	2,127,989	3,499,005	18,972,217	269,302	
47.	Virginia VA	L	463,649	716,284		347,161	(1,708,480)	4,220,578	117,629	
48.	Washington WA	L					(122,782)	178,612		
49.	West Virginia WV	L					157,854	173,732		
50.	Wisconsin WI	L	72,090	99,332		636,552	(197,689)	970,117	44,929	
51.	Wyoming WY	L					(3,080)			
52.	American Samoa AS	N								
53.	Guam GU	N								
54.	Puerto Rico PR	N								
55.	U.S. Virgin Islands VI	N								
56.	Northern Mariana Islands MP	N								
57.	Canada CAN	N								
58.	Aggregate Other Alien OT	XXX					3,136	8,324		
59.	Totals	(a) 49	91,170,640	96,823,473	215,995	118,698,445	47,222,669	341,793,755	18,286,565	

	DETAILS OF WRITE-INS									
58001.	ZZZ Other Alien	XXX					3,136	8,324		
58002.		XXX								
58003.		XXX								
58998.	Summary of remaining write-ins for Line 58 from overflow page	XXX								
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX					3,136	8,324		

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

(a) Active Status Counts

L – Licensed or Chartered - Licensed insurance carrier or domiciled RRG	49
E – Eligible - Reporting entities eligble or approved to write surplus lines in the state	
D - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to write surplus lines in the state of domicile	
R - Registered - Non-domiciled RRGs	
Q - Qualified - Qualified or accredited reinsurer	1
N – None of the above - Not allowed to write business in the state (other than their state of domicile - See DSLI)	7

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

*Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery

*States employee's main work place - Worker's Compensation

*Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage

*Principal Location of business or location of coverage - Liability other than Auto, Fidelity, Warranty

*Point of origin of shipment or principal location of assured - Inland Marine

*State in which employees regularly work - Group Accident and Health

*Location of Court or Obligee - Surety

*Address of Assured - Other Accident and Health

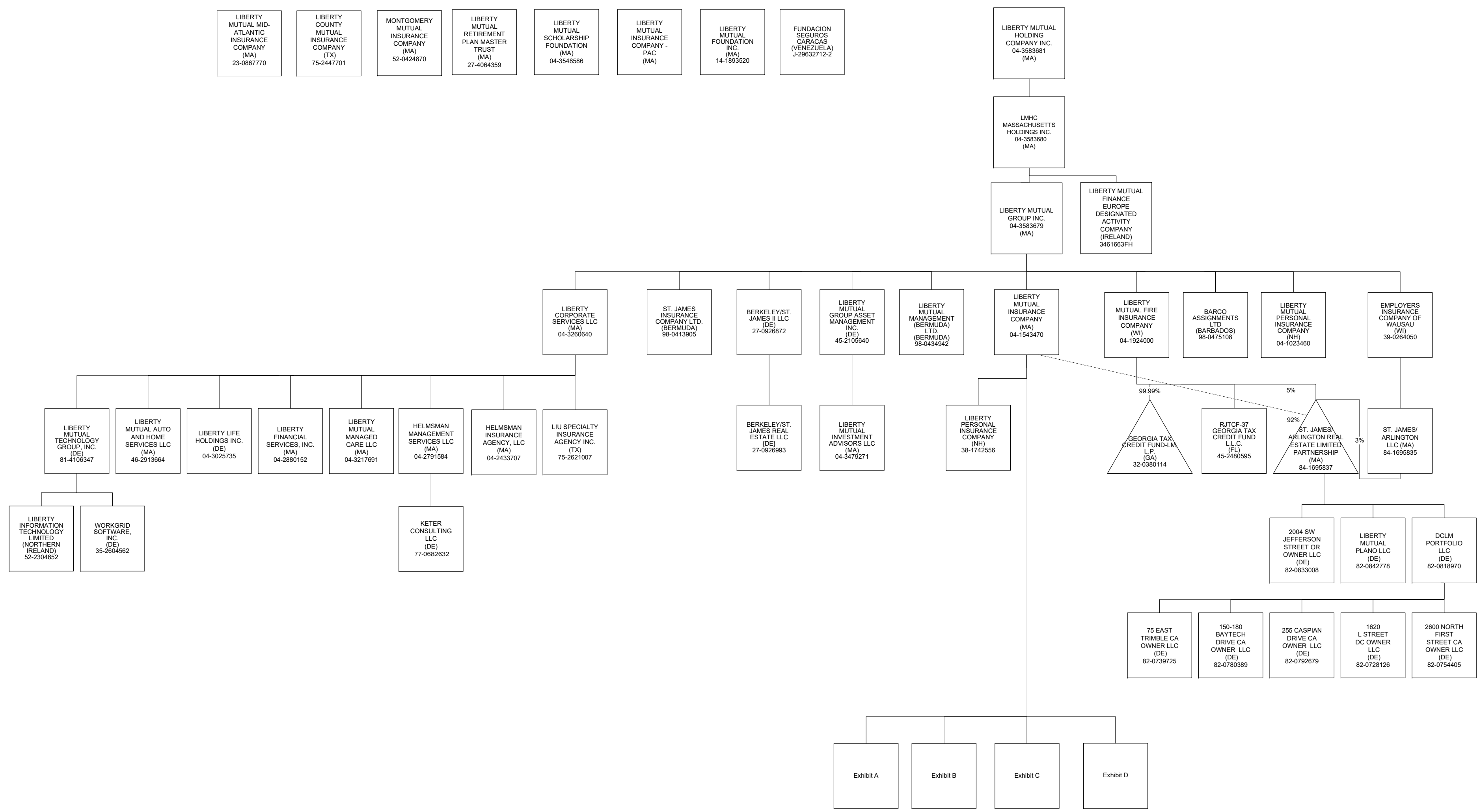
*Location of Properties covered - Burglary and Theft

*Principal Location of Assured - Ocean Marine, Credit

*Primary residence of Assured - Aircraft (all perils)

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

PART 1 - ORGANIZATIONAL CHART



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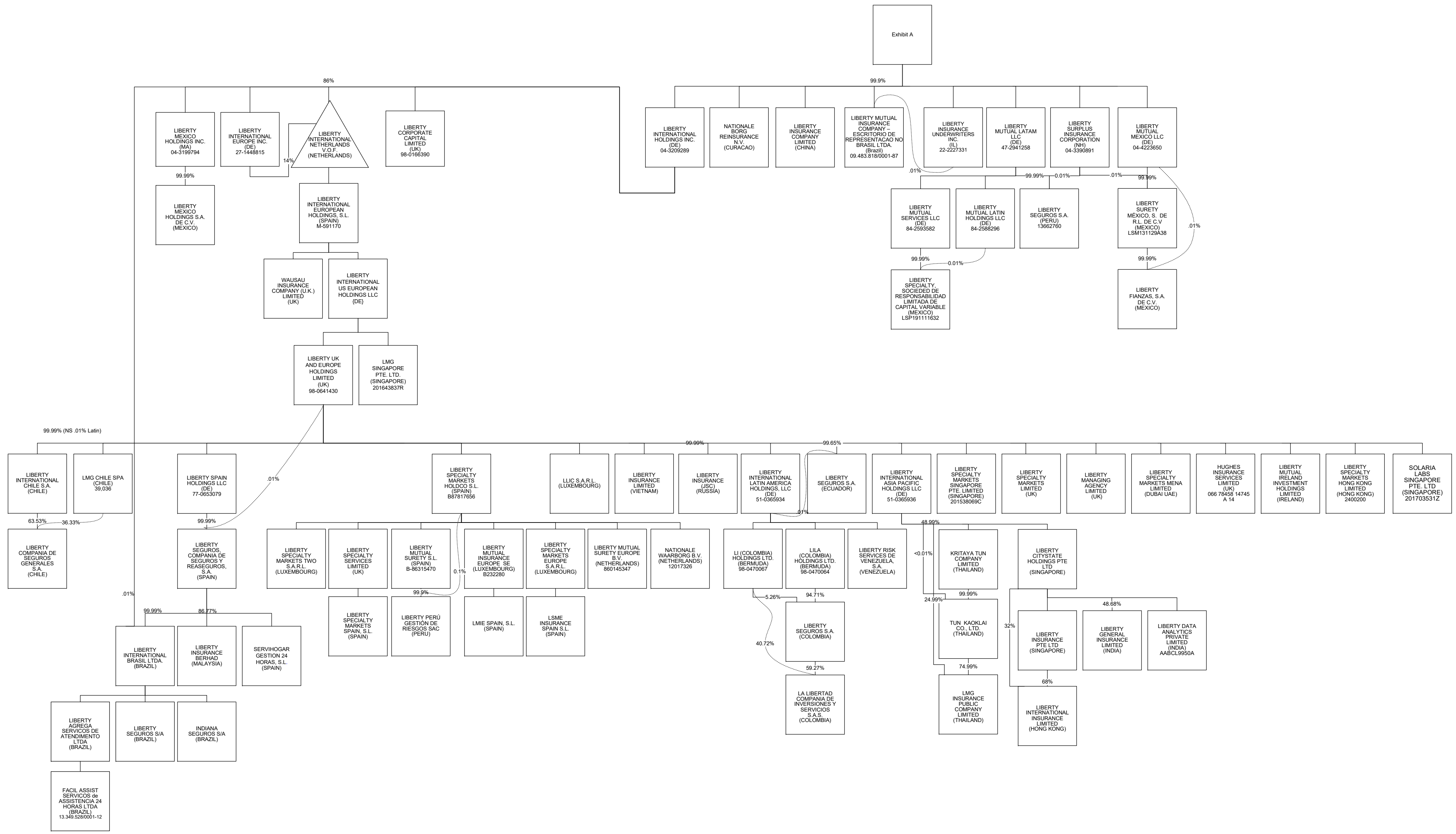

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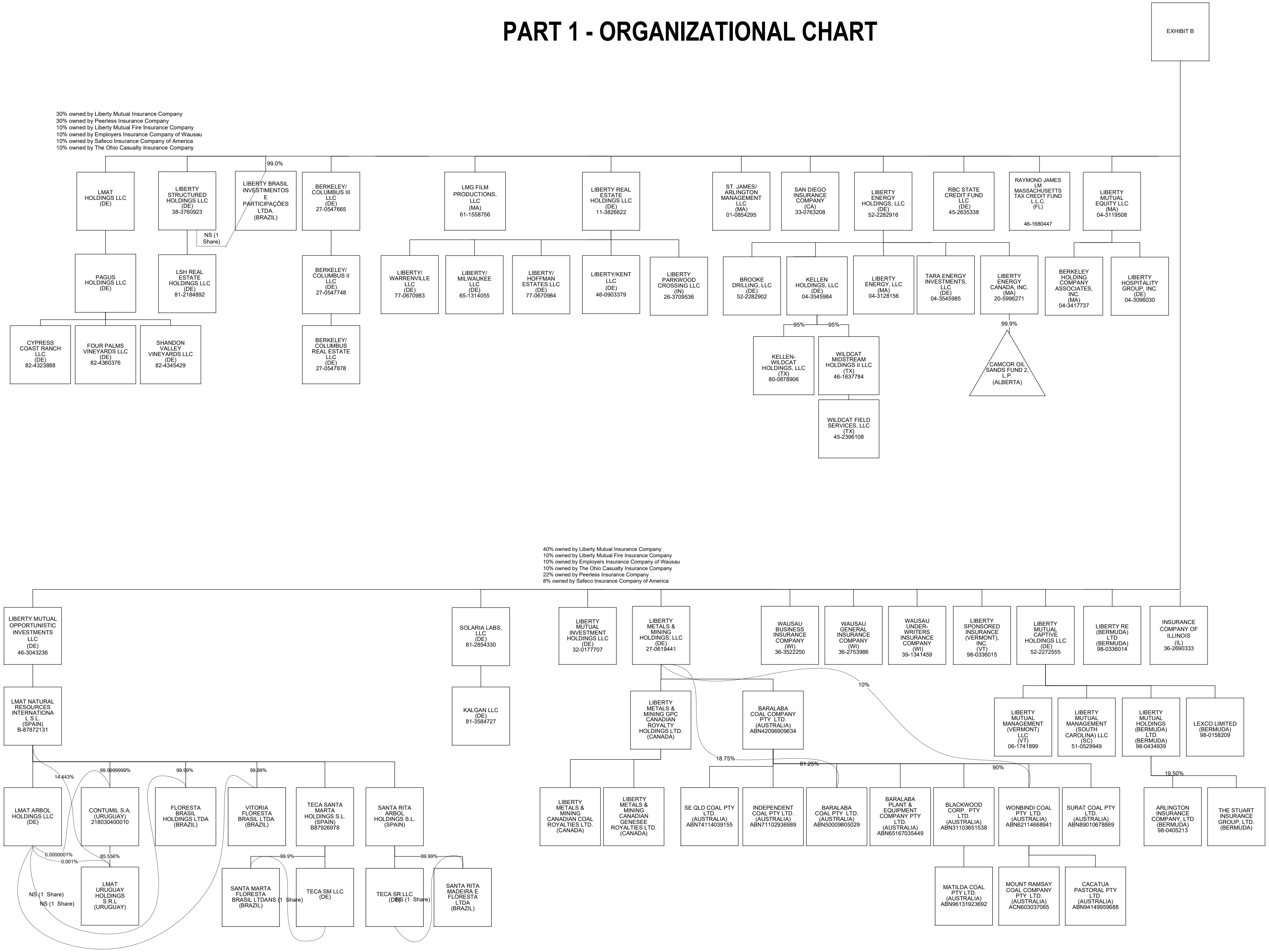

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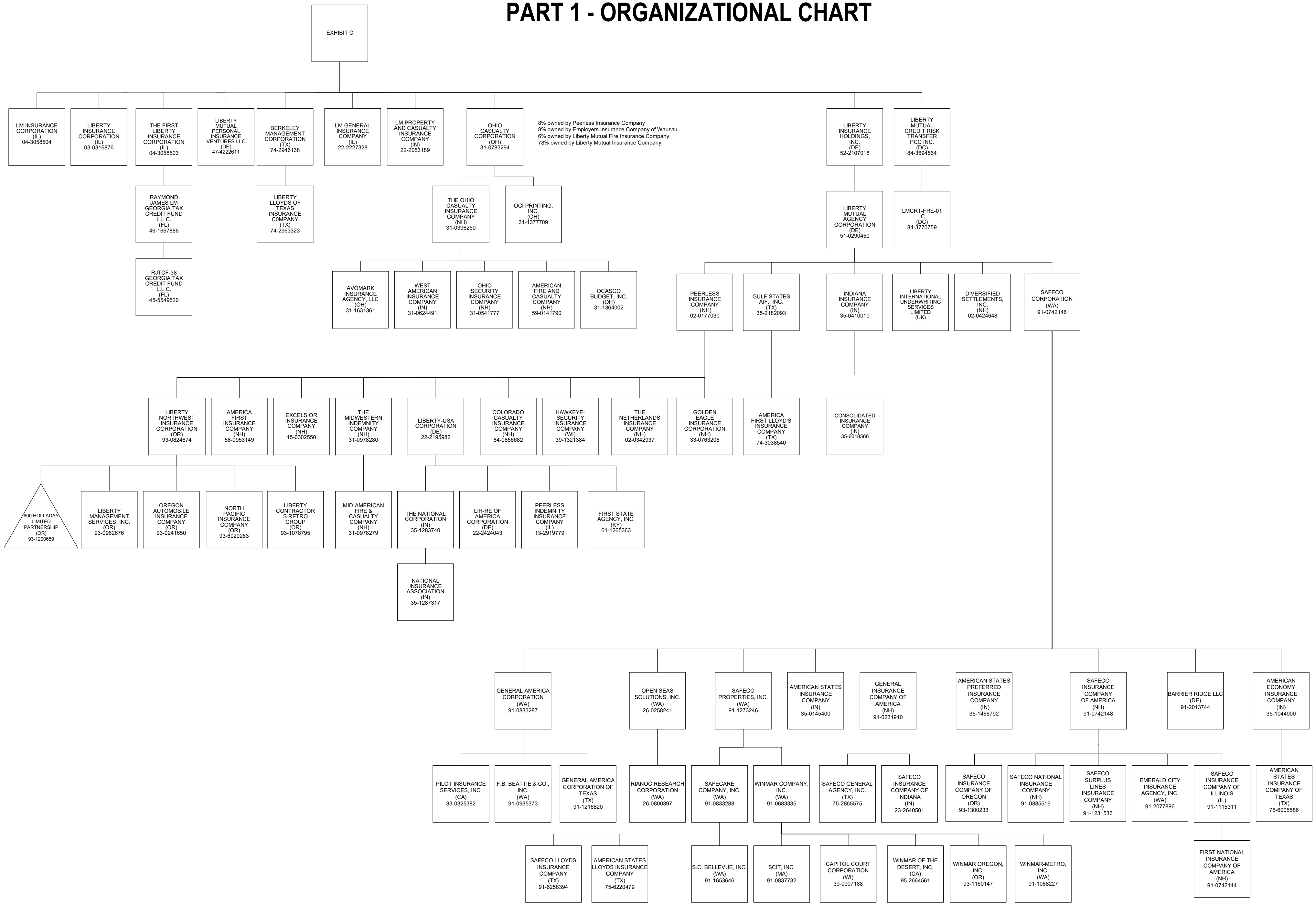

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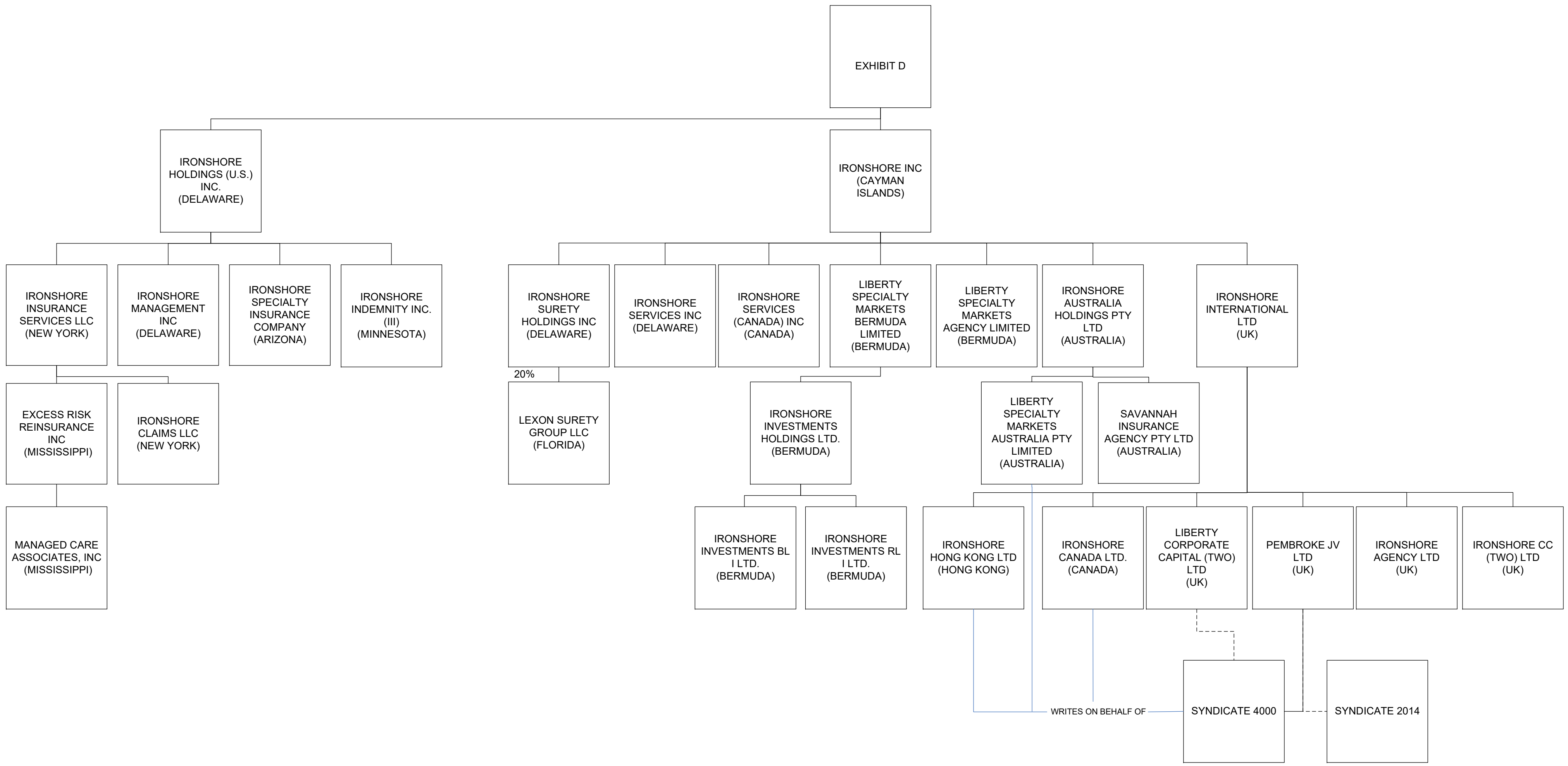

OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

ASSETS

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Other assets	21,898,125	16,119,446	5,778,679	3,955,981
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	21,898,125	16,119,446	5,778,679	3,955,981

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT