



# ANNUAL STATEMENT

## For the Year Ended December 31, 2013

### OF THE CONDITION AND AFFAIRS OF THE

# MMG Insurance Company

NAIC Group Code	0000 <small>(Current Period)</small>	0000 <small>(Prior Period)</small>	NAIC Company Code	15997	Employer's ID Number	01-0021090
Organized under the Laws of	Maine		State of Domicile or Port of Entry	Maine		
Country of Domicile	United States of America					
Incorporated/Organized	05/22/1897		Commenced Business	08/19/1897		
Statutory Home Office	44 Maysville Street <small>(Street and Number)</small>			Presque Isle, ME, US 04769 <small>(City or Town, State, Country and Zip Code)</small>		
Main Administrative Office			44 Maysville Street <small>(Street and Number)</small>			
	Presque Isle, ME, US 04769 <small>(City or Town, State, Country and Zip Code)</small>			(207)764-6611 <small>(Area Code) (Telephone Number)</small>		
Mail Address	P.O. Box 729 <small>(Street and Number or P.O. Box)</small>			Presque Isle, ME, US 04769 <small>(City or Town, State, Country and Zip Code)</small>		
Primary Location of Books and Records			44 Maysville Street <small>(Street and Number)</small>			
	Presque Isle, ME, US 04769 <small>(City or Town, State, Country and Zip Code)</small>			(207)764-6611 <small>(Area Code) (Telephone Number)</small>		
Internet Website Address	www.mmgins.com					
Statutory Statement Contact	Michael Allen Thibodeau <small>(Name)</small>			(207)764-6611-268 <small>(Area Code)(Telephone Number)(Extension)</small>		
	mike.thibodeau@mmgins.com <small>(E-Mail Address)</small>			(207)760-3320 <small>(Fax Number)</small>		

### OFFICERS

Name	Title
Larry Martin Shaw	President/CEO
Matthew Ricker McHatten	Exec. VP/COO/Secretary
Michael Martin Young	Senior VP/CFO/Treasurer
Stephen James Gallant	Senior VP - External Operations

### OTHERS

Lynn Marie Lombard Corey Alan Graham	Pamela Jean Johnson Douglas Reed Hazlett	Timothy William Vernon	Stacy Lee Shaw
---	---	------------------------	----------------

### DIRECTORS OR TRUSTEES

John Henry Cashwell, III Chairman Dawn Hill Jon Joseph Prescott	Michael David McPherson Tom Edward Gagnon Larry Martin Shaw	Samuel Wilson Collins Jay York McCrum Lisa Marie Ventriss	Harold Anthony Dakin Donald Walker Perkins Jr.
---	---	---	---

State of       Maine        
County of       Aroostook       ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the 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.

_____ <small>(Signature)</small> <b>Larry Martin Shaw</b> _____ <small>(Printed Name)</small> 1. <b>President/CEO</b> _____ <small>(Title)</small>	_____ <small>(Signature)</small> <b>Matthew Ricker McHatten</b> _____ <small>(Printed Name)</small> 2. <b>Exec. VP/COO/Secretary</b> _____ <small>(Title)</small>	_____ <small>(Signature)</small> <b>Michael Martin Young</b> _____ <small>(Printed Name)</small> 3. <b>Senior VP/CFO/Treasurer</b> _____ <small>(Title)</small>
--	---	---

Subscribed and sworn to before me this _____ day of _____, 2014	a. Is this an original filing? b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes[X] No[ ] _____ 0 _____ 0
---	---	--

\_\_\_\_\_  
(Notary Public Signature)

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1-2)	4 Net Admitted Assets
1. Bonds (Schedule D)	120,476,170	0	120,476,170	112,964,875
2. Stocks (Schedule D)				
2.1 Preferred stocks	0	0	0	0
2.2 Common Stocks	30,331,309	0	30,331,309	22,685,648
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	0	0	0	0
3.2 Other than first liens	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances)	5,557,801	0	5,557,801	5,756,679
4.2 Properties held for the production of income (less \$.....0 encumbrances)	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances)	0	0	0	0
5. Cash (\$.....18,274,151, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....0, Schedule DA)	18,274,151	0	18,274,151	15,983,968
6. Contract loans (including \$.....0 premium notes)	0	0	0	0
7. Derivatives (Schedule DB)	0	0	0	0
8. Other invested assets (Schedule BA)	0	0	0	0
9. Receivables for securities	39,856	0	39,856	1,250,258
10. Securities Lending Reinvested Collateral Assets (Schedule DL)	0	0	0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	174,679,287	0	174,679,287	158,641,428
13. Title plants less \$.....0 charged off (for Title insurers only)	0	0	0	0
14. Investment income due and accrued	1,401,595	0	1,401,595	1,316,256
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	5,318,461	0	5,318,461	4,872,570
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)	33,330,101	0	33,330,101	30,767,904
15.3 Accrued retrospective premiums	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	1,077,170	0	1,077,170	372,140
16.2 Funds held by or deposited with reinsured companies	0	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	1,000,642	0	1,000,642	0
18.2 Net deferred tax asset	4,318,544	0	4,318,544	5,129,617
19. Guaranty funds receivable or on deposit	0	0	0	0
20. Electronic data processing equipment and software	1,608,513	1,077,242	531,271	395,272
21. Furniture and equipment, including health care delivery assets (\$.....0)	788,346	788,346	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates	386,148	0	386,148	386,148
24. Health care (\$.....0) and other amounts receivable	0	0	0	0
25. Aggregate write-ins for other than invested assets	3,934,028	648,295	3,285,733	3,243,182
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	227,842,835	2,513,883	225,328,952	205,124,517
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
28. Total (Lines 26 and 27)	227,842,835	2,513,883	225,328,952	205,124,517
<b>DETAILS OF WRITE-INS</b>				
1101.	0	0	0	0
1102.	0	0	0	0
1103.	0	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Company Cars	314,203	314,203	0	0
2502. Leasehold Improvements	2,757	2,757	0	0
2503. Prepaid Expenses	274,761	274,761	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	3,342,307	56,574	3,285,733	3,243,182
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	3,934,028	648,295	3,285,733	3,243,182

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8) .....	36,820,412	31,359,498
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....	0	0
3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....	7,953,575	7,125,275
4. Commissions payable, contingent commissions and other similar charges .....	11,601,236	10,817,443
5. Other expenses (excluding taxes, licenses and fees) .....	1,925,072	1,765,658
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	668,686	632,122
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)) .....	0	143,861
7.2 Net deferred tax liability .....	0	0
8. Borrowed money \$.....0 and interest thereon \$.....0 .....	0	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....4,897,918 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) .....	71,338,900	62,494,614
10. Advance premiums .....	1,886,636	1,945,276
11. Dividends declared and unpaid:		
11.1 Stockholders .....	0	0
11.2 Policyholders .....	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	1,810,020	1,553,095
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....	1,640,389	5,395,654
14. Amounts withheld or retained by company for account of others .....	1,095,624	894,855
15. Remittances and items not allocated .....	0	0
16. Provision for reinsurance (including (\$.....0 certified)) (Schedule F, Part 8) .....	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0
18. Drafts outstanding .....	2,125	2,066
19. Payable to parent, subsidiaries and affiliates .....	805,625	691,504
20. Derivatives .....	0	0
21. Payable for securities .....	74,589	1,224,706
22. Payable for securities lending .....	0	0
23. Liability for amounts held under uninsured plans .....	0	0
24. Capital notes \$.....0 and interest thereon \$.....0 .....	0	0
25. Aggregate write-ins for liabilities .....	0	0
26. TOTAL Liabilities excluding protected cell liabilities (Lines 1 through 25) .....	137,622,889	126,045,627
27. Protected cell liabilities .....	0	0
28. TOTAL Liabilities (Lines 26 and 27) .....	137,622,889	126,045,627
29. Aggregate write-ins for special surplus funds .....	0	0
30. Common capital stock .....	2,500,000	2,500,000
31. Preferred capital stock .....	0	0
32. Aggregate write-ins for other than special surplus funds .....	0	0
33. Surplus notes .....	0	0
34. Gross paid in and contributed surplus .....	35,374,137	35,374,137
35. Unassigned funds (surplus) .....	49,831,926	41,204,753
36. Less treasury stock, at cost:		
36.1 .....0 shares common (value included in Line 30 \$.....0) .....	0	0
36.2 .....0 shares preferred (value included in Line 31 \$.....0) .....	0	0
37. Surplus as regards policyholders (Lines 29 to 35, minus 36) (Page 4, Line 39) .....	87,706,063	79,078,890
38. TOTALS (Page 2, Line 28, Column 3) .....	225,328,952	205,124,517
<b>DETAILS OF WRITE-INS</b>		
2501. ....	0	0
2502. ....	0	0
2503. ....	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	0	0
2901. ....	0	0
2902. ....	0	0
2903. ....	0	0
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0
2999. TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	0	0
3201. Additional Admitted Deferred Tax Assets due to SAP 10R .....	0	0
3202. ....	0	0
3203. ....	0	0
3298. Summary of remaining write-ins for Line 32 from overflow page .....	0	0
3299. TOTALS (Lines 3201 through 3203 plus 3298) (Line 32 above) .....	0	0

## STATEMENT OF INCOME

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4)	126,715,786	112,832,780
<b>DEDUCTIONS</b>		
2. Losses incurred (Part 2, Line 35, Column 7)	65,382,578	59,809,893
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	12,078,509	10,005,169
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	47,406,749	41,207,308
5. Aggregate write-ins for underwriting deductions	0	0
6. TOTAL Underwriting Deductions (Lines 2 through 5)	124,867,836	111,022,370
7. Net income of protected cells	0	0
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	1,847,950	1,810,410
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	3,971,250	4,337,647
10. Net realized capital gains (losses) less capital gains tax of \$.....783,489 (Exhibit of Capital Gains (Losses))	1,520,890	348,537
11. Net investment gain or (loss) (Lines 9 + 10)	5,492,140	4,686,184
<b>OTHER INCOME</b>		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....28,884)	(28,884)	(59,855)
13. Finance and service charges not included in premiums	853,113	952,060
14. Aggregate write-ins for miscellaneous income	(176,361)	(914)
15. TOTAL Other Income (Lines 12 through 14)	647,868	891,291
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	7,987,958	7,387,885
17. Dividends to policyholders	0	0
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)	7,987,958	7,387,885
19. Federal and foreign income taxes incurred	2,191,810	2,087,912
20. Net income (Line 18 minus Line 19) (to Line 22)	5,796,148	5,299,973
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	79,078,890	72,977,453
22. Net income (from Line 20)	5,796,148	5,299,973
23. Net transfers (to) from Protected Cell accounts	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....1,126,251	2,186,251	1,466,005
25. Change in net unrealized foreign exchange capital gain (loss)	0	0
26. Change in net deferred income tax	315,177	411,830
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets Line 28, Column 3)	928,514	(416,677)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
29. Change in surplus notes	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0
31. Cumulative effect of changes in accounting principles	0	0
32. Capital changes:		
32.1 Paid in	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0
32.3 Transferred to surplus	0	0
33. Surplus adjustments:		
33.1 Paid in	0	0
33.2 Transferred to capital (Stock Dividend)	0	0
33.3 Transferred from capital	0	0
34. Net remittances from or (to) Home Office	0	0
35. Dividends to stockholders	(598,918)	(659,694)
36. Change in treasury stock (Page 3, Line 36.1 and 36.2, Column 2 minus Column 1)	0	0
37. Aggregate write-ins for gains and losses in surplus	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	8,627,172	6,101,437
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	87,706,063	79,078,890
<b>DETAILS OF WRITE-INS</b>		
0501.	0	0
0502.	0	0
0503.	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0
1401. Misc. Income	(176,361)	(914)
1402.	0	0
1403.	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	(176,361)	(914)
3701.	0	0
3702.	0	0
3703.	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Lines 37 above)	0	0

**CASH FLOW**

		1	2
		Current Year	Prior Year
<b>Cash from Operations</b>			
1.	Premiums collected net of reinsurance .....	132,750,269	116,827,257
2.	Net investment income .....	4,874,294	5,161,851
3.	Miscellaneous income .....	647,868	891,291
4.	Total (Lines 1 through 3) .....	138,272,431	122,880,399
5.	Benefit and loss related payments .....	60,626,694	57,658,586
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	57,677,187	50,611,961
8.	Dividends paid to policyholders .....	0	0
9.	Federal and foreign income taxes paid (recovered) net of \$.....783,489 tax on capital gains (losses) .....	4,119,803	2,683,537
10.	Total (Lines 5 through 9) .....	122,423,684	110,954,084
11.	Net cash from operations (Line 4 minus Line 10) .....	15,848,747	11,926,315
<b>Cash from Investments</b>			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	11,891,625	18,424,124
12.2	Stocks .....	13,994,567	8,121,611
12.3	Mortgage loans .....	0	0
12.4	Real estate .....	0	0
12.5	Other invested assets .....	0	0
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....	27	0
12.7	Miscellaneous proceeds .....	60,286	0
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	25,946,504	26,545,735
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	20,172,946	20,053,608
13.2	Stocks .....	15,998,486	8,260,526
13.3	Mortgage loans .....	0	0
13.4	Real estate .....	44,369	109,861
13.5	Other invested assets .....	0	0
13.6	Miscellaneous applications .....	0	16,908
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	36,215,801	28,440,903
14.	Net increase (decrease) in contract loans and premium notes .....	0	0
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(10,269,297)	(1,895,168)
<b>Cash from Financing and Miscellaneous Sources</b>			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....	0	0
16.2	Capital and paid in surplus, less treasury stock .....	0	0
16.3	Borrowed funds .....	0	0
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5	Dividends to stockholders .....	483,000	546,120
16.6	Other cash provided (applied) .....	(2,806,267)	(5,700,635)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(3,289,267)	(6,246,755)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	2,290,183	3,784,392
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	15,983,968	12,199,576
19.2	End of year (Line 18 plus Line 19.1) .....	18,274,151	15,983,968

**Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:**

20.0001	.....	0	0
---------	-------	---	---

## 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 Column 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Column 5, Part 1A	4 Premiums Earned During Year (Columns 1 + 2 - 3)
1. Fire .....	1,774,854	940,940	996,463	1,719,331
2. Allied lines .....	757,237	452,586	485,532	724,291
3. Farmowners multiple peril .....	2,202,120	1,012,007	1,149,095	2,065,032
4. Homeowners multiple peril .....	35,212,538	17,547,080	19,464,658	33,294,960
5. Commercial multiple peril .....	27,276,822	11,981,618	14,717,516	24,540,924
6. Mortgage guaranty .....	0	0	0	0
8. Ocean marine .....	0	0	0	0
9. Inland marine .....	2,596,999	1,257,201	1,435,266	2,418,934
10. Financial guaranty .....	0	0	0	0
11.1 Medical professional liability - occurrence .....	0	0	0	0
11.2 Medical professional liability - claims-made .....	0	0	0	0
12. Earthquake .....	0	0	0	0
13. Group accident and health .....	0	0	0	0
14. Credit accident and health (group and individual) .....	0	0	0	0
15. Other accident and health .....	0	0	0	0
16. Workers' compensation .....	0	0	0	0
17.1 Other liability - occurrence .....	1,891,147	903,882	970,299	1,824,730
17.2 Other liability - claims-made .....	0	0	0	0
17.3 Excess Workers' Compensation .....	0	0	0	0
18.1 Products liability - occurrence .....	0	0	0	0
18.2 Products liability - claims-made .....	0	0	0	0
19.1 19.2 Private passenger auto liability .....	26,721,547	11,867,658	13,049,509	25,539,696
19.3 19.4 Commercial auto liability .....	9,262,066	3,937,754	4,831,310	8,368,510
21. Auto physical damage .....	27,864,743	12,593,887	14,239,252	26,219,378
22. Aircraft (all perils) .....	0	0	0	0
23. Fidelity .....	0	0	0	0
24. Surety .....	0	0	0	0
26. Burglary and theft .....	0	0	0	0
27. Boiler and machinery .....	0	0	0	0
28. Credit .....	0	0	0	0
29. International .....	0	0	0	0
30. Warranty .....	0	0	0	0
31. Reinsurance-Nonproportional Assumed Property .....	0	0	0	0
32. Reinsurance-Nonproportional Assumed Liability .....	0	0	0	0
33. Reinsurance-Nonproportional Assumed Financial Lines .....	0	0	0	0
34. Aggregate write-ins for other lines of business .....	0	0	0	0
35. TOTALS .....	135,560,073	62,494,613	71,338,900	126,715,786
<b>DETAILS OF WRITE-INS</b>				
3401. ....	0	0	0	0
3402. ....	0	0	0	0
3403. ....	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page .....	0	0	0	0
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	0	0	0	0

## 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 Columns 1 + 2 + 3 + 4
1. Fire	996,463	0	0	0	996,463
2. Allied lines	485,532	0	0	0	485,532
3. Farmowners multiple peril	1,149,095	0	0	0	1,149,095
4. Homeowners multiple peril	19,464,658	0	0	0	19,464,658
5. Commercial multiple peril	14,717,516	0	0	0	14,717,516
6. Mortgage guaranty	0	0	0	0	0
8. Ocean marine	0	0	0	0	0
9. Inland marine	1,435,266	0	0	0	1,435,266
10. Financial guaranty	0	0	0	0	0
11.1 Medical professional liability - occurrence	0	0	0	0	0
11.2 Medical professional liability - claims-made	0	0	0	0	0
12. Earthquake	0	0	0	0	0
13. Group accident and health	0	0	0	0	0
14. Credit accident and health (group and individual)	0	0	0	0	0
15. Other accident and health	0	0	0	0	0
16. Workers' compensation	0	0	0	0	0
17.1 Other liability - occurrence	970,299	0	0	0	970,299
17.2 Other liability - claims-made	0	0	0	0	0
17.3 Excess Workers' Compensation	0	0	0	0	0
18.1 Products liability - occurrence	0	0	0	0	0
18.2 Products liability - claims-made	0	0	0	0	0
19.1 19.2 Private passenger auto liability	13,049,509	0	0	0	13,049,509
19.3 19.4 Commercial auto liability	4,831,310	0	0	0	4,831,310
21. Auto physical damage	14,239,252	0	0	0	14,239,252
22. Aircraft (all perils)	0	0	0	0	0
23. Fidelity	0	0	0	0	0
24. Surety	0	0	0	0	0
26. Burglary and theft	0	0	0	0	0
27. Boiler and machinery	0	0	0	0	0
28. Credit	0	0	0	0	0
29. International	0	0	0	0	0
30. Warranty	0	0	0	0	0
31. Reinsurance-Nonproportional Assumed Property	0	0	0	0	0
32. Reinsurance-Nonproportional Assumed Liability	0	0	0	0	0
33. Reinsurance-Nonproportional Assumed Financial Lines	0	0	0	0	0
34. Aggregate write-ins for other lines of business	0	0	0	0	0
35. TOTALS	71,338,900	0	0	0	71,338,900
36. Accrued retrospective premiums based on experience					0
37. Earned but unbilled premiums					0
38. Balance (Sum of Lines 35 through 37)					71,338,900
<b>DETAILS OF WRITE-INS</b>					
3401.	0	0	0	0	0
3402.	0	0	0	0	0
3403.	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

(a) State here basis of computation used in each case: Semi-Monthly Pro Rata Method

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1+2+3+4-5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire .....	2,030,394	0	0	0	255,540	1,774,854
2. Allied lines .....	925,140	0	0	0	167,903	757,237
3. Farmowners multiple peril .....	2,494,484	0	0	0	292,364	2,202,120
4. Homeowners multiple peril .....	39,385,489	0	0	0	4,172,951	35,212,538
5. Commercial multiple peril .....	31,564,698	0	0	0	4,287,876	27,276,822
6. Mortgage guaranty .....	0	0	0	0	0	0
8. Ocean marine .....	0	0	0	0	0	0
9. Inland marine .....	2,966,210	0	0	0	369,211	2,596,999
10. Financial guaranty .....	0	0	0	0	0	0
11.1 Medical professional liability - occurrence .....	0	0	0	0	0	0
11.2 Medical professional liability - claims-made .....	0	0	0	0	0	0
12. Earthquake .....	0	0	0	0	0	0
13. Group accident and health .....	0	0	0	0	0	0
14. Credit accident and health (group and individual) .....	0	0	0	0	0	0
15. Other accident and health .....	0	0	0	0	0	0
16. Workers' compensation .....	0	0	0	0	0	0
17.1 Other liability - occurrence .....	4,616,991	0	0	0	2,725,844	1,891,147
17.2 Other liability - claims-made .....	0	0	0	0	0	0
17.3 Excess Workers' Compensation .....	0	0	0	0	0	0
18.1 Products liability - occurrence .....	0	0	0	0	0	0
18.2 Products liability - claims-made .....	0	0	0	0	0	0
19.1 19.2 Private passenger auto liability .....	26,201,846	0	86,791	0	(432,910)	26,721,547
19.3 19.4 Commercial auto liability .....	10,151,552	0	0	0	889,486	9,262,066
21. Auto physical damage .....	28,269,434	0	63,619	0	468,310	27,864,743
22. Aircraft (all perils) .....	0	0	0	0	0	0
23. Fidelity .....	0	0	0	0	0	0
24. Surety .....	0	0	0	0	0	0
26. Burglary and theft .....	0	0	0	0	0	0
27. Boiler and machinery .....	0	0	0	0	0	0
28. Credit .....	0	0	0	0	0	0
29. International .....	0	0	0	0	0	0
30. Warranty .....	0	0	0	0	0	0
31. Reinsurance-Nonproportional Assumed Property .....	X X X	0	0	0	0	0
32. Reinsurance-Nonproportional Assumed Liability .....	X X X	0	0	0	0	0
33. Reinsurance-Nonproportional Assumed Financial Lines .....	X X X	0	0	0	0	0
34. Aggregate write-ins for other lines of business .....	0	0	0	0	0	0
35. TOTALS .....	148,606,238	0	150,410	0	13,196,575	135,560,073
<b>DETAILS OF WRITE-INS</b>						
3401. ....	0	0	0	0	0	0
3402. ....	0	0	0	0	0	0
3403. ....	0	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page .....	0	0	0	0	0	0
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above) .....	0	0	0	0	0	0

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

If yes, (1) The amount of such installment premiums \$.....0.

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

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Column 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Columns 4 + 5 - 6)	8 Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 + 2 - 3)				
1. Fire	383,271	0	13,238	370,033	14,253	164,803	219,483	12.77
2. Allied lines	291,913	0	1,685	290,228	61,485	49,550	302,163	41.72
3. Farmowners multiple peril	600,169	0	11,225	588,944	282,214	192,285	678,873	32.87
4. Homeowners multiple peril	17,576,376	0	2,122,790	15,453,586	4,989,718	3,321,646	17,121,658	51.42
5. Commercial multiple peril	8,100,269	0	2,082,711	6,017,558	6,015,589	5,613,047	6,420,100	26.16
6. Mortgage guaranty	0	0	0	0	0	0	0	0.00
8. Ocean marine	0	0	0	0	0	0	0	0.00
9. Inland marine	913,353	0	10,680	902,673	323,160	270,556	955,277	39.49
10. Financial guaranty	0	0	0	0	0	0	0	0.00
11.1 Medical professional liability - occurrence	0	0	0	0	0	0	0	0.00
11.2 Medical professional liability - claims-made	0	0	0	0	0	0	0	0.00
12. Earthquake	0	0	0	0	0	0	0	0.00
13. Group accident and health	0	0	0	0	0	0	0	0.00
14. Credit accident and health (group and individual)	0	0	0	0	0	0	0	0.00
15. Other accident and health	0	0	0	0	0	0	0	0.00
16. Workers' compensation	0	0	0	0	0	0	0	0.00
17.1 Other liability - occurrence	1,671,489	0	1,139,675	531,814	299,543	1,281,308	(449,951)	(24.66)
17.2 Other liability - claims-made	0	0	0	0	0	0	0	0.00
17.3 Excess Workers' Compensation	0	0	0	0	0	0	0	0.00
18.1 Products liability - occurrence	0	0	0	0	0	0	0	0.00
18.2 Products liability - claims made	0	0	0	0	0	0	0	0.00
19.1 19.2 Private passenger auto liability	16,536,254	43,600	712,624	15,867,230	18,482,141	16,176,917	18,172,454	71.15
19.3 19.4 Commercial auto liability	3,769,458	0	871,864	2,897,594	5,658,944	3,651,074	4,905,464	58.62
21. Auto physical damage	17,037,497	30,678	66,171	17,002,004	693,365	638,312	17,057,057	65.06
22. Aircraft (all perils)	0	0	0	0	0	0	0	0.00
23. Fidelity	0	0	0	0	0	0	0	0.00
24. Surety	0	0	0	0	0	0	0	0.00
26. Burglary and theft	0	0	0	0	0	0	0	0.00
27. Boiler and machinery	0	0	0	0	0	0	0	0.00
28. Credit	0	0	0	0	0	0	0	0.00
29. International	0	0	0	0	0	0	0	0.00
30. Warranty	0	0	0	0	0	0	0	0.00
31. Reinsurance-Nonproportional Assumed Property	X X X	0	0	0	0	0	0	0.00
32. Reinsurance-Nonproportional Assumed Liability	X X X	0	0	0	0	0	0	0.00
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	0	0	0	0	0	0	0.00
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.00
35. TOTALS	66,880,049	74,278	7,032,663	59,921,664	36,820,412	31,359,498	65,382,578	51.60
<b>DETAILS OF WRITE-INS</b>								
3401.	0	0	0	0	0	0	0	0.00
3402.	0	0	0	0	0	0	0	0.00
3403.	0	0	0	0	0	0	0	0.00
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0.00
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0	0	0.00

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Columns 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred But Not Reported (Columns 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	13,200	0	0	13,200	1,650	0	597	14,253	1,108
2. Allied Lines	56,219	0	(500)	56,719	7,467	0	2,701	61,485	4,778
3. Farmowners multiple peril	260,950	0	5,050	255,900	3,457	0	(22,857)	282,214	48,446
4. Homeowners multiple peril	6,431,968	0	1,925,935	4,506,033	63,543	0	(420,142)	4,989,718	856,554
5. Commercial multiple peril	6,569,794	0	1,662,665	4,907,129	1,621,597	0	513,137	6,015,589	2,487,000
6. Mortgage guaranty	0	0	0	0	0	0	0	0	0
8. Ocean marine	0	0	0	0	0	0	0	0	0
9. Inland marine	313,479	0	14,500	298,979	37,883	0	13,702	323,160	25,114
10. Financial guaranty	0	0	0	0	0	0	0	0	0
11.1 Medical professional liability - occurrence	0	0	0	0	0	0	0	0	0
11.2 Medical professional liability - claims-made	0	0	0	0	0	0	0	0	0
12. Earthquake	0	0	0	0	0	0	0	0	0
13. Group accident & health	0	0	0	0	0	0	0	(a)	0
14. Credit accident & health (group & individual)	0	0	0	0	0	0	0	0	0
15. Other accident & health	0	0	0	0	0	0	0	(a)	0
16. Workers' compensation	0	0	0	0	0	0	0	0	0
17.1 Other liability - occurrence	161,482	0	28,939	132,543	353,000	0	186,000	299,543	296,000
17.2 Other liability - claims-made	0	0	0	0	0	0	0	0	0
17.3 Excess Workers' Compensation	0	0	0	0	0	0	0	0	0
18.1 Products liability - occurrence	0	0	0	0	0	0	0	0	0
18.2 Products liability - claims-made	0	0	0	0	0	0	0	0	0
19.1 19.2 Private passenger auto liability	19,693,200	68,610	2,171,647	17,590,163	1,202,998	17,979	328,999	18,482,141	2,974,575
19.3 19.4 Commercial auto liability	5,083,045	0	937,101	4,145,944	1,997,000	0	484,000	5,658,944	945,000
21. Auto physical damage	1,622,942	830	(38,236)	1,662,008	(925,000)	2,357	46,000	693,365	315,000
22. Aircraft (all perils)	0	0	0	0	0	0	0	0	0
23. Fidelity	0	0	0	0	0	0	0	0	0
24. Surety	0	0	0	0	0	0	0	0	0
26. Burglary and theft	0	0	0	0	0	0	0	0	0
27. Boiler and machinery	0	0	0	0	0	0	0	0	0
28. Credit	0	0	0	0	0	0	0	0	0
29. International	0	0	0	0	0	0	0	0	0
30. Warranty	0	0	0	0	0	0	0	0	0
31. Reinsurance-Nonproportional Assumed Property	X X X	0	0	0	X X X	0	0	0	0
32. Reinsurance-Nonproportional Assumed Liability	X X X	0	0	0	X X X	0	0	0	0
33. Reinsurance-Nonproportional Assumed Financial Lines	X X X	0	0	0	X X X	0	0	0	0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35. TOTALS	40,206,279	69,440	6,707,101	33,568,618	4,363,595	20,336	1,132,137	36,820,412	7,953,575
<b>DETAILS OF WRITE-INS</b>									
3401.	0	0	0	0	0	0	0	0	0
3402.	0	0	0	0	0	0	0	0	0
3403.	0	0	0	0	0	0	0	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0	0
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0	0	0	0

(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 .....	5,647,814	0	0	5,647,814
1.2 Reinsurance assumed .....	0	0	0	0
1.3 Reinsurance ceded .....	1,059,630	0	0	1,059,630
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....	4,588,184	0	0	4,588,184
2. Commission and brokerage:				
2.1 Direct, excluding contingent .....	0	26,614,062	0	26,614,062
2.2 Reinsurance assumed, excluding contingent .....	0	12,967	0	12,967
2.3 Reinsurance ceded, excluding contingent .....	0	1,374,540	0	1,374,540
2.4 Contingent - direct .....	0	3,684,440	0	3,684,440
2.5 Contingent - reinsurance assumed .....	0	0	0	0
2.6 Contingent - reinsurance ceded .....	0	0	0	0
2.7 Policy and membership fees .....	0	0	0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....	0	28,936,929	0	28,936,929
3. Allowances to manager and agents .....	0	0	0	0
4. Advertising .....	5,630	106,345	0	111,975
5. Boards, bureaus and associations .....	100,752	593,195	2,228	696,175
6. Surveys and underwriting reports .....	0	1,689,081	0	1,689,081
7. Audit of assureds' records .....	0	0	0	0
8. Salary and related items:				
8.1 Salaries .....	4,021,310	7,197,117	349,028	11,567,455
8.2 Payroll taxes .....	278,975	427,823	24,370	731,168
9. Employee relations and welfare .....	772,377	1,399,636	67,876	2,239,889
10. Insurance .....	57,426	100,960	4,479	162,865
11. Directors' fees .....	153,695	278,367	13,500	445,562
12. Travel and travel items .....	470,530	866,747	23,827	1,361,104
13. Rent and rent items .....	241,315	448,065	20,734	710,114
14. Equipment .....	174,963	338,630	15,597	529,190
15. Cost or depreciation of EDP equipment and software .....	221,957	402,084	19,499	643,540
16. Printing and stationery .....	95,931	170,838	8,285	275,054
17. Postage, telephone and telegraph, exchange and express .....	283,710	533,266	25,861	842,837
18. Legal and auditing .....	76,200	154,009	479,565	709,774
19. TOTALS (Lines 3 to 18) .....	6,954,771	14,706,163	1,054,849	22,715,783
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0 .....	0	2,955,246	0	2,955,246
20.2 Insurance department licenses and fees .....	0	231,013	0	231,013
20.3 Gross guaranty association assessments .....	0	(4,384)	0	(4,384)
20.4 All other (excluding federal and foreign income and real estate) .....	6,740	12,208	592	19,540
20.5 TOTAL taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	6,740	3,194,083	592	3,201,415
21. Real estate expenses .....	0	0	282,681	282,681
22. Real estate taxes .....	0	0	0	0
23. Reimbursements by uninsured plans .....	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses .....	528,814	569,574	25,724	1,124,112
25. TOTAL expenses incurred .....	12,078,509	47,406,749	1,363,846	(a) 60,849,104
26. Less unpaid expenses - current year .....	7,953,575	13,413,364	203,136	21,570,075
27. Add unpaid expenses - prior year .....	7,055,791	12,552,596	206,179	19,814,566
28. Amounts receivable relating to uninsured plans, prior year .....	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year .....	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....	11,180,725	46,545,981	1,366,889	59,093,595
<b>DETAILS OF WRITE-INS</b>				
2401. Miscellaneous Expense .....	528,814	612,741	25,724	1,167,279
2402. Miscellaneous Allocation Adjustment .....	0	(43,167)	0	(43,167)
2403. ....	0	0	0	0
2498. Summary of remaining write-ins for Line 24 from overflow page .....	0	0	0	0
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	528,814	569,574	25,724	1,124,112

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

## EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 27,451	26,406
1.1	Bonds exempt from U.S. tax	(a) 1,925,219	1,986,003
1.2	Other bonds (unaffiliated)	(a) 2,510,084	2,533,163
1.3	Bonds of affiliates	(a) 0	0
2.1	Preferred stocks (unaffiliated)	(b) 0	0
2.11	Preferred stocks of affiliates	(b) 0	0
2.2	Common stocks (unaffiliated)	410,593	413,110
2.21	Common stocks of affiliates	0	0
3.	Mortgage loans	(c) 0	0
4.	Real estate	(d) 509,167	509,167
5.	Contract loans	0	0
6.	Cash, cash equivalents and short-term investments	(e) 110,467	110,470
7.	Derivative instruments	(f) 0	0
8.	Other invested assets	0	0
9.	Aggregate write-ins for investment income	27	27
10.	Total gross investment income	5,493,007	5,578,346
11.	Investment expenses		(g) 1,363,256
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) 592
13.	Interest expense		(h) 0
14.	Depreciation on real estate and other invested assets		(i) 243,247
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		1,607,096
17.	Net Investment income (Line 10 minus Line 16)		3,971,250
<b>DETAILS OF WRITE-INS</b>			
0901.	NH Auto Facility	27	27
0902.		0	0
0903.		0	0
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)	27	27
1501.			0
1502.			0
1503.			0
1598.	Summary of remaining write-ins for Line 15 from overflow page		0
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above)		0

- (a) Includes \$.....117,652 accrual of discount less \$.....862,788 amortization of premium and less \$.....81,591 paid for accrued interest on purchases.  
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.  
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.  
(d) Includes \$.....509,167 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.  
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.  
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.  
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.  
(i) Includes \$.....243,247 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	0	0	0	0	0
1.1	Bonds exempt from U.S. tax	0	0	0	(23,255)	0
1.2	Other bonds (unaffiliated)	(1,634)	0	(1,634)	0	0
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	0	0	0	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	2,328,419	(22,432)	2,305,988	3,335,757	0
2.21	Common stocks of affiliates	0	0	0	0	0
3.	Mortgage loans	0	0	0	0	0
4.	Real estate	0	0	0	0	0
5.	Contract loans	0	0	0	0	0
6.	Cash, cash equivalents and short-term investments	23	0	23	0	0
7.	Derivative instruments	0	0	0	0	0
8.	Other invested assets	0	0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	2,326,808	(22,432)	2,304,377	3,312,502	0
<b>DETAILS OF WRITE-INS</b>						
0901.		0	0	0	0	0
0902.		0	0	0	0	0
0903.		0	0	0	0	0
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0	0

**EXHIBIT OF NONADMITTED ASSETS**

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D) .....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	0	0	0
2.2 Common stocks .....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	0	0	0
3.2 Other than first liens .....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	0	0	0
4.2 Properties held for the production of income .....	0	0	0
4.3 Properties held for sale .....	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....	0	0	0
6. Contract loans .....	0	0	0
7. Derivatives (Schedule DB) .....	0	0	0
8. Other invested assets (Schedule BA) .....	0	0	0
9. Receivables for securities .....	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL) .....	0	0	0
11. Aggregate write-ins for invested assets .....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	0	0	0
13. Title plants (for Title insurers only) .....	0	0	0
14. Invested income due and accrued .....	0	0	0
15. Premium and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection .....	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due .....	0	0	0
15.3 Accrued retrospective premiums .....	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers .....	0	0	0
16.2 Funds held by or deposited with reinsured companies .....	0	0	0
16.3 Other amounts receivable under reinsurance contracts .....	0	0	0
17. Amounts receivable relating to uninsured plans .....	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0
18.2 Net deferred tax asset .....	0	0	0
19. Guaranty funds receivable or on deposit .....	0	0	0
20. Electronic data processing equipment and software .....	1,077,242	1,058,060	(19,182)
21. Furniture and equipment, including health care delivery assets .....	788,346	885,651	97,305
22. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0
23. Receivables from parent, subsidiaries and affiliates .....	0	0	0
24. Health care and other amounts receivable .....	0	0	0
25. Aggregate write-ins for other than invested assets .....	648,295	1,498,686	850,391
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	2,513,883	3,442,397	928,514
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....	0	0	0
28. Total (Lines 26 and 27) .....	2,513,883	3,442,397	928,514
<b>DETAILS OF WRITE-INS</b>			
1101. ....	0	0	0
1102. ....	0	0	0
1103. ....	0	0	0
1198. Summary of remaining write-ins for Line 11 from overflow page .....	0	0	0
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	0	0	0
2501. Company Cars .....	314,203	373,396	59,193
2502. Leasehold Improvements .....	2,757	28,411	25,654
2503. Prepaid Expenses .....	274,761	413,620	138,859
2598. Summary of remaining write-ins for Line 25 from overflow page .....	56,574	683,259	626,685
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	648,295	1,498,686	850,391

## Notes to Financial Statements

### Note 1 – Summary of Significant Accounting Policies

#### A. Accounting Practices

The accompanying financial statements of MMG Insurance Company (Company) have been prepared on the basis of accounting practices prescribed by the Maine Insurance Department.

The Maine Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of Maine for determining and reporting the financial condition and results of operations of an insurance company for determining its solvency under the Maine Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Maine.

NAIC regulations require that guaranty fund assessments be accrued for throughout the year. However, the Company has been granted permission by the State of Maine Insurance Department to account for guaranty fund assessments on a paid basis. This treatment had an immaterial effect on net income and policyholders' surplus for 2013 and 2012.

Beginning in 2012, the Company was granted permission by the State of Maine Insurance Department to recognize the book value of a company-owned aircraft as an admitted asset. Reconciliations of net income and policyholders' surplus between the amounts reported in the accompanying financial statements (ME basis) and NAIC SAP follow:

Description	2013	2012
1. Net income, state basis	\$5,796,148	\$5,299,973
2. Effect of state prescribed practices	0	0
3. Effect of state permitted practices	(2,039)	(7,182)
4. Net income, NAIC SAP basis	\$5,794,109	\$5,292,791

Description	Dec. 31, 2013	Dec. 31, 2012
5. Policyholders' surplus, state basis	\$87,706,063	\$79,078,890
6. Effect of state prescribed practices	0	0
7. Effect of state permitted practices		
Guaranty fund assessments	(10,212)	(8,542)
Company-owned aircraft	(1,871,949)	(2,233,348)
8. Policyholders' surplus, NAIC SAP basis	\$85,823,902	\$76,837,000

#### B. Use of Estimates

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the amounts reported in these financial statements and notes. Actual results could differ from these estimates.

#### C. Accounting Policies

Direct, assumed and ceded premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by semi-monthly pro rata methods for direct business and are based on reports received from ceding companies for reinsurance assumed. 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.

## Notes to Financial Statements

Net investment income earned consists primarily of interest, dividends and rent income less investment-related expense. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Rent income includes an imputed rent for the Company's occupancy of its own building. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include writedowns for impairments considered to be other than temporary.

In addition, the Company uses the following accounting policies:

1. Investment grade bonds not backed by other loans are stated at amortized cost using the scientific constant yield-to-worse method. Non-investment grade bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. In accordance with SSAP 26, *Bonds, Excluding Loan-Backed and Structured Securities*, the Company recognizes other than temporary impairments in the fair value of its fixed income portfolio. The Company recognized \$0 and \$0 of realized losses for other than temporary impairments on its fixed income portfolio in 2013 and 2012, respectively.
2. Common stocks are stated at market value. In accordance with SSAP 30, *Investments in Common Stock*, the Company recognizes other than temporary impairments in the fair value of its common stock portfolio. The Company recognized \$22,432 (\$14,805 net of tax) and \$135,003 (\$89,102 net of tax) of realized losses for other than temporary impairments on its common stock portfolio in 2013 and 2012, respectively. See Note 14E for more details.
3. Investment grade loan-backed securities are stated at amortized value. The prospective adjustment method is used to value all loan-backed and asset-backed securities.
4. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liabilities may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
5. The Company has a capitalization policy for prepaid expenses and purchases of items such as electronic data processing equipment, software, furniture, vehicles, leasehold improvements, and other equipment. The predefined capitalization thresholds under this policy have not changed from those of the prior year.

### **Note 2 – Accounting Changes and Correction of Errors**

- A. Accounting Changes and Correction of Errors

Not Applicable

### **Note 3 – Business Combinations and Goodwill**

- A. Statutory Purchase Method

Not Applicable

- B. Statutory Mergers

Not Applicable

## Notes to Financial Statements

C. Writedowns for Impairment of Investments in Affiliates

Not Applicable

**Note 4 – Discontinued Operations**

A. Date and effects on financial statements

Not Applicable

**Note 5 – Investments**

A. Mortgage Loans

Not Applicable

B. Troubled Debt Restructuring for Creditors

Not Applicable

C. Reverse Mortgages

Not Applicable

D. Loan-Backed and Structured Securities

- a. Prepayment assumptions for single-class and multi-class mortgage-backed/asset-backed securities were obtained from Bloomberg or other widely accepted securities data providers. A proprietary model is used for loss assumptions and widely accepted models are used for prepayment assumptions in valuing mortgage-backed and asset-backed securities.
- b. The Company did not recognize any other-than-temporary impairments on loan-backed securities during the period.
- c. The Company did not recognize any other-than-temporary impairments on loan-backed securities during the period.
- d. The following summarizes gross unrealized investment losses on loan-backed and structured securities by the length of time that securities have continuously been in an unrealized loss position.

December 31, 2013

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Single-class residential mortgage-backed/asset-backed securities	\$8,961,085	\$224,459	----	----	\$8,961,085	\$224,459
TOTAL	\$8,961,085	\$224,459	----	----	\$8,961,085	\$224,459

## Notes to Financial Statements

- e. All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether an other-than-temporary impairment should be recognized. For those securities in an unrealized loss position as of December 31, 2013, the Company has not made a decision to sell any such securities. The Company has evaluated its cash flow requirements and believes that its liquidity is adequate and it will not be required to sell these securities before recovery of their cost basis. As of December 31, 2013, the Company can assert that it has the intent and believes that it has the ability to hold these securities long enough to allow the cost basis of these securities to be recovered. The conclusions are supported by a detailed analysis of the underlying credit and cash flows on each security. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities held at December 31, 2013 if future events, information and the passage of time causes it to conclude that declines in value are other-than temporary.

E. Repurchase Agreements and/or Securities Lending Transactions

Not Applicable

F. Writedowns for Impairments of Real Estate, Real Estate Sales, Retail Land Sales Operations, and Real Estate with Participating Mortgage Loan Features

Not Applicable

G. Low Income Housing Tax Credits

Not Applicable

H. Restricted Assets

Not Applicable

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

A. Detail for Those Greater than 10% of Admitted Assets

Not Applicable

B. Writedowns for Impairment of Joint Ventures, Partnerships and LLC's

Not Applicable

**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

Not applicable

**Note 8 – Derivative Instruments**

A. Not Applicable

## Notes to Financial Statements

**Note 9 – Income Taxes**

## A. Components of Net Deferred Tax Assets:

	December 31, 2013			December 31, 2012			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Total gross deferred tax assets	7,067,831	28,757	7,096,588	6,720,746	94,395	6,815,141	347,085	(65,638)	281,447
Statutory valuation allowance	0	0	0	0	0	0	0	0	0
Adjusted gross deferred tax assets	7,067,831	28,757	7,096,588	6,720,746	94,395	6,815,141	347,085	(65,638)	281,447
Deferred tax assets nonadmitted	0	0	0	0	0	0	0	0	0
Subtotal net admitted deferred tax asset	7,067,831	28,757	7,096,588	6,720,746	94,395	6,815,141	347,085	(65,638)	281,447
Gross deferred tax liabilities	(1,020,964)	(1,757,080)	(2,778,044)	(1,054,698)	(630,826)	(1,685,524)	33,734	(1,126,254)	(1,092,520)
Net admitted deferred tax asset	6,046,867	(1,728,323)	4,318,544	5,666,048	(536,431)	5,129,617	380,819	(1,191,892)	(811,073)

	December 31, 2013			December 31, 2012			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
<b>Admission Calculation Components- SSAP 101</b>									
Federal income taxes paid in prior years recoverable through carrybacks	4,559,200	0	4,559,200	4,284,962	0	4,284,962	274,238	0	274,238
Deferred tax assets allowed per limitation threshold	1,856,851	28,757	1,885,608	1,697,743	94,395	1,792,138	159,108	(65,638)	93,470
Deferred tax assets expected to be realized following balance sheet date	1,856,851	28,757	1,885,608	1,697,743	94,395	1,792,138	159,108	(65,638)	93,470
Surplus limitation	XXX	XXX	12,428,437	XXX	XXX	11,033,100	XXX	XXX	1,395,337
Adjusted gross deferred tax assets offset by gross deferred tax liabilities	651,780	0	651,780	738,041	0	738,041	(86,261)	0	(86,261)
Deferred tax assets admitted as the result of SSAP 101	7,067,831	28,757	7,096,588	6,720,746	94,395	6,815,141	347,085	(65,638)	281,447

	Dec. 31, 2013	Dec. 31, 2012
Ratio percentage used to determine recovery period and threshold limitation amount	862.476	865.285
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation	82,856,248	73,554,001

The Company does not have any tax planning strategies that would impact the numbers reported above.

## B. Unrecognized Deferred Tax Liabilities:

Not Applicable

## Notes to Financial Statements

### C. Current Tax and Change in Deferred Tax:

The provisions for income taxes incurred on earnings for the years ended December 31 are:

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Federal	\$ 2,191,810	\$ 2,087,912	\$ 103,898
Foreign	0	0	0
Realized capital gains/(losses) tax	<u>783,489</u>	<u>179,549</u>	<u>603,940</u>
Federal and foreign income taxes incurred	\$ 2,975,299	\$ 2,267,461	\$ 707,838

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Deferred tax assets:			
Ordinary:			
20% of unearned premiums	4,979,336	4,381,913	597,423
Discount of unpaid losses and LAE	599,242	663,081	(63,839)
Nonadmitted assets	742,066	991,634	(249,568)
Accounts Receivable	112,654	178,781	(66,127)
Compensation and benefits	605,973	486,297	119,676
Other	<u>28,560</u>	<u>19,040</u>	<u>9,520</u>
Total Ordinary tax assets	7,067,831	6,720,746	347,085
Capital:			
Net unrealized capital losses			0
Wash sales	3,414	5,833	(2,419)
Other Than Temporary Impairments	<u>25,343</u>	<u>88,562</u>	<u>(63,219)</u>
Total Capital tax assets	28,757	94,395	(65,638)
Total DTAs nonadmitted	<u>0</u>	<u>0</u>	<u>0</u>
<b>Admitted deferred tax assets</b>	7,096,588	6,815,141	281,447
Deferred tax liabilities:			
Ordinary:			
Accelerated premium acq. expenses	(128,291)	(132,279)	3,988
Fixed assets	(829,286)	(815,576)	(13,710)
Investments	<u>(63,387)</u>	<u>(106,843)</u>	<u>43,456</u>
Total Ordinary tax liabilities	(1,020,964)	(1,054,698)	33,734
Capital:			
Net unrealized capital gains	<u>(\$1,757,080)</u>	<u>(\$630,826)</u>	<u>(\$1,126,254)</u>
Total Capital tax liabilities	(\$1,757,080)	(\$630,826)	(\$1,126,254)
<b>Total deferred tax liabilities</b>	<u>(\$2,778,044)</u>	<u>(\$1,685,524)</u>	<u>(\$1,092,520)</u>
<b>Net Admitted Deferred Tax Assets</b>	<u>\$4,318,544</u>	<u>\$5,129,617</u>	<u>(\$811,073)</u>

## Notes to Financial Statements

The change in net deferred income taxes is comprised of the following:

	2013	2012	Change
Total gross deferred tax assets	\$ 7,096,588	\$ 6,815,141	\$ 281,447
Total gross deferred tax liabilities	\$(2,778,044)	\$(1,685,524)	\$(1,092,520)
Net deferred tax asset	\$ 4,318,544	\$ 5,129,617	\$ (811,073)
Deferred tax on change in net unrealized gains (losses)			\$ 1,126,250
Change in net deferred income taxes			\$ 315,177

#### D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate:

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 34% to income before income taxes. The significant items causing this difference are as follows:

	2013	2012
Provision computed at statutory rate @ 34%	\$ 2,982,291	\$ 2,572,928
Tax exempt interest and dividends	(628,398)	(661,824)
Travel and entertainment	21,129	18,184
Lobbying expenses	8,731	8,832
Prior year (over) under accrual	(44,949)	22,363
Change in Non-Admitted Assets	315,695	(99,996)
Other	5,623	(4,856)
	\$ 2,660,122	\$ 1,855,631
Federal income tax incurred	\$ 2,191,810	\$ 2,087,912
Realized capital gains tax	783,489	179,549
Change in net deferred income taxes	(315,177)	(411,830)
Total statutory income taxes	\$ 2,660,122	\$ 1,855,631

#### E. Operating Loss and Tax Credit Carryforwards

1. At December 31, 2013 the Company did not have any unused operating loss carryforwards available to offset against future taxable income.
2. The following is income tax expense for 2013 and 2012 that is available for recoupment in the event of future net losses:

a)	2013	\$ 3,016,766
b)	2012	\$ 1,865,242

3. The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

#### F. Consolidated Federal Income Tax Return

1. The Company's federal income tax return is consolidated with the following entities: Maine Mutual Group and MMG Financial Services, Inc.
2. The method of allocation among companies is subject to a written tax sharing agreement approved by the Board of Directors, whereby allocation is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return. Intercompany balances are settled after the tax return is filed.

## Notes to Financial Statements

### G. Federal and Foreign Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

### **Note 10 – Information Concerning Parent, Subsidiaries, Affiliates, and Other Related Parties**

#### A. Nature of Relationships

The Company is a wholly-owned subsidiary of MMG Financial Services, Inc.

#### B. Detail of Transactions Greater Than ½% of Admitted Assets

Not Applicable

#### C. Change in Terms of Intercompany Arrangements

Not Applicable

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

On December 14, 2007, MMG Financial Services, Inc. (MMGFSI) issued 191,644 shares of MMGFSI's Series A Preferred Stock and 76,657 shares of MMGFSI's Class A Common Stock to CCM Real Estate II LLC, a Delaware limited liability company ("CCM"), for an aggregate purchase price of \$7 million (the "Stock Purchase"). The Stock Purchase included \$5 million of Series A preferred stock and \$2 million of Class A common stock. The stock sale was a conduit to allow MMGFSI to participate in the Federal New Markets Tax Credit Program.

Upon consummation of the Stock Purchase, MMGFSI invested the net proceeds of approximately \$6.8 million as a contribution to the capital of MMG Insurance Company (MMGIC). MMGIC used those proceeds for the expansion and renovation of its offices in Presque Isle, Maine (the "Real Estate"). In connection with this transaction, MMGIC leased its offices to MMGFSI, and MMGFSI leased them back to MMGIC. In agreement with the State of Maine Bureau of Insurance, MMGIC will recognize the annual lease payments of \$483,000 per year to MMGFSI beginning in 2007 and ending in 2017 as annual dividend payments in its statutory-basis financial statements.

The Company reported \$805,625 and \$691,504 due to Parent, and \$386,148 and \$386,148 due from Parent in 2013 and 2012, respectively.

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

Not Applicable

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

Not Applicable

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

All outstanding shares of the Company are owned by Parent.

#### H. Amount Deducted for Investment of Upstream Company

Not Applicable

## Notes to Financial Statements

- I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

Not Applicable

- J. Writedowns for Impairments of Investments in Affiliates

Not Applicable

- K. Foreign Insurance Subsidiary Valued Using CARVM

Not Applicable

- L. Downstream Holding Company Valued Using Look-Through Method.

Not Applicable

### **Note 11 – Debt**

- A. In 2010, the Company renewed an unsecured line of credit (LOC) of \$3 million. The LOC was converted to a demand line, meaning any loan shall be due and payable on demand. In lieu of a formal expiration date, the agreement has an annual review requirement, which triggered effective June 30, 2013, extending the LOC until September 30, 2014. Interest is accrued on advances at 30 day LIBOR plus 2.25% per annum, is payable monthly, and is not subject to a minimum (floor) rate. The line of credit must be cleared for a minimum of 30 consecutive days during each fiscal year. As of December 31, 2013 and 2012, the Company had no advances on the line of credit.

- B. Funding Agreements with Federal Home Loan Bank (FHLB)

Not Applicable

### **Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

- A. Defined Benefit Plans and Post Retirement Benefits

The Company does not maintain a defined benefit pension plan.

The Company adopted a postretirement benefit plan in 2004 covering officers of the Company. The plan covers 50% of retiree medical and prescription drug premium costs for eligible participants. For eligible participants who retired prior to 2004, the benefit is 100%. Prior to 2012, eligible participants were defined as those participants who attained age 62 with 5 years of accrued service. Coverage was provided through the Company's group health insurance policy. The plan was amended effective January 1, 2012 to redefine eligibility to cover those participants who attain age 62 while still in the employ of the Company as an officer and he or she is enrolled and covered with the Company's group health insurance policy on the date immediately preceding their retirement date.

Under the amended plan, eligible participants will remain covered under the Company's group health insurance policy until they become eligible for Medicare. Upon attaining Medicare eligibility, they will be carved out of the group health plan and will purchase individual Medicare supplement policies with the cost sharing the same as mentioned above. The postretirement benefit plan is an unfunded plan.

## Notes to Financial Statements

The following tables set forth the obligations and funded status, assumptions, plan assets and cash flows associated with the postretirement benefits as of December 31, 2013 and 2012:

	Other Postretirement Benefits	
	<u>2013</u>	<u>2012</u>
<b>Change in projected benefit obligation-underfunded</b>		
Projected benefit obligation at beginning of year	\$542,724	\$ 931,030
Service cost	14,148	12,848
Interest cost	21,552	19,500
Actuarial (gain) loss	(103,283)	113,455
Benefits and expenses paid	(13,435)	(23,187)
Plan amendments	-	(510,922)
<b>Projected benefit obligation at end of year</b>	<u>\$461,706</u>	<u>\$ 542,724</u>

	Other Postretirement Benefits	
	<u>2013</u>	<u>2012</u>
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of year	\$ -	\$ -
Actual return on plan assets	-	-
Employer contributions	13,435	23,187
Benefits and expenses paid	(13,435)	(23,187)
<b>Fair value of plan assets at end of year</b>	<u>\$ -</u>	<u>\$ -</u>

	Other Postretirement Benefits	
	<u>2013</u>	<u>2012</u>
<b>Funded status - underfunded</b>		
Accrued current benefit costs	\$ 22,713	\$ 21,253
Liability for pension benefits	438,993	521,471
<b>Total liabilities recognized</b>	<u>\$461,706</u>	<u>\$ 542,724</u>

The components of net periodic benefit costs consist of:

	Other Postretirement Benefits	
	<u>2013</u>	<u>2012</u>
<b>Components of net periodic benefit cost</b>		
Service Cost	\$ 14,148	\$ 12,848
Interest cost	21,552	19,500
Expected return on plan assets	-	-
Transition asset or obligation	-	-
Amortization of unrecognized loss	51,408	41,240
Unrecognized pas service liability	(47,976)	(47,976)
<b>Total net periodic benefit cost (income)</b>	<u>\$ 39,132</u>	<u>\$ 25,612</u>

Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost are as follows:

	Other Postretirement Benefits	
	<u>2013</u>	<u>2012</u>
Items not yet recognized as comp. of net periodic cost-prior year	\$154,229	\$ 544,960
Net transition asset or obligation recognized	-	-
New prior service cost arising during the period	-	(510,922)
Net prior service cost recognized	47,976	47,976
Net gain and loss arising during the period	(103,283)	113,455
Net gain and loss recognized	(51,408)	(41,240)
<b>Items not yet recognized as comp. of net periodic cost-current yr.</b>	<u>\$ 47,514</u>	<u>\$ 154,229</u>

## Notes to Financial Statements

Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost are as follows:

	Other Postretirement Benefits	
	<u>2013</u>	<u>2012</u>
Service cost	\$ 11,512	\$ 14,148
Interest cost	22,292	21,552
Net transition asset or obligation	-	-
Net prior service cost or credit	(47,976)	(47,976)
Net recognized gains and losses	41,016	51,408
<b>Total postretirement benefit expense</b>	<u>\$ 26,844</u>	<u>\$ 39,132</u>

Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost are as follows:

	Other Postretirement Benefits	
	<u>2013</u>	<u>2012</u>
Net transition asset or obligation	\$ -	\$ -
Net prior service cost or credit	(414,970)	(462,946)
Net recognized gains and losses	462,484	617,175
<b>Accumulated other comprehensive income</b>	<u>\$ 47,514</u>	<u>\$ 154,229</u>

The weighted average assumptions used to determine net periodic benefit costs were:

	Other Postretirement Benefits	
	<u>2013</u>	<u>2012</u>
Discount rate	4.05%	4.40%

The weighted average assumptions used to determine benefit obligations were:

	Other Postretirement Benefits	
	<u>2013</u>	<u>2012</u>
Discount rate	4.95%	4.05%

Amounts recognized in the financial statements consist of:

	Other Postretirement Benefits	
	<u>2013</u>	<u>2012</u>
Prepaid benefit cost at beginning of year	\$(388,495)	\$(386,070)
Net periodic benefit cost	(39,132)	(25,612)
Employer contributions	13,435	23,187
<b>Net amount prepaid (accrued)</b>	<u>\$(414,192)</u>	<u>\$(388,495)</u>

The accumulated postretirement benefit obligation was determined using a weighted-average health care cost trend of 7.5% in 2013 and 8.0% in 2012. The expected health care cost trend rate for 2014 is 7.0%. In 2018, the health care cost trend is expected to reach the ultimate trend rate of 5%. Assumed health care cost trend rates typically have a significant effect on the amounts reported for healthcare plans. A one-percentage point increase in health care cost trend rates would increase service cost by \$4,056 and interest cost by \$3,974. A one-percentage point decrease in health care cost trend rates would decrease service cost by \$3,059 and interest cost by \$3,144.

## Notes to Financial Statements

The following benefit payments, which reflect future service, are expected to be paid:

Expected Future Benefit Payments	<b>Other Postretirement Benefits</b>
2014	22,713
2015	20,568
2016	21,667
2017	18,819
2018	18,938
2019-2023	85,036

**B. Description of Investment Policies**

The postretirement benefit plan is an unfunded plan, thus no assets are invested.

**C. Fair Value of Plan Assets**

Not Applicable

**D. Rate of Return Assumptions**

Not Applicable

**E. Defined Contribution Plans**

The Company adopted a 401k Profit Sharing Plan on July 1, 1995. Since inception and up to January 1, 2009, the Company approved a discretionary match of employee compensation contributed to the plan subject to approval by the Board of Directors. This discretionary match was reviewed annually by the Board of Directors.

Effective January 1, 2009, the plan was amended to become the MMG Insurance Company 401(k) Retirement Savings Plan. Pursuant to the termination of the defined benefit pension plan in 2009, the plan was redesigned to provide an offsetting increase in retirement benefits. The plan was enhanced as follows effective January 1, 2009:

- **Automatic enrollment;** i.e., all employees will be enrolled in the plan
- **Nonelective Contributions** – Each plan year, the Company will make nonelective contributions to the plan on the participant’s behalf in an amount equal to 3% of their pay for such year.
- **Employer matching contribution** broken down as follows:
  - \$1.00 for each dollar of elective contributions made on the participant’s behalf up to 2% of pay; and
  - \$.50 for each dollar of elective contributions made on the participant’s behalf in excess of 2% of their pay and up to 6% of their pay

Thus, if a participant’s elective contributions equal 6% or more of their pay, the Company will contribute on their behalf a maximum matching contribution of 4% of their pay.

## Notes to Financial Statements

- **Transition Contribution** – For employees who were employed by the Company and participants in the Company Defined Benefit Pension Plan on 11/15/08, the Company will credit the following contribution, in addition to the above, who are credited with at least 45 points based upon their age and years of service to be made from 2009 – 2013:

• Less than 45	<b>0% contribution</b>
• 45-54	<b>4%</b>
• 55-64	<b>5%</b>
• 65 or more	<b>6%</b>

A participant will be credited with 1 point for each year of age and 1 point for each year of service from 2009 – 2013. The transition contribution ceases effective January 1, 2014.

- **Discretionary Contribution** – In addition to the above, from time to time, the Company may elect to make a discretionary contribution to the Plan to be determined by the Board of Directors.

In 2013, the combined Company contributions to the plan under the nonelective, match and transition components of the plan totaled \$976,017, compared with \$970,465 in 2012.

Employees were able to contribute a maximum of \$17,500 and \$17,000 of earnings in 2013 and 2012, respectively. Employees attaining age 50 or older during 2013 or 2012 were allowed a catch up contribution of \$5,500 in those years.

John Hancock serves as the plan's service provider, Downeast Pension Services is the plan's third party administrator, and Wilmington Trust Company is the plan's trustee.

### F. Multiemployer Plans

Not applicable

### G. Consolidated/Holding Company Plans

Not applicable

### H. Postemployment Benefits and Compensated Absences

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

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

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law in December of 2003. The Act includes the following two new features to Medicare Part D that could affect the measurement of the accumulated postretirement benefit obligation (APBO) and net periodic postretirement cost for the Plan:

- A federal subsidy (based on 28% of an individual beneficiary's annual prescription drug costs between \$250 and \$5,000), which is not taxable, to sponsors or retiree healthcare benefit plans that provide a prescription drug benefit that is at least actuarially equivalent to Medicare Part D; and
- The opportunity for a retiree to obtain a prescription drug benefit under Medicare.

The Company sponsors a postretirement health care benefit plan that provides medical and prescription drug coverage eligible officers of the Company. See Note 12A for more details.

## Notes to Financial Statements

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

A. Outstanding Shares

The Company has 5,000,000 shares authorized, 2,500,000 issued and outstanding. All shares are Class A shares.

B. Dividend Rate of Preferred Stock

Not applicable

C. Dividend Restrictions

Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation to the greater of prior year income or 10% of surplus. Within the limitations above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders. There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.

D. Dates and Amounts of Dividends Paid

The Company paid net dividends of \$483,000 during the current year to its Parent as follows:

DATE OF PAYMENT	AMOUNT
January 14, 2013	\$40,250
February 14, 2013	\$40,250
March 14, 2013	\$40,250
April 14, 2013	\$40,250
May 14, 2013	\$40,250
June 14, 2013	\$40,250
July 12, 2013	\$40,250
August 14, 2013	\$40,250
September 14, 2013	\$40,250
October 14, 2013	\$40,250
November 14, 2013	\$40,250
December 13, 2013	\$40,250
<b>TOTAL 2013 NET DIVIDEND PAYMENTS</b>	<b>\$483,000</b>

In addition to the dividend payments listed above, \$115,918 was accrued and is payable to its Parent. Total dividends charged to unassigned funds in the current year were \$598,918. All dividends were ordinary, not requiring regulatory approval.

E. Amount of Ordinary Dividends That May be Paid

Other than the limitations described above in paragraph C, there are no other limitations on the amount of ordinary dividends that may be paid.

F. Restrictions on Unassigned Funds

There are no restrictions on the unassigned funds of the Company other than those described above in paragraphs C and E and these unassigned funds are held for the benefit of the owner and policyholders.

## Notes to Financial Statements

G. Mutual Surplus Advances

Not Applicable

H. Company Stock Held for Special Purposes

Not Applicable

I. Changes in Special Surplus Funds

Not Applicable

J. Changes in Unassigned Funds

The portion of unassigned funds (surplus) represented by cumulative unrealized capital gains is \$5,191,139 less applicable deferred taxes of \$1,764,987, for a net balance of \$3,426,152.

K. Surplus Notes

Not Applicable

L. Impact of Quasi Reorganizations

Not Applicable

M. Date of Quasi Reorganizations

Not Applicable

### **Note 14 – Contingencies**

A. Contingent Commitments

Not Applicable

B. Guaranty Fund and Other Assessments

The Company is subject to guaranty fund and other assessments by the states in which it writes business. The Company is permitted by the State of Maine to account for guaranty funds on a cash basis rather than the NAIC prescribed method of accruing at the time of insolvency. In the year 2013, the Company received (paid) guaranty funds to the states of Maine and Pennsylvania in the amounts of \$4,943 and (\$559), respectively.

C. Gain Contingencies

Not Applicable

## Notes to Financial Statements

### D. Extra Contractual Obligation and Bad Faith Losses

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 ECO and bad faith losses paid during the reporting period.	\$0

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 [  ]          (g) Per Claimant [  ]

### E. Product Warranties

Not Applicable

### F. Other Contingencies and Writedowns for Impairment

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.

On December 31, 2013, the Company recognized other-than-temporary impairments (OTTI) on 2 common equities, resulting in a writedown of \$22,432 and a revised cost basis of \$33,877.

## **Note 15 – Leases**

### A. Lessee Leasing Arrangements

The Company leases office space for its regional office in Concord, New Hampshire under a non-cancelable lease which will expire on September 22, 2018. Rental expense for the current year and the prior year were \$68,520 and \$67,658, respectively. The Company also has a leasing agreement for office space for its regional office in Allentown, Pennsylvania, which will expire on February 28, 2015. Rental expense for the current year and prior year for the Pennsylvania office were \$44,404 and \$43,914 respectively. Minimum lease payments for the remainder of the lease terms to be incurred are:

2014)	\$115,239
2015)	\$74,753
2016)	\$72,061
2017)	\$73,262
2018)	\$55,555

### B. Lessor Leasing Arrangements

Not Applicable

## Notes to Financial Statements

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

- A. Face or Contracts Amounts  
Not Applicable
- B. Nature and Terms  
Not Applicable
- C. Exposure to Credit-Related Losses  
Not Applicable
- D. Collateral Policy  
Not Applicable

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

- A. Transfers of Receivables Reported as Sales  
Not Applicable
- B. Transfers and Servicing of Financial Assets  
Not Applicable
- C. Wash Sales

In the course of the Company's asset management, equity securities are sold and reacquired within 30 days of the sale date. No securities with an NAIC designation of 3 or lower were sold and reacquired within 30 days of the sale date.

### **Note 18 – Gain or Loss from Uninsured 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**

- A. Not Applicable

## Notes to Financial Statements

### Note 20 – Fair Value Measurements

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

##### 1. Items Measured and Reported as Fair Value by Levels 1, 2 and 3

The Company has categorized its assets and liabilities that are measured at fair value into the three-level fair value hierarchy as reflected in the table below. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows:

**Level 1 – Quoted Prices in Active Markets for Identical Assets and Liabilities:** This category, for items measured at fair value on a recurring basis, includes exchange-traded common stocks. The estimated fair value of the equity securities within this category are based on quoted prices in active markets and are thus classified as Level 1.

**Level 2 – Significant Other Observable Inputs:** This category for items measured at fair value on a recurring basis includes bonds which are not exchange traded. The estimated fair values of these items were determined by independent pricing services using observable inputs.

**Level 3 – Significant Unobservable Inputs:** This category is for items measured at fair value on a recurring basis for which fair value is derived from techniques in which one or more of the significant inputs are unobservable, including broker quotes which are non binding.

	Level 1	Level 2	Level 3	Total
<b>2013</b>				
Common stocks	30,267,981	-	63,328	30,331,309
Bonds	-	235,850	-	235,850
Total fair value	<u>\$ 30,267,981</u>	<u>\$ 235,850</u>	<u>\$ 63,328</u>	<u>\$30,567,159</u>
<b>2012</b>				
Common stocks	22,626,617	-	59,031	22,685,648
Total fair value	<u>\$ 22,626,617</u>	<u>\$ -</u>	<u>\$ 59,031</u>	<u>\$22,685,648</u>

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1 and 2. This policy also applies to transfers into or out of Level 3 as stated in paragraph 3 below.

##### 2. Rollforward of Level 3 Items

	<b>2013</b>	<b>2012</b>
	Common Stock	Common Stock
Beginning of year	\$ 59,031	\$ 57,736
Purchases	-	-
Sales	-	-
Total gains and losses (realized and unrealized)		
Included in net income	-	-
Included in surplus	4,297	1,295
Transfers in and out of significant unobservable inputs	-	-
End of year	<u>\$ 63,328</u>	<u>\$ 59,031</u>
The amount of total gains or losses for the period included in earnings (or changes in net assets) attributable to the change in unrealized gains or losses relating to assets still held as of December 31	<u>\$ -</u>	<u>\$ -</u>

## Notes to Financial Statements

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

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year, no transfers into or out of Level 3 were required.

### 4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

The common stock carried at fair value and categorized as Level 3 was valued using figures provided by the NAIC Securities Valuation Office, and was derived using the prior-year's book value per share, provided by the issuing company. The bond carried at fair value and categorized as Level 2 was valued using a market approach. These valuations were determined to be Level 2 valuations as quoted markets prices for similar instruments in an active market were utilized.

### 5. Derivative Fair Values

Not Applicable

### B. Other Fair Value Disclosures

Not Applicable

### C. Fair Values for All Financial Instruments by Levels 1, 2 and 3

The table below reflects the fair values and admitted values of all admitted assets and liabilities that are financial instruments. The fair values are also categorized into the three-level fair value hierarchy as described above in Note 20A.

2013	Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Assets						
Bonds	124,941,146	120,476,170	-	120,476,170	-	-
Common Stocks	30,331,309	30,331,309	30,267,981	-	63,328	-
Cash and cash equivalents	18,274,151	18,274,151	18,274,151	-	-	-
Total fair value	<u>\$173,546,606</u>	<u>\$169,081,630</u>	<u>\$48,542,132</u>	<u>\$120,476,170</u>	<u>\$63,328</u>	<u>\$ -</u>

### D. Financial Instruments for Which Not Practicable to Estimate Fair Values

Not Applicable

### Note 21 – Other Items

#### A. Extraordinary Items

Not Applicable

#### B. Troubled Debt Restructuring for Debtors

Not Applicable

#### C. Other Disclosures

Assets in the amount of \$1,241,852 and \$1,338,899 at December 31, 2013 and 2012, respectively, were on deposit with government authorities or trustees as required by law.

## Notes to Financial Statements

### D. Uncollectible Premiums Receivable

At the end of the current and prior year, the Company had admitted assets of \$38,648,562 and \$35,640,474, respectively in premiums receivable due from policyholders, agents and ceding insurers. The Company routinely assesses the collectability of these receivables. Based upon Company experience, any uncollectible premiums receivable as of the end of the current year are not expected to exceed the nonadmitted amounts and, therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial condition.

### E. Business Interruption Insurance Recoveries

Not Applicable

### F. State Transferable and Non-Transferable Tax Credits

Not Applicable

### G. Subprime Mortgage Related Risk Exposure

#### 1. Subprime Mortgage Exposures

The Company invests in several asset classes that could potentially be adversely affected by subprime mortgage exposure. These investments include asset-backed securities, US agency debt securities, investment-grade corporate bonds and equity investments in financial institutions. The Company believes that its greatest exposure is to unrealized losses from declines in asset values versus realized losses resulting from defaults or foreclosures. Conservative investment practices limit the Company's exposure to such losses.

#### 2. Direct Exposure - Mortgage Loans

The Company does not participate in mortgage lending.

#### 3. Direct Exposure - Other Investment Classes

The Company has several other investment classes that could have subprime mortgage exposure including:

- Asset-backed securities
- Debt obligations of financial institutions participating in subprime lending practices
- Unaffiliated equity securities issued by financial institutions participating in subprime lending.

The Company has reviewed its mortgage-backed security portfolio and determined that all of these investments are in pools that are backed by loans made to well-qualified borrowers or in tranches that have minimal default risk. In accordance with SSAP 43R, all residential mortgage-backed securities were examined at year end 2013 for possible other-than-temporary impairments. As explained in Note 5D above, no loss due to other-than-temporary impairments have been realized in 2013 on residential mortgage-backed securities.

At the end of the current year, the Company did not hold any securities with direct exposure to subprime mortgages.

All bonds held that were issued by financial institutions participating in subprime lending activities are investment grade quality. Default risk on these bonds appears minimal at this time.

## Notes to Financial Statements

The Company has no exposure to subprime mortgages in either the mortgage-backed or commercial mortgage-backed security sectors of the market.

The Company has indirect exposures to subprime mortgages in the U.S. Agency sector. The Company has \$2.0 million book value in agency debt in the Company's portfolio in Freddie Mac, Fannie Mae, and Federal Home Loan Bank securities. The Company also has indirect exposure to subprime mortgages in the investment-grade corporate bond sector. The Company has \$40.0 million book value in investment-grade corporate fixed income securities. Of these corporate holdings, \$9.6 million were in the banking sector, \$1.6 million were in the brokerage sector, and \$1.0 million were in the finance sector.

#### 4. Underwriting Exposure

Not Applicable

### **Note 22 – Events Subsequent**

- A. Subsequent events have been considered through February 28, 2014, the date of issuance of these statutory financial statements. There were no events occurring subsequent to the end of the current year that merited recognition or disclosure in these statements.

### **Note 23 – Reinsurance**

#### A. Unsecured Reinsurance Recoverables

Following are reinsurance recoverables for paid and unpaid losses, loss adjustment expenses and unearned premiums from individual reinsurers that exceed 3% of policyholder surplus:

NAIC Code	Federal ID #	Name of Reinsurer	Amount (000's omitted)
22039	13-2673100	General Reinsurance	\$6,351

#### B. Reinsurance Recoverables in Dispute

The Company does not have reinsurance recoverables in dispute for paid losses and loss adjustment expenses that exceed 5% of policyholders' surplus from an individual reinsurer or exceed 10% of policyholders' surplus in aggregate.

#### C. Reinsurance Assumed and Ceded and Protected Cells

1. The following table summarizes ceded and assumed unearned premiums and the related commission equity at the end of the current year.

	Assumed		Ceded		Assumed Less Ceded	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
a. Affiliates	0	0	0	0	0	0
b. All Other	0	0	\$4,897,918	\$1,449,771	(\$4,897,918)	(\$1,449,771)
c. Totals	0	0	\$4,897,918	\$1,449,771	(\$4,897,918)	(\$1,449,771)
d. Direct Unearned Premium Reserve is \$76,236,818						

## Notes to Financial Statements

2. Certain agency agreements and ceded reinsurance contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at the end of the current year are as follows:

Description	Direct	Assumed	Ceded	Net
a. Contingent Commissions	\$3,684,440	0	0	\$3,684,440
b. Sliding Scale Adjustments	0	0	0	0
c. Other Profit Commissions	0	0	(\$111,997)	\$ 111,997
d. Totals	\$3,684,440	0	(\$111,997)	\$3,796,437

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

D. Uncollectible Reinsurance

Not Applicable

E. Commutation of Ceded Reinsurance

Reinsurance contracts are periodically reviewed to determine if commutation is necessary. Effective January 1, 2012, the Company commuted its quota share reinsurance contract with Ace Property and Casualty Insurance Company for the year 2009. There was no effect on the operating statement as a result of the commutation. The Company did not commute any reinsurance contracts in 2013.

F. Retroactive Reinsurance

Not Applicable

G. Reinsurance Accounted for as a Deposit

Not Applicable

H. Run-off Agreements

Not Applicable

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

Not Applicable

### **Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination**

A. & B. Methods Used to Estimate and Record

Not Applicable.

C. Amount and Percent of Net Retrospective Premiums

Not Applicable

D. Medical Loss Ratio Rebates

Not Applicable

E. Calculation of Nonadmitted Accrued Retrospective Premiums

Not Applicable

## Notes to Financial Statements

### **Note 25 – Changes in Incurred Losses and Loss Adjustment Expenses**

The estimated cost of loss and loss adjustment expenses (LAE) attributable to insured events of prior years increased by \$1,257,000 during the current year. This increased the current calendar year losses and LAE incurred by this amount, as shown in the chart below. Increases or decreases of this nature occur as the result of claim settlements during the current year, and as additional information is received regarding unpaid individual claims, causing changes from the original estimates of the cost of these claims. Recent loss development trends are also taken into account in evaluating the overall adequacy of unpaid losses and loss adjustment expenses.

(000's omitted) Lines of Business	2013 Calendar Year Losses and LAE Incurred			2013 Loss Year Losses and LAE Incurred	Shortage (Redundancy)
	Losses Incurred	LAE Incurred	Totals		
Homeowners & Farmowners	\$17,801	\$1,113	\$18,913	\$19,214	\$ (301)
Auto Liability-Private Passenger	18,172	3,348	21,521	19,591	1,930
Auto Liability-Commercial	4,905	806	5,711	5,507	204
Commercial Multiple Peril	6,420	2,186	8,606	8,885	(279)
Other Liability-Occurrence	(450)	119	(331)	151	(482)
Special Property	1,477	180	1,657	1,734	(77)
Auto Physical Damage	17,057	4,328	21,385	21,123	262
Totals	\$65,383	\$12,079	\$77,461	\$76,205	\$ 1,257

### **Note 26 – Intercompany Pooling Arrangements**

- A. Not Applicable

### **Note 27 – Structured Settlements**

- A. Reserves Released due to Purchase of Annuities

Not Applicable

- B. Annuity Insurers with Balances Due Greater than 1% of Policyholders' Surplus

Not Applicable

### **Note 28 – Health Care Receivables**

- A. Pharmaceutical Rebate Receivables

Not Applicable

- B. Risk Sharing Receivables

Not Applicable

### **Note 29 – Participating Policies**

- A. Not Applicable

### **Note 30 – Premium Deficiency Reserves**

- A. Not Applicable

## Notes to Financial Statements

### **Note 31 – High Deductibles**

- A. Not Applicable

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

- A. Tabular Discounts  
Not Applicable
- B. Non-Tabular Discounts  
Not Applicable
- C. Changes in Discount Assumptions  
Not Applicable

### **Note 33 – Asbestos and Environmental Reserves**

- A. Five-Year Rollforward of Asbestos Reserves, Direct, Assumed and Net  
Not Applicable
- B. Asbestos IBNR and Bulk Reserve, Direct, Assumed and Net  
Not Applicable
- C. Asbestos LAE Reserve, Direct, Assumed and Net  
Not Applicable
- D. Five-Year Rollforward of Environmental Reserves, Direct, Assumed and Net  
Not Applicable
- E. Environmental IBNR and Bulk Reserve, Direct, Assumed and Net  
Not Applicable
- F. Environmental LAE Reserve, Direct, Assumed and Net  
Not Applicable

### **Note 34 – Subscriber Savings Accounts**

- A. Not Applicable

### **Note 35 – Multiple Peril Crop Insurance**

- A. Not Applicable

### **Note 36 – Financial Guaranty Insurance**

- A. 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? Maine
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[ ] No[X]
- 2.2 If yes, date of change: \_\_\_\_\_
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2010
- 3.2 State the as of date 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. 12/31/2010
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 10/27/2011
- 3.4 By what department or departments?  
 Maine Bureau of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[ ] No[ ] N/A[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[ ] No[X]
- 4.12 renewals? Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[ ] No[X]
- 4.22 renewals? Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]
- 5.2 If yes, provide the name of 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, 0.000%
- 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 location (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
.....	.....	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 PriceWaterhouseCoopers, LLP, 125 High Street, Boston, MA 02110-1707
- 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:
- 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 17A 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?  
 Jeffrey R. Carlson, FCAS, MAAA employee of Towers Watson 175 Powder Forest Drive, Weatogue, CT 06089

## GENERAL INTERROGATORIES (Continued)

- 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 0  
 12.13 Total book/adjusted carrying value \$ 0  
 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 [ ] N/A [X]  
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ] N/A [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? Yes [X] No [ ]  
 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.  
 14.11 If the response to 14.1 is no, please explain:  
 14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]  
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]  
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]  
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of 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
15.2001	.....	.....	.....	0

### 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 \$ ..... 0  
 20.12 To stockholders not officers \$ ..... 0  
 20.13 Trustees, supreme or grand (Fraternal only) \$ ..... 0  
 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):  
 20.21 To directors or other officers \$ ..... 0  
 20.22 To stockholders not officers \$ ..... 0  
 20.23 Trustees, supreme or grand (Fraternal only) \$ ..... 0
- 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 \$ ..... 0  
 21.22 Borrowed from others \$ ..... 0  
 21.23 Leased from others \$ ..... 0  
 21.24 Other \$ ..... 0
- 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 [X] No [ ]  
 22.2 If answer is yes:  
 22.21 Amount paid as losses or risk adjustment \$ ..... 0  
 22.22 Amount paid as expenses \$ ..... 142,682  
 22.23 Other amounts paid \$ ..... 0
- 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: \$ ..... 386,148

### INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [ ] No [X]  
 24.02 If no, give full and complete information, relating thereto  
 See Interrogatory 28 below  
 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)  
 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [X]  
 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ ..... 0  
 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ ..... 0  
 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]  
 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]

## GENERAL INTERROGATORIES (Continued)

- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ ..... 0
- 24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. \$ ..... 0
- 24.103 Total payable for securities lending reported on the liability page. \$ ..... 0

- 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 [ ]
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- 25.21 Subject to repurchase agreements \$ ..... 0
- 25.22 Subject to reverse repurchase agreements \$ ..... 0
- 25.23 Subject to dollar repurchase agreements \$ ..... 0
- 25.24 Subject to reverse dollar repurchase agreements \$ ..... 0
- 25.25 Pledged as collateral \$ ..... 0
- 25.26 Placed under option agreements \$ ..... 0
- 25.27 Letter stock or securities restricted as to sale \$ ..... 0
- 25.28 On deposit with state or other regulatory body \$ ..... 1,241,852
- 25.29 Other \$ ..... 0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [X]  
If no, attach a description with this statement.

- 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. \$ ..... 0

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 I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]
- 28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
TD Bank, N.A. ....	1006 Astoria Boulevard, Cherry Hill, NJ 08034 .....
UBS Financial Services, Inc. ....	1285 Avenue of the Americas, New York, NY 10019 .....

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 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
UBS Financial Services, Inc. ....	Jason Viola .....	One City Center, 7th Floor, Portland, ME 04101 .....
Columbia Management Advisors ..	.....	225 Franklin Street, Boston, MA 02110 .....
Blackrock .....	.....	Park Avenue Plaza, 55 East 52nd Street, New York, NY 10055 ..
Herndon Capital Management ....	.....	191 Peachtree Street, NE, Suite 2500, Atlanta, GA 30303 .....
Boston Trust .....	.....	One Beacon Street, 3rd Floor, Boston, MA 02108 .....
Earnest Partners, LLC .....	.....	1180 Peachtree Street, Suite 2300, Atlanta, GA 30309 .....
Conning Asset Management .....	Garrett Plona .....	One Financial Plaza, Hartford, CT 06103-2627 .....

- 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 [X] No [ ]
- 29.2 If yes, complete the following schedule:

## GENERAL INTERROGATORIES (Continued)

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
018914101	Alliance Bernstein Discovery Value Fund	905,386
298706409	American Funds Euro Pacific Funds - Class F	1,251,949
197199847	Columbia Acorn International Fund Class A	1,009,782
197199102	Columbia Acorn Fund Class A	840,960
32008F101	First Eagle Overseas Fund Class A	1,279,999
74676P755	Putnam Short Duration Income Fund	842,383
683974109	Oppenheimer Developing Market Fund	913,390
92828T707	Virtus Emerging Markets Opportunities Fund	976,313
29.2999 Total		8,020,162

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
Alliance Bernstein Discovery Value Fund	Gannett Co. Inc.	14,486	12/31/2013
Alliance Bernstein Discovery Value Fund	Terex Corp.	13,852	12/31/2013
Alliance Bernstein Discovery Value Fund	Genworth Financial, Inc.	13,490	12/31/2013
Alliance Bernstein Discovery Value Fund	PulteGroup, Inc.	13,400	12/31/2013
Alliance Bernstein Discovery Value Fund	Avnet, Inc.	13,219	12/31/2013
American Funds Euro Pacific Funds - Class F	Novo Nordisk	50,704	12/31/2013
American Funds Euro Pacific Funds - Class F	Softbank Corporation	38,560	12/31/2013
American Funds Euro Pacific Funds - Class F	Bayer AG	32,551	12/31/2013
American Funds Euro Pacific Funds - Class F	Samsung Electronics Co.	25,915	12/31/2013
American Funds Euro Pacific Funds - Class F	Novartis AG	25,790	12/31/2013
Columbia Acorn International Fund Class A	Melco Crown Entertainment	14,743	12/31/2013
Columbia Acorn International Fund Class A	Coronation Fund Managers Ltd.	13,632	12/31/2013
Columbia Acorn International Fund Class A	WuXi PharmaTech, Inc.	11,310	12/31/2013
Columbia Acorn International Fund Class A	Aalberts Industries	11,007	12/31/2013
Columbia Acorn International Fund Class A	Neopost	10,704	12/31/2013
Columbia Acorn Fund Class A	Ametek, Inc.	19,763	12/31/2013
Columbia Acorn Fund Class A	Donaldson Company, Inc.	14,801	12/31/2013
Columbia Acorn Fund Class A	Mettler-Toledo International, Inc.	14,465	12/31/2013
Columbia Acorn Fund Class A	SBA Communications Corp.	12,362	12/31/2013
Columbia Acorn Fund Class A	Amphenol Corp.	12,278	12/31/2013
First Eagle Overseas Fund Class A	Gold Commodity in Ounces	33,920	11/30/2013
First Eagle Overseas Fund Class A	Grupo Televisa, SAB	26,752	11/30/2013
First Eagle Overseas Fund Class A	Keyence Corp.	25,216	11/30/2013
First Eagle Overseas Fund Class A	SMC Corporation	24,320	11/30/2013
First Eagle Overseas Fund Class A	Total SA	23,168	11/30/2013
Putnam Short Duration Income Fund	Bpce Global Note	7,918	12/31/2013
Putnam Short Duration Income Fund	Royal Bank of Canada	7,244	12/31/2013
Putnam Short Duration Income Fund	Wea Financial LLC	6,908	12/31/2013
Putnam Short Duration Income Fund	Lloyds Tsb Bank	6,908	12/31/2013
Putnam Short Duration Income Fund	Bank of Montreal	6,823	12/31/2013
Oppenheimer Developing Market Fund	Baidu, Inc.	47,040	12/31/2013
Oppenheimer Developing Market Fund	Tencent Holdings Ltd.	28,589	12/31/2013
Oppenheimer Developing Market Fund	OAO Novatek GDR	21,830	12/31/2013
Oppenheimer Developing Market Fund	AJSC Magnit	18,999	12/31/2013
Oppenheimer Developing Market Fund	Yandex NV	19,821	12/31/2013
Virtus Emerging Markets Opportunities Fund	British American Tobacco	66,877	12/31/2013
Virtus Emerging Markets Opportunities Fund	SABMiller PLC	47,449	12/31/2013
Virtus Emerging Markets Opportunities Fund	ITC LTD	40,126	12/31/2013
Virtus Emerging Markets Opportunities Fund	Housing Development Finance	37,783	12/31/2013
Virtus Emerging Markets Opportunities Fund	HSBC Holdings PLC	35,928	12/31/2013

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	120,476,170	124,941,146	4,464,976
30.2 Preferred stocks	0	0	0
30.3 Totals	120,476,170	124,941,146	4,464,976

30.4 Describe the sources or methods utilized in determining the fair values  
Fair values obtained from Conning Asset Management

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

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

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 Securities Valuation Office been followed? Yes[X] No [ ]

## GENERAL INTERROGATORIES (Continued)

32.2 If no, list exceptions:

### OTHER

- 33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ ..... 696,176  
 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Insurance Services Office .....	504,836

- 34.1 Amount of payments for legal expenses, if any? \$ ..... 34,015  
 34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Pierce Atwood .....	13,644
Verrill & Dana .....	9,075

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ ..... 20,010  
 35.2 List the name of 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
Charles C Soltan, LLC .....	11,408

# GENERAL INTERROGATORIES (Continued)

## 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. \$ ..... 0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ ..... 0
- 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. \$ ..... 0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ ..... 0
- 1.6 Individual policies
- Most current three years:
- 1.61 Total premium earned \$ ..... 0
- 1.62 Total incurred claims \$ ..... 0
- 1.63 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.64 Total premium earned \$ ..... 0
- 1.65 Total incurred claims \$ ..... 0
- 1.66 Number of covered lives ..... 0
- 1.7 Group policies
- Most current three years:
- 1.71 Total premium earned \$ ..... 0
- 1.72 Total incurred claims \$ ..... 0
- 1.73 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.74 Total premium earned \$ ..... 0
- 1.75 Total incurred claims \$ ..... 0
- 1.76 Number of covered lives ..... 0

2. Health Test

	1 Current Year	2 Prior Year
2.1 Premium Numerator .....	0	0
2.2 Premium Denominator .....	126,715,786	112,832,780
2.3 Premium Ratio (2.1 / 2.2) .....	0.000	0.000
2.4 Reserve Numerator .....	0	0
2.5 Reserve Denominator .....	116,112,887	100,979,387
2.6 Reserve Ratio (2.4 / 2.5) .....	0.000	0.000

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes[ ] No[X]
- 3.2 If yes, state the amount of calendar year premiums written on:
  - 3.21 Participating policies \$ ..... 0
  - 3.22 Non-participating policies \$ ..... 0
- 4. For Mutual reporting entities and Reciprocal Exchanges only:
- 4.1 Does the reporting entity issue assessable policies? Yes[ ] No[ ] N/A[X]
- 4.2 Does the reporting entity issue non-assessable policies? Yes[ ] No[ ] N/A[X]
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? 0%
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ ..... 0
- 5. For Reciprocal Exchanges Only:
- 5.1 Does the exchange appoint local agents? Yes[ ] No[ ] N/A[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] N/A[ ]
- 5.5 If yes, give full information:
- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:  
The Company does not write Workers' Compensation Insurance.
- 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 utilizes the services of JLT Towers Re to perform a catastrophe exposure analysis for hurricane and winter storm possible losses.
- 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 carries catastrophe reinsurance to cover loss events which exceed \$3,000,000. The Company's catastrophe retention increased to \$4,000,000 effective January 1, 2014.
- 6.4 Does the reporting entity carry catastrophic reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes[X] No[ ]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes[ ] No[X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. ..... 0
- 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[ ] N/A[X]
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes[ ] No[X]
- 8.2 If yes, give full information.
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
  - (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

## GENERAL INTERROGATORIES (Continued)

- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;
- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [ ] No[X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No[X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income.
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
- (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No[X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or Yes [ ] No[X]
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No[X]
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No[X]
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 \$ ..... 0
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$ ..... 0
- 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. \$ ..... 0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [ ] N/A[X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From ..... 0.000%
- 12.42 To ..... 0.000%
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [ ] No[X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of Credit \$ ..... 0
- 12.62 Collateral and other funds \$ ..... 0
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ ..... 443,750
- 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. ..... 2
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [ ] No[X]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [ ] N/A[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 [ ] No [ ] N/A[X]
- 14.5 If the answer to 14.4 is no, please explain
- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [ ] No[X]
- 15.2 If yes, give full information:
- 16.1 Does the reporting entity write any warranty business? Yes [ ] No[X]  
If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home .....	0	0	0	0	0
16.12 Products .....	0	0	0	0	0
16.13 Automobile .....	0	0	0	0	0
16.14 Other * .....	0	0	0	0	0

\* Disclose type of coverage:

- 17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5? Yes [ ] No[X]  
Incurred but not reported losses on contracts in force prior to July 1, 1984 and not subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption.

## GENERAL INTERROGATORIES (Continued)

17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$	0
17.12 Unfunded portion of Interrogatory 17.11	\$	0
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$	0
17.14 Case reserves portion of Interrogatory 17.11	\$	0
17.15 Incurred but not reported portion of Interrogatory 17.11	\$	0
17.16 Unearned premium portion of Interrogatory 17.11	\$	0
17.17 Contingent commission portion of Interrogatory 17.11	\$	0
Provide the following information for all other amounts included in Schedule F - Part 3 and excluded from Schedule F - Part 5, not included above.		
17.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$	0
17.19 Unfunded portion of Interrogatory 17.18	\$	0
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$	0
17.21 Case reserves portion of Interrogatory 17.18	\$	0
17.22 Incurred but not reported portion of Interrogatory 17.18	\$	0
17.23 Unearned premium portion of Interrogatory 17.18	\$	0
17.24 Contingent commission portion of Interrogatory 17.18	\$	0
18.1 Do you act as a custodian for health savings accounts?		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
18.2 If yes, please provide the amount of custodial funds held as of the reporting date:	\$	0
18.3 Do you act as an administrator for health savings accounts?		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
18.4 If yes, please provide the balance of the funds administered as of the reporting date:	\$	0

## FIVE - YEAR HISTORICAL DATA

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

	1 2013	2 2012	3 2011	4 2010	5 2009
<b>Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 &amp; 3)</b>					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2, & 19.3, 19.4)	41,057,180	39,187,329	37,238,182	34,925,696	34,045,639
2. Property Lines (Lines 1, 2, 9, 12, 21, & 26)	34,254,797	32,639,783	31,130,735	29,278,846	27,666,259
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	73,444,671	67,848,276	64,945,223	61,715,349	57,275,821
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
5. Nonproportional Reinsurance Lines (Lines 31, 32, & 33)	0	0	0	0	0
6. TOTAL (Line 35)	148,756,648	139,675,388	133,314,140	125,919,891	118,987,719
<b>Net Premiums Written (Page 8, Part 1B, Column 6)</b>					
7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	37,874,760	33,317,026	30,065,660	26,122,181	25,643,680
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	32,993,833	29,503,642	26,772,299	23,707,668	22,338,230
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	64,691,480	55,256,533	50,443,729	44,750,355	42,062,092
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
11. Non-proportional Reinsurance Lines (Lines 31, 32 & 33)	0	0	0	0	0
12. TOTAL (Line 35)	135,560,073	118,077,201	107,281,688	94,580,204	90,044,002
<b>Statement of Income (Page 4)</b>					
13. Net underwriting gain or (loss) (Line 8)	1,847,950	1,810,410	634,030	2,153,590	(169,691)
14. Net investment gain or (loss) (Line 11)	5,492,140	4,686,184	6,335,426	4,756,742	4,464,545
15. TOTAL other income (Line 15)	647,868	891,291	969,393	928,156	1,071,795
16. Dividends to policyholders (Line 17)	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19)	2,191,810	2,087,912	1,201,356	1,668,036	(397,026)
18. Net income (Line 20)	5,796,148	5,299,973	6,737,493	6,170,452	5,763,675
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. TOTAL admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	225,328,952	205,124,517	192,443,537	184,113,397	174,868,274
20. Premiums and considerations (Page 2, Column 3)					
20.1 In course of collection (Line 15.1)	5,318,461	4,872,570	4,645,840	15,709,205	14,347,978
20.2 Deferred and not yet due (Line 15.2)	33,330,101	30,767,904	29,507,692	16,155,514	15,827,570
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. TOTAL liabilities excluding protected cell business (Page 3, Line 26)	137,622,889	126,045,627	119,466,084	114,769,014	111,110,395
22. Losses (Page 3, Line 1)	36,820,412	31,359,498	29,329,414	28,877,002	30,011,975
23. Loss adjustment expenses (Page 3, Line 3)	7,953,575	7,125,275	6,891,164	7,083,000	7,387,468
24. Unearned premiums (Page 3, Line 9)	71,338,900	62,494,614	57,250,195	52,125,414	49,489,552
25. Capital paid up (Page 3, Lines 30 & 31)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
26. Surplus as regards policyholders (Page 3, Line 37)	87,706,063	79,078,890	72,977,453	69,344,383	63,757,879
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11)	15,848,747	11,926,315	8,423,652	6,768,363	7,576,524
<b>Risk-Based Capital Analysis</b>					
28. TOTAL adjusted capital	87,706,063	79,078,890	72,977,453	69,344,383	63,757,879
29. Authorized control level risk-based capital	9,668,382	8,510,504	7,609,014	7,009,489	7,371,153
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Column 3) (Item divided by Page 2, Line 12, Column 3) x 100.0</b>					
30. Bonds (Line 1)	69.0	71.2	74.6	73.9	74.1
31. Stocks (Lines 2.1 & 2.2)	17.4	14.3	13.3	12.6	10.8
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	3.2	3.6	3.9	4.2	4.6
34. Cash, cash equivalents and short-term investments (Line 5)	10.5	10.1	8.1	9.3	10.5
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	0.0	0.0	X X X
37. Other invested assets (Line 8)	0.0	0.0	0.0	0.0	0.0
38. Receivables for securities (Line 9)	0.0	0.8	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	0.0	0.0	0.0	0.0	X X X
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
42. Affiliated bonds, (Schedule D, Summary, Line 12, Column 1)	0	0	0	0	0
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Column 1)	0	0	0	0	0
44. Affiliated common stocks (Schedule D, Summary, Line 24, Column 1)	0	0	0	0	0
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Column 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate	0	0	0	0	0
47. All other affiliated	0	0	0	0	0
48. TOTAL of above Lines 42 to 47	0	0	0	0	0
49. TOTAL investment in parent included in Lines 42 to 47 above	0	0	0	0	0
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Column 1, Line 37 x 100.0)	0.0	0.0	0.0	0.0	0.0

## FIVE - YEAR HISTORICAL DATA (Continued)

	1 2013	2 2012	3 2011	4 2010	5 2009
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains or (Losses) (Line 24) .....	2,186,251	1,466,005	(2,441,467)	692,492	1,570,018
52. Dividends to stockholders (Line 35) .....	(598,918)	(659,694)	(600,173)	(955,008)	(995,013)
53. Change in surplus as regards policyholders for the year (Line 38) .....	8,627,172	6,101,437	3,633,071	5,586,504	5,697,857
<b>Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)</b>					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	22,020,801	21,122,436	18,913,842	18,403,452	14,357,811
55. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	18,656,712	17,133,931	18,300,017	14,754,555	14,733,211
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....	26,276,814	28,203,424	26,489,562	26,637,626	31,105,034
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....	0	0	0	0	0
58. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	0	0	0
59. TOTAL (Line 35) .....	66,954,327	66,459,791	63,703,421	59,795,633	60,196,055
<b>Net Losses Paid (Page 9, Part 2, Column 4)</b>					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	19,296,638	17,398,849	15,878,090	15,201,092	11,518,272
61. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....	18,564,938	16,031,876	16,147,162	12,815,107	12,802,940
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....	22,060,088	24,349,084	22,945,702	21,835,805	24,147,652
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30, & 34) .....	0	0	0	0	0
64. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....	0	0	0	0	0
65. TOTAL (Line 35) .....	59,921,664	57,779,809	54,970,954	49,852,004	48,468,864
<b>Operating Percentages (Page 4)</b>					
<b>(Item divided by Page 4, Line 1) x 100.0</b>					
66. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2) .....	51.6	53.0	54.3	53.0	53.7
68. Loss expenses incurred (Line 3) .....	9.5	8.9	8.8	8.9	9.8
69. Other underwriting expenses incurred (Line 4) .....	37.4	36.5	36.3	35.7	36.7
70. Net underwriting gain (loss) (Line 8) .....	1.5	1.6	0.6	2.3	(0.2)
<b>Other Percentages</b>					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Column 6, Line 35 x 100.0) .....	34.5	34.1	33.7	33.8	34.5
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	61.1	61.9	63.0	61.9	63.5
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 35 divided by Page 3, Line 37, Column 1 x 100.0) .....	154.6	149.3	147.0	136.4	141.2
<b>One Year Loss Development (000 omitted)</b>					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11) .....	1,349	(621)	(2,742)	(2,551)	(4,311)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Column 1 x 100.0) .....	1.7	(0.9)	(4.0)	(4.0)	(7.4)
<b>Two Year Loss Development (000 omitted)</b>					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12) .....	445	(3,222)	(4,095)	(5,654)	(8,072)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Column 2 x 100.0) .....	0.6	(4.6)	(6.4)	(9.7)	(12.7)

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[ ] N/A[X]

If no, please explain::

# SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

## SCHEDULE P - PART 1 - SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported - Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1-2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	484	374	83	23	1	426	16	(255)	X X X
2. 2004	88,740	23,742	64,998	41,245	8,852	968	252	4,762	246	2,689	37,625	X X X
3. 2005	98,072	25,327	72,745	43,897	9,152	1,268	140	6,030	325	2,447	41,578	X X X
4. 2006	104,395	26,184	78,211	49,066	10,170	988	140	6,236	286	2,591	45,694	X X X
5. 2007	108,468	26,906	81,562	61,078	13,412	1,406	110	7,162	526	2,874	55,598	X X X
6. 2008	112,034	27,983	84,051	66,303	13,252	1,619	176	7,620	546	3,019	61,568	X X X
7. 2009	116,195	28,692	87,503	57,458	9,312	1,699	184	7,090	586	2,868	56,165	X X X
8. 2010	122,514	30,432	92,082	57,486	9,803	1,340	181	7,323	308	2,852	55,857	X X X
9. 2011	129,592	27,435	102,157	64,914	10,048	1,170	121	7,970	189	3,463	63,696	X X X
10. 2012	136,585	23,752	112,833	59,507	7,051	1,030	101	8,049	138	3,777	61,296	X X X
11. 2013	143,389	16,673	126,716	46,591	2,035	255	1	7,550	3	2,076	52,357	X X X
12. Totals	X X X	X X X	X X X	548,029	93,461	11,826	1,429	69,793	3,579	28,672	531,179	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior	34	2	0	0	0	0	0	0	11	0	0	43	X X X
2. 2004	0	0	0	0	0	0	0	0	0	0	0	0	X X X
3. 2005	50	0	0	0	0	0	0	0	10	0	0	60	X X X
4. 2006	58	0	0	0	0	0	1	1	3	0	0	61	X X X
5. 2007	287	0	2	1	0	0	23	3	33	2	0	339	X X X
6. 2008	781	0	11	11	0	0	76	24	88	24	0	897	X X X
7. 2009	989	200	14	25	0	0	120	29	154	31	0	992	X X X
8. 2010	3,239	774	134	42	0	0	252	58	296	58	3	2,989	X X X
9. 2011	4,816	984	346	133	0	0	596	149	687	148	13	5,031	X X X
10. 2012	10,143	1,893	541	61	0	0	1,000	249	1,284	250	32	10,515	X X X
11. 2013	19,879	2,854	3,336	859	0	0	2,690	383	2,130	91	352	23,848	X X X
12. Totals	40,276	6,707	4,384	1,132	0	0	4,758	896	4,696	604	400	44,775	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X	0	0	X X X	32	11
2. 2004	46,975	9,350	37,625	52.9	39.4	57.9	0	0	0.0	0	0
3. 2005	51,255	9,617	41,638	52.3	38.0	57.2	0	0	0.0	50	10
4. 2006	56,352	10,597	45,755	54.0	40.5	58.5	0	0	0.0	58	3
5. 2007	69,991	14,054	55,937	64.5	52.2	68.6	0	0	0.0	288	51
6. 2008	76,498	14,033	62,465	68.3	50.1	74.3	0	0	0.0	781	116
7. 2009	67,524	10,367	57,157	58.1	36.1	65.3	0	0	0.0	778	214
8. 2010	70,070	11,224	58,846	57.2	36.9	63.9	0	0	0.0	2,557	432
9. 2011	80,499	11,772	68,727	62.1	42.9	67.3	0	0	0.0	4,045	986
10. 2012	81,554	9,743	71,811	59.7	41.0	63.6	0	0	0.0	8,730	1,785
11. 2013	82,431	6,226	76,205	57.5	37.3	60.1	0	0	0.0	19,502	4,346
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X	0	0	X X X	36,821	7,954

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

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	One Year	Two Year
1. Prior	11,935	11,490	11,281	10,599	10,316	10,264	10,029	10,329	10,492	10,502	10	173
2. 2004	35,856	34,502	34,140	33,475	33,317	33,218	33,150	33,166	33,178	33,109	(69)	(57)
3. 2005	XXX	41,667	38,065	36,471	36,271	36,253	36,125	36,052	35,939	35,923	(16)	(129)
4. 2006	XXX	XXX	45,332	42,724	41,146	40,501	40,434	39,986	39,968	39,802	(166)	(184)
5. 2007	XXX	XXX	XXX	54,762	50,636	49,723	49,923	49,641	49,415	49,270	(145)	(371)
6. 2008	XXX	XXX	XXX	XXX	59,114	56,530	55,485	54,860	54,898	55,327	429	467
7. 2009	XXX	XXX	XXX	XXX	XXX	52,385	51,177	50,745	50,660	50,530	(130)	(215)
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX	52,486	51,288	51,037	51,593	556	305
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	59,951	59,810	60,407	597	456
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	62,583	62,866	283	XXX
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	66,619	XXX	XXX
12. TOTALS											1,349	445

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
1. Prior	000	5,184	7,686	9,286	9,713	9,823	9,965	10,154	10,300	10,470	XXX	XXX
2. 2004	21,036	27,477	30,255	31,750	32,571	32,967	32,991	33,025	33,031	33,109	XXX	XXX
3. 2005	XXX	23,811	30,568	32,575	34,070	35,038	35,476	35,728	35,876	35,873	XXX	XXX
4. 2006	XXX	XXX	28,034	35,091	37,815	38,397	39,518	39,845	39,864	39,744	XXX	XXX
5. 2007	XXX	XXX	XXX	34,610	43,469	44,560	46,952	48,331	48,663	48,962	XXX	XXX
6. 2008	XXX	XXX	XXX	XXX	37,974	49,007	51,990	52,801	53,732	54,494	XXX	XXX
7. 2009	XXX	XXX	XXX	XXX	XXX	35,641	43,895	46,908	48,448	49,661	XXX	XXX
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX	36,003	44,697	47,462	48,842	XXX	XXX
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	42,133	52,731	55,915	XXX	XXX
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	43,221	53,385	XXX	XXX
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	44,810	XXX	XXX

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1. Prior	4,298	2,300	882	355	108	146	12	0	0	0
2. 2004	5,054	2,513	1,306	375	142	51	24	16	2	0
3. 2005	XXX	5,854	2,712	805	443	132	28	59	13	0
4. 2006	XXX	XXX	5,336	2,279	926	335	171	56	15	0
5. 2007	XXX	XXX	XXX	5,014	1,757	839	362	179	(11)	21
6. 2008	XXX	XXX	XXX	XXX	3,943	2,220	990	379	76	52
7. 2009	XXX	XXX	XXX	XXX	XXX	2,642	1,611	571	202	80
8. 2010	XXX	XXX	XXX	XXX	XXX	XXX	2,466	778	251	286
9. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,820	876	660
10. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,671	1,231
11. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,784

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN  
ALLOCATED BY STATES AND TERRITORIES**

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
		1. Alabama (AL)	N						
2. Alaska (AK)	N	0	0	0	0	0	0	0	0
3. Arizona (AZ)	N	0	0	0	0	0	0	0	0
4. Arkansas (AR)	N	0	0	0	0	0	0	0	0
5. California (CA)	N	0	0	0	0	0	0	0	0
6. Colorado (CO)	N	0	0	0	0	0	0	0	0
7. Connecticut (CT)	N	0	0	0	0	0	0	0	0
8. Delaware (DE)	N	0	0	0	0	0	0	0	0
9. District of Columbia (DC)	N	0	0	0	0	0	0	0	0
10. Florida (FL)	N	0	0	0	0	0	0	0	0
11. Georgia (GA)	N	0	0	0	0	0	0	0	0
12. Hawaii (HI)	N	0	0	0	0	0	0	0	0
13. Idaho (ID)	N	0	0	0	0	0	0	0	0
14. Illinois (IL)	N	0	0	0	0	0	0	0	0
15. Indiana (IN)	N	0	0	0	0	0	0	0	0
16. Iowa (IA)	N	0	0	0	0	0	0	0	0
17. Kansas (KS)	N	0	0	0	0	0	0	0	0
18. Kentucky (KY)	N	0	0	0	0	0	0	0	0
19. Louisiana (LA)	N	0	0	0	0	0	0	0	0
20. Maine (ME)	L	64,040,623	63,240,087	0	27,096,678	28,538,238	18,281,410	367,643	0
21. Maryland (MD)	N	0	0	0	0	0	0	0	0
22. Massachusetts (MA)	N	0	0	0	0	0	0	0	0
23. Michigan (MI)	N	0	0	0	0	0	0	0	0
24. Minnesota (MN)	N	0	0	0	0	0	0	0	0
25. Mississippi (MS)	N	0	0	0	0	0	0	0	0
26. Missouri (MO)	N	0	0	0	0	0	0	0	0
27. Montana (MT)	N	0	0	0	0	0	0	0	0
28. Nebraska (NE)	N	0	0	0	0	0	0	0	0
29. Nevada (NV)	N	0	0	0	0	0	0	0	0
30. New Hampshire (NH)	L	40,683,293	40,380,826	0	20,141,109	20,764,807	12,862,480	233,553	0
31. New Jersey (NJ)	N	0	0	0	0	0	0	0	0
32. New Mexico (NM)	N	0	0	0	0	0	0	0	0
33. New York (NY)	L	0	0	0	0	0	0	0	0
34. North Carolina (NC)	N	0	0	0	0	0	0	0	0
35. North Dakota (ND)	N	0	0	0	0	0	0	0	0
36. Ohio (OH)	N	0	0	0	0	0	0	0	0
37. Oklahoma (OK)	N	0	0	0	0	0	0	0	0
38. Oregon (OR)	N	0	0	0	0	0	0	0	0
39. Pennsylvania (PA)	L	21,356,989	18,528,451	0	9,687,471	11,641,283	6,218,701	122,605	0
40. Rhode Island (RI)	N	0	0	0	0	0	0	0	0
41. South Carolina (SC)	N	0	0	0	0	0	0	0	0
42. South Dakota (SD)	N	0	0	0	0	0	0	0	0
43. Tennessee (TN)	N	0	0	0	0	0	0	0	0
44. Texas (TX)	N	0	0	0	0	0	0	0	0
45. Utah (UT)	N	0	0	0	0	0	0	0	0
46. Vermont (VT)	L	21,342,151	20,551,061	0	9,818,860	10,247,108	7,044,412	122,520	0
47. Virginia (VA)	L	1,183,182	688,295	0	135,931	214,283	162,896	6,792	0
48. Washington (WA)	N	0	0	0	0	0	0	0	0
49. West Virginia (WV)	N	0	0	0	0	0	0	0	0
50. Wisconsin (WI)	N	0	0	0	0	0	0	0	0
51. Wyoming (WY)	N	0	0	0	0	0	0	0	0
52. American Samoa (AS)	N	0	0	0	0	0	0	0	0
53. Guam (GU)	N	0	0	0	0	0	0	0	0
54. Puerto Rico (PR)	N	0	0	0	0	0	0	0	0
55. U.S. Virgin Islands (VI)	N	0	0	0	0	0	0	0	0
56. Northern Mariana Islands (MP)	N	0	0	0	0	0	0	0	0
57. Canada (CAN)	N	0	0	0	0	0	0	0	0
58. Aggregate other alien (OT)	X X X	0	0	0	0	0	0	0	0
59. TOTALS	(a) 6	148,606,238	143,388,720	0	66,880,049	71,405,719	44,569,899	853,113	0

**DETAILS OF WRITE-INS**

5801.	X X X	0	0	0	0	0	0	0	0
5802.	X X X	0	0	0	0	0	0	0	0
5803.	X X X	0	0	0	0	0	0	0	0
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X	0	0	0	0	0	0	0	0
5899. TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

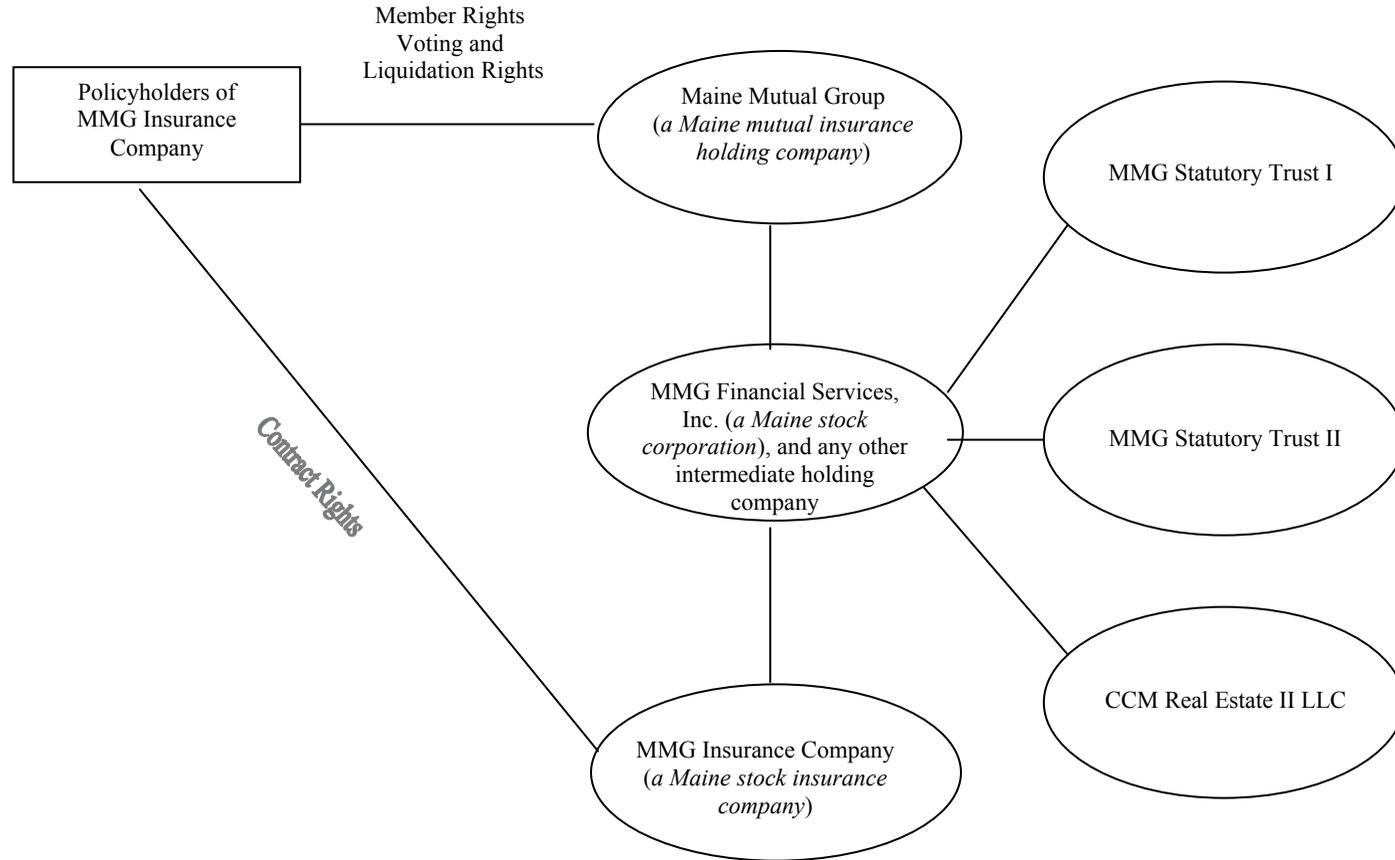
(a) Insert the number of L responses except for Canada and Other Alien.

Explanation of basis of allocation of premiums by states, etc.: Allocation by state is based on the geographic location of the underwriting exposure.

# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER

## MEMBERS OF A HOLDING COMPANY GROUP

### PART 1 - ORGANIZATIONAL CHART



# INDEX TO PROPERTY & CASUALTY ANNUAL STATEMENT

Assets .....	2
Cash Flow .....	5
Exhibit of Capital Gains (Losses) .....	12
Exhibit of Net Investment Income .....	12
Exhibit of Nonadmitted Assets .....	13
Exhibit of Premiums and Losses (State Page) .....	19
Five-Year Historical Data .....	17
General Interrogatories .....	15
Jurat Page .....	1
Liabilities, Surplus and Other Funds .....	3
Notes To Financial Statements .....	14
Overflow Page for Write-ins .....	100
Schedule A - Part 1 .....	E01
Schedule A - Part 2 .....	E02
Schedule A - Part 3 .....	E03
Schedule A - Verification Between Years .....	SI02
Schedule B - Part 1 .....	E04
Schedule B - Part 2 .....	E05
Schedule B - Part 3 .....	E06
Schedule B - Verification Between Years .....	SI02
Schedule BA - Part 1 .....	E07
Schedule BA - Part 2 .....	E08
Schedule BA - Part 3 .....	E09
Schedule BA - Verification Between Years .....	SI03
Schedule D - Part 1 .....	E10
Schedule D - Part 1A - Section 1 .....	SI05
Schedule D - Part 1A - Section 2 .....	SI08
Schedule D - Part 2 - Section 1 .....	E11
Schedule D - Part 2 - Section 2 .....	E12
Schedule D - Part 3 .....	E13
Schedule D - Part 4 .....	E14
Schedule D - Part 5 .....	E15
Schedule D - Part 6 - Section 1 .....	E16
Schedule D - Part 6 - Section 2 .....	E16
Schedule D - Summary By Country .....	SI04
Schedule D - Verification Between Years .....	SI03
Schedule DA - Part 1 .....	E17
Schedule DA - Verification Between Years .....	SI10
Schedule DB - Part A - Section 1 .....	E18
Schedule DB - Part A - Section 2 .....	E19
Schedule DB - Part A - Verification Between Years .....	SI11
Schedule DB - Part B - Section 1 .....	E20
Schedule DB - Part B - Section 2 .....	E21
Schedule DB - Part B - Verification Between Years .....	SI11
Schedule DB - Part C - Section 1 .....	SI12
Schedule DB - Part C - Section 2 .....	SI13
Schedule DB - Part D - Section 1 .....	E22
Schedule DB - Part D - Section 2 .....	E23
Schedule DB - Verification .....	SI14
Schedule DL - Part 1 .....	E24
Schedule DL - Part 2 .....	E25
Schedule E - Part 1 - Cash .....	E26
Schedule E - Part 2 - Cash Equivalents .....	E27
Schedule E - Part 3 - Special Deposits .....	E28
Schedule E - Verification Between Years .....	SI15
Schedule F - Part 1 .....	20
Schedule F - Part 2 .....	21
Schedule F - Part 3 .....	22
Schedule F - Part 4 .....	23
Schedule F - Part 5 .....	24

## INDEX TO PROPERTY & CASUALTY ANNUAL STATEMENT

Schedule F - Part 6 - Section 1 .....	25
Schedule F - Part 6 - Section 2 .....	26
Schedule F - Part 7 .....	27
Schedule F - Part 8 .....	28
Schedule F - Part 9 .....	29
Schedule H - Accident and Health Exhibit - Part 1 .....	30
Schedule H - Parts 2, 3, and 4 .....	31
Schedule H - Part 5 - Health Claims .....	32
Schedule P - Part 1 - Summary .....	33
Schedule P - Part 1A - Homeowners/Farmowners .....	35
Schedule P - Part 1B - Private Passenger Auto Liability/Medical .....	36
Schedule P - Part 1C - Commercial Auto/Truck Liability/Medical .....	37
Schedule P - Part 1D - Workers' Compensation (Excluding Excess Workers' Compensation) .....	38
Schedule P - Part 1E - Commercial Multiple Peril .....	39
Schedule P - Part 1F - Section 1 - Medical Professional Liability - Occurrence .....	40
Schedule P - Part 1F - Section 2 - Medical Professional Liability - Claims-Made .....	41
Schedule P - Part 1G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) .....	42
Schedule P - Part 1H - Section 1 - Other Liability - Occurrence .....	43
Schedule P - Part 1H - Section 2 - Other Liability - Claims-Made .....	44
Schedule P - Part 1I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft) .....	45
Schedule P - Part 1J - Auto Physical Damage .....	46
Schedule P - Part 1K - Fidelity/Surety .....	47
Schedule P - Part 1L - Other (Including Credit, Accident and Health) .....	48
Schedule P - Part 1M - International .....	49
Schedule P - Part 1N - Reinsurance - Nonproportional Assumed Property .....	50
Schedule P - Part 1O - Reinsurance - Nonproportional Assumed Liability .....	51
Schedule P - Part 1P - Reinsurance - Nonproportional Assumed Financial Lines .....	52
Schedule P - Part 1R - Section 1 - Products Liability - Occurrence .....	53
Schedule P - Part 1R - Section 2 - Products Liability - Claims-Made .....	54
Schedule P - Part 1S - Financial Guaranty/Mortgage Guaranty .....	55
Schedule P - Part 1T - Warranty .....	56
Schedule P - Part 2, Part 3 and Part 4 - Summary .....	34
Schedule P - Part 2A - Homeowners/Farmowners .....	57
Schedule P - Part 2B - Private Passenger Auto Liability/Medical .....	57
Schedule P - Part 2C - Commercial Auto/Truck Liability/Medical .....	57
Schedule P - Part 2D - Workers' Compensation (Excluding Excess Workers' Compensation) .....	57
Schedule P - Part 2E - Commercial Multiple Peril .....	57
Schedule P - Part 2F - Section 1 - Medical Professional Liability - Occurrence .....	58
Schedule P - Part 2F - Section 2 - Medical Professional Liability - Claims-Made .....	58
Schedule P - Part 2G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) .....	58
Schedule P - Part 2H - Section 1 - Other Liability - Occurrence .....	58
Schedule P - Part 2H - Section 2 - Other Liability - Claims - Made .....	58
Schedule P - Part 2I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft) .....	59
Schedule P - Part 2J - Auto Physical Damage .....	59
Schedule P - Part 2K - Fidelity, Surety .....	59
Schedule P - Part 2L - Other (Including Credit, Accident and Health) .....	59
Schedule P - Part 2M - International .....	59
Schedule P - Part 2N - Reinsurance - Nonproportional Assumed Property .....	60
Schedule P - Part 2O - Reinsurance - Nonproportional Assumed Liability .....	60
Schedule P - Part 2P - Reinsurance - Nonproportional Assumed Financial Lines .....	60
Schedule P - Part 2R - Section 1 - Products Liability - Occurrence .....	61
Schedule P - Part 2R - Section 2 - Products Liability - Claims-Made .....	61
Schedule P - Part 2S - Financial Guaranty/Mortgage Guaranty .....	61
Schedule P - Part 2T - Warranty .....	61
Schedule P - Part 3A - Homeowners/Farmowners .....	62
Schedule P - Part 3B - Private Passenger Auto Liability/Medical .....	62
Schedule P - Part 3C - Commercial Auto/Truck Liability/Medical .....	62
Schedule P - Part 3D - Workers' Compensation (Excluding Excess Workers' Compensation) .....	62
Schedule P - Part 3E - Commercial Multiple Peril .....	62
Schedule P - Part 3F - Section 1 - Medical Professional Liability - Occurrence .....	63
Schedule P - Part 3F - Section 2 - Medical Professional Liability - Claims-Made .....	63
Schedule P - Part 3G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) .....	63
Schedule P - Part 3H - Section 1 - Other Liability - Occurrence .....	63
Schedule P - Part 3H - Section 2 - Other Liability - Claims-Made .....	63

## INDEX TO PROPERTY & CASUALTY ANNUAL STATEMENT

Schedule P - Part 3I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft) .....	64
Schedule P - Part 3J - Auto Physical Damage .....	64
Schedule P - Part 3K - Fidelity/Surety .....	64
Schedule P - Part 3L - Other (Including Credit, Accident and Health) .....	64
Schedule P - Part 3M - International .....	64
Schedule P - Part 3N - Reinsurance - Nonproportional Assumed Property .....	65
Schedule P - Part 3O - Reinsurance - Nonproportional Assumed Liability .....	65
Schedule P - Part 3P - Reinsurance - Nonproportional Assumed Financial Lines .....	65
Schedule P - Part 3R - Section 1 - Products Liability - Occurrence .....	66
Schedule P - Part 3R - Section 2 - Products Liability - Claims-Made .....	66
Schedule P - Part 3S - Financial Guaranty/Mortgage Guaranty .....	66
Schedule P - Part 3T - Warranty .....	66
Schedule P - Part 4A - Homeowners/Farmowners .....	67
Schedule P - Part 4B - Private Passenger Auto Liability/Medical .....	67
Schedule P - Part 4C - Commercial Auto/Truck Liability/Medical .....	67
Schedule P - Part 4D Workers' Compensation (Excluding Excess Workers' Compensation) .....	67
Schedule P - Part 4E - Commercial Multiple Peril .....	67
Schedule P - Part 4F - Section 1 - Medical Professional Liability - Occurrence .....	68
Schedule P - Part 4F - Section 2 - Medical Professional Liability - Claims-Made .....	68
Schedule P - Part 4G - Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery) .....	68
Schedule P - Part 4H - Section 1 - Other Liability - Occurrence .....	68
Schedule P - Part 4H - Section 2 - Other Liability - Claims-Made .....	68
Schedule P - Part 4I - Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft) .....	69
Schedule P - Part 4J - Auto Physical Damage .....	69
Schedule P - Part 4K - Fidelity/Surety .....	69
Schedule P - Part 4L - Other (Including Credit, Accident and Health) .....	69
Schedule P - Part 4M - International .....	69
Schedule P - Part 4N - Reinsurance - Nonproportional Assumed Property .....	70
Schedule P - Part 4O - Reinsurance - Nonproportional Assumed Liability .....	70
Schedule P - Part 4P - Reinsurance - Nonproportional Assumed Financial Lines .....	70
Schedule P - Part 4R - Section 1 - Products Liability - Occurrence .....	71
Schedule P - Part 4R - Section 2 - Products Liability - Claims-Made .....	71
Schedule P - Part 4S - Financial Guaranty/Mortgage Guaranty .....	71
Schedule P - Part 4T - Warranty .....	71
Schedule P - Part 5A - Homeowners/Farmowners .....	72
Schedule P - Part 5B - Private Passenger Auto Liability/Medical .....	73
Schedule P - Part 5C - Commercial Auto/Truck Liability/Medical .....	74
Schedule P - Part 5D - Workers' Compensation (Excluding Excess Worker' Compensation) .....	75
Schedule P - Part 5E - Commercial Multiple Peril .....	76
Schedule P - Part 5F - Medical Professional Liability - Claims-Made .....	78
Schedule P - Part 5F - Medical Professional Liability - Occurrence .....	77
Schedule P - Part 5H - Other Liability - Claims-Made .....	80
Schedule P - Part 5H - Other Liability - Occurrence .....	79
Schedule P - Part 5R - Products Liability - Claims-Made .....	82
Schedule P - Part 5R - Products Liability - Occurrence .....	81
Schedule P - Part 5T - Warranty .....	83
Schedule P - Part 6C - Commercial Auto/Truck Liability/Medical .....	84
Schedule P - Part 6D - Workers' Compensation (Excluding Excess Workers' Compensation) .....	84
Schedule P - Part 6E - Commercial Multiple Peril .....	85
Schedule P - Part 6H - Other Liability - Claims-Made .....	86
Schedule P - Part 6H - Other Liability - Occurrence .....	85
Schedule P - Part 6M - International .....	86
Schedule P - Part 6N - Reinsurance - Nonproportional Assumed Property .....	87
Schedule P - Part 6O - Reinsurance - Nonproportional Assumed Liability .....	87
Schedule P - Part 6R - Products Liability - Claims-Made .....	88
Schedule P - Part 6R - Products Liability - Occurrence .....	88
Schedule P - Part 7A - Primary Loss Sensitive Contracts .....	89
Schedule P - Part 7B - Reinsurance Loss Sensitive Contracts .....	91
Schedule P Interrogatories .....	93
Schedule T - Exhibit of Premiums Written .....	94
Schedule T - Part 2 - Interstate Compact .....	95

## **INDEX TO PROPERTY & CASUALTY ANNUAL STATEMENT**

Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group .....	96
Schedule Y - Part 1A - Detail of Insurance Holding Company System .....	97
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates .....	98
Statement of Income .....	4
Summary Investment Schedule .....	SI01
Supplemental Exhibits and Schedules Interrogatories .....	99
Underwriting and Investment Exhibit Part 1 .....	6
Underwriting and Investment Exhibit Part 1A .....	7
Underwriting and Investment Exhibit Part 1B .....	8
Underwriting and Investment Exhibit Part 2 .....	9
Underwriting and Investment Exhibit Part 2A .....	10
Underwriting and Investment Exhibit Part 3 .....	11