

Society of Actuaries Exam –
General Insurance, Financial and
Regulatory Environment – U.S.

Case Study

Fall 2017



Introduction and Recommendations

This case study presents information for R-Dan General Insurance Company (R-Dan), a U.S.-based general insurer (i.e., a property and casualty insurer) writing mainly homeowners and automobile insurance policies. R-Dan is owned by the holding company A-Eye Holdings. It is the only insurance company in A-Eye Holdings.

You are encouraged to read this case study in conjunction with the recommended study materials. This will help you become familiar with the information that is provided in this case study and assist you in putting syllabus readings in context. The case study should be read critically, with the understanding that it is meant to represent a hypothetical organization that may not always use best practices.

Unless otherwise stated, all amounts in the exhibits are displayed in thousands of dollars (U.S. currency). For simplicity, all dollar amounts in the annual statement exhibits are rounded to the nearest \$100,000.

Exam booklets will contain an exact copy of this case study. You will not be allowed to bring your copy of this case study into the exam room.

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1 Company Background

U.S.-based insurer R-Dan General Insurance Company (R-Dan) is domiciled in the state of Nebraska and is licensed to write general insurance in twenty states. It is a wholly owned subsidiary of A-Eye Holdings and is the only insurance company owned by A-Eye Holdings. R-Dan offers automobile, homeowners multi-peril and inland marine insurance products. R-Dan has a financial rating of A from A.M. Best and an NAIC RBC ratio over 600%.

The company does not use agents. It acquires business through direct marketing to both consumers and affinity groups. R-Dan focuses on personal lines although it does write a small amount of commercial automobile. Personal lines automobile currently represents approximately 70% of the total earned premium volume for the company, with homeowners coverage representing the bulk of the remaining 30%; other coverages represent less than 1% of premium. R-Dan is considering significant growth in its homeowners business over the next five years. It is also considering expansion of its commercial lines business.

2 Risk and Capital

As of year-end 2016, the Company had a surplus of \$209 million, a NAIC RBC ratio of over 600%, and a premium to surplus ratio of just under 3. Over the period from 2012 to 2015, the company produced positive net income each year and increased its surplus from \$154 million to \$209 million. During 2016, the company lost over \$16 million. It was able to maintain surplus at \$209 million by means of a significant injection of capital from A-Eye Holdings.

The Company purchases a minimal amount of reinsurance protection.

3 Products

R-Dan offers automobile, homeowners multi-peril and inland marine insurance products. Most of the Company's business is for personal lines although there is some commercial lines business. It writes business directly using social media advertising campaigns to bring consumers to its internet sales site. It also runs affinity campaigns with various organizations to attract personal lines business.

R-Dan has been successful in attracting business using an aggressive pricing strategy combined with underwriting based on advanced analytics. It has been willing to sacrifice profitability for growth. Its parent, A-Eye Holdings, has been willing to fund this strategy to meet R-Dan's growth targets.

R-Dan is domiciled in the state of Nebraska and is licensed to write general insurance in twenty states. It currently writes in only seven states: Illinois, Iowa, Michigan, Nebraska, Ohio, South Dakota and Wyoming. The Company categorizes these seven states into Core territory and non-Core territory. The Core territory consists of the smaller, mainly rural, states of Iowa, Nebraska, South Dakota, and Wyoming. The non-Core territory consists of the

larger, more urban, states of Illinois, Michigan, and Ohio. While the majority of R-Dan's business is in the Core territory, it has focused its recent growth in the non-Core territory.

R-Dan is planning to grow its commercial lines business over the next five years by targeting small business owners for their commercial automobile, commercial multi-peril and professional liability coverages.

The Company does not write any loss-sensitive or claims made policies.

4 Results

R-Dan's underwriting results reflect the current strategy of sacrificing profitability for growth. Its loss ratios have been above that of the industry for a number of years. This past year resulted in the highest combined ratio the company has experienced over the past five years, 112%. While the company has produced a superior level of investment income, recently it has not been enough to offset the underwriting losses. If the company continues its current strategy, it will require further injections of capital from its parent, A-Eye Holdings.

The following table shows the Company's direct premiums written over the past five years (amounts in \$ millions):

| LOB | 2016 | 2015 | 2014 | 2013 | 2012 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Private passenger auto liability | 243.8 | 226.1 | 218.9 | 212.6 | 207.1 |
| Commercial auto liability | 4.4 | 3.8 | 3.3 | 3.2 | 3.2 |
| Automobile physical damage | 179.9 | 159.7 | 150.9 | 147.0 | 144.7 |
| Homeowners multiple peril | 189.3 | 154.7 | 120.4 | 97.4 | 86.1 |
| Special property | 0.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 618.1 | 544.3 | 493.5 | 460.2 | 441.1 |

5 Investments

None of R-Dan's investments in fixed income securities or equities are with affiliated companies. Over 90% of the Company's investments are in fixed income securities. At year-end, fixed income securities amounted to \$609.6 million. The following table summarizes the distribution of fixed income securities by NAIC Bond Class.

| NAIC Bond Class | \$ Amount Distribution | # of Issuers |
|---|-------------------------------|---------------------|
| Federal government bonds, guaranteed by U.S. government | 40% | 5 |
| Class 1—Highest quality | 30% | 150* |
| Class 2—High quality | 17% | 100 |
| Class 3—Medium quality | 6% | 60 |
| Class 4—Low quality | 4% | 30 |
| Class 5—Lower quality | 2% | 20 |
| Class 6—In or near default | 1% | 15 |

*Of the 150 issuers of Class 1 bonds, 30 represent U.S. government agencies.

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The remaining investments are made up from \$6.7 million in cash and other short term investments, and \$28.4 million from common stocks.

As at year-end, R-Dan’s 10 largest assets by asset name (not including U.S. government backed assets) accounted for just over 5% of total invested assets (including U.S. government backed assets). The following table shows a summary of the 10 largest assets by asset name (amounts in \$000s):

| Asset Name | Class 2 Bond | Class 3 Bond | Class 4 Bond | Class 5 Bond | Common Stock |
|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| A01 | 0 | 5,394 | 0 | 0 | 500 |
| A02 | 3,471 | 0 | 0 | 0 | 1,000 |
| A03 | 3,253 | 0 | 0 | 0 | 600 |
| A04 | 0 | 2,685 | 0 | 0 | 750 |
| A05 | 3,237 | 0 | 0 | 0 | 0 |
| A06 | 0 | 0 | 0 | 0 | 3,000 |
| A07 | 0 | 0 | 2,844 | 0 | 0 |
| A08 | 2,827 | 0 | 0 | 0 | 100 |
| A09 | 0 | 0 | 0 | 2,091 | 650 |
| A10 | 2,258 | 0 | 0 | 0 | 220 |
| Total | 15,046 | 8,079 | 2,844 | 2,091 | 6,820 |

6 Rating Agency Review

R-Dan has a financial rating of A from A.M. Best and is scheduled for a rating agency review at which time R-Dan will outline its plans for growth over the next five years. The following table summarizes R-Dan's plans for growth:

| | Actual | Projected | Projected | Projected | Projected | Projected |
|--|----------|-----------|-----------|-----------|-----------|-----------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Gross Premiums Written | | | | | | |
| Liability lines | 248,200 | 279,200 | 293,200 | 303,500 | 314,100 | 325,100 |
| Property lines | 180,600 | 203,200 | 213,400 | 220,900 | 228,600 | 236,600 |
| Property and liability combined lines | 189,300 | 217,700 | 239,500 | 263,500 | 289,900 | 318,900 |
| Total | 618,100 | 700,100 | 746,100 | 787,900 | 832,600 | 880,600 |
| Net Premiums Written | | | | | | |
| Liability lines | 243,900 | 274,400 | 288,100 | 298,200 | 308,600 | 319,400 |
| Property lines | 179,700 | 202,200 | 212,300 | 219,700 | 227,400 | 235,400 |
| Property and liability combined lines | 184,100 | 211,700 | 232,900 | 256,200 | 281,800 | 310,000 |
| Total | 607,700 | 688,300 | 733,300 | 774,100 | 817,800 | 864,800 |
| Income | | | | | | |
| Net underwriting gain (loss) | (72,500) | (30,000) | (10,000) | - | 10,000 | 20,000 |
| Net investment gain (loss) | 33,000 | 35,000 | 40,000 | 42,000 | 45,000 | 49,000 |
| Federal and foreign income taxes incurred | (20,300) | (5,000) | 2,500 | 6,000 | 7,000 | 8,000 |
| Net income | (16,500) | 10,000 | 27,500 | 36,000 | 48,000 | 61,000 |
| Surplus | | | | | | |
| Capital Paid-in by parent during year | 10,000 | 10,000 | - | - | - | - |
| Surplus as regards policyholders at year-end | 209,400 | 229,400 | 256,900 | 292,900 | 340,900 | 401,900 |

This plan involves increasing its business in the non-Core territory and commercial lines over the next two years and then increasing rate level. A-Eye Holdings has committed to paying in another \$10 million in capital before the end of 2017 so that the plan can be achieved.

7 Appendix

7.1 Excerpts from the Annual Statement

7.1.1 Assets (Page 2)

ANNUAL STATEMENT FOR THE YEAR 2016

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ASSETS
(\$000 Omitted)

| | Current Year | | | Prior Year |
|---|--------------|-------------------------|----------------------|----------------------|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted | 4 Net Admitted |
| 1 Bonds | 609,600 | - | 609,600 | 543,000 |
| 2 Stocks | - | - | - | - |
| 2.2 Common stocks | 29,400 | 1,000 | 28,400 | 27,800 |
| 5 Cash and short term investments | 6,700 | - | 6,700 | 14,600 |
| 12 Subtotals cash and invested assets (Lines 1 to 11) | 645,700 | 1,000 | 644,700 | 585,400 |
| 14 Investment income due an accrued | 9,100 | - | 9,100 | 8,500 |
| 15 Premiums and considerations: | - | - | - | - |
| Uncollected premiums and agents' balances in the | | | | |
| 15.1 course of collection | 2,000 | - | 2,000 | 1,400 |
| Deferred premiums, agents' balances and instalments | | | | |
| 15.2 booked but deferred an not yet due | 52,700 | - | 52,700 | 46,600 |
| 16 Reinsurance | - | - | - | - |
| 16.1 Amounts recoverable from reinsurers | 1,900 | - | 1,900 | 900 |
| 16.3 Other amounts receivable under reinsurance | - | - | - | - |
| Current federal and foreign income tax recoverable and | | | | |
| 18.1 interest thereon | 9,300 | - | 9,300 | 2,200 |
| 18.2 Net deferred tax asset | 21,100 | 1,600 | 19,500 | 18,100 |
| 20 Electronic data processing equipment and software | 5,500 | 4,100 | 1,400 | 1,300 |
| 23 Receivables from parent, subsidiaries and affiliates | 2,100 | - | 2,100 | 1,200 |
| 25 Aggregate write-ins for other than invested assets | 700 | 700 | - | (100) |
| Total assets excluding Separate Accounts, Segregated | | | | |
| 26 Accounts and Protected Cell Amounts (Lines 12 to 25) | 750,100 | 7,400 | 742,700 | 665,500 |
| 28 Total (Lines 26 and 27) | 750,100 | 7,400 | 742,700 | 665,500 |

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7.1.2 Liabilities, Surplus and Other Funds (Page 3)

ANNUAL STATEMENT FOR THE YEAR 2016

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LIABILITIES, SURPLUS AND OTHER FUNDS

(\$000 Omitted)

| | Current Year 1 | Prior Year 2 |
|--|-------------------|-----------------|
| 1 Losses | 238,800 | 203,200 |
| 3 Loss adjustment expenses | 50,700 | 45,700 |
| 4 Commissions payable, contingent commissions and other similar charges | 100 | 100 |
| 5 Other expenses | 10,000 | 9,200 |
| 6 Taxes, licenses and fees (excluding federal and foreign income taxes) | 2,400 | 2,200 |
| 7.1 Current federal and foreign income taxes | - | 300 |
| 9 Unearned premiums (after deducting unearned premiums for ceded reinsurance of 1,800) | 208,800 | 179,600 |
| 10 Advance premium | 4,400 | 3,700 |
| 12 Ceded reinsurance premium payable | - | 300 |
| 14 Amounts withheld or retained by compmay for account of others | 100 | 100 |
| 16 Provision for reinsurance | - | - |
| 19 & 25 Payable to parent & Aggregate write-in for liabilities | 18,000 | 12,000 |
| 26 Total liabilities excluding protected cell liabilities (Lines 1 through 25) | 533,300 | 456,400 |
| 28 Total liabilities (lines 26 and 27) | 533,300 | 456,400 |
| 30 Common capital stock | 3,800 | 3,800 |
| 34 Gross paid in and contributed surplus | 206,700 | 175,900 |
| 35 Unassigned funds (surplus) | (1,100) | 29,400 |
| 37 Surplus as regards policyholders (Lines 29 to 35, less 36) | 209,400 | 209,100 |
| 38 Totals | 742,700 | 665,500 |

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7.1.3 Statement of Income (Page 4)

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STATEMENT OF INCOME

(\$000 Omitted)

| | Current Year 1 | Prior Year 2 |
|--|-------------------|-----------------|
| UNDERWRITING INCOME | | |
| 1 Premiums earned | 578,500 | 511,600 |
| DEDUCTIONS: | | |
| 2 Losses incurred | 482,100 | 386,300 |
| 3 Loss adjustment expenses incurred | 70,700 | 64,400 |
| 4 Other underwriting expenses incurred | 98,200 | 90,600 |
| 6 Total underwriting deductions | 651,000 | 541,300 |
| 8 Net underwriting gain (loss) | (72,500) | (29,700) |
| INVESTMENT INCOME | | |
| 9 Net investment income earned | 31,900 | 29,600 |
| 10 Net realized capital gains (losses) less capital gains tax of 600 | 1,100 | (300) |
| 11 Net investment gain (loss) | 33,000 | 29,300 |
| OTHER INCOME | | |
| 12 Net gain (loss) from agents' or premium balances charged off | (700) | (800) |
| 13 Finance and service charges not included in premiums | 3,200 | 3,100 |
| 14 Aggregate write-in for miscellaneous income | 200 | 100 |
| 15 Total other income | 2,700 | 2,400 |
| 16 Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes | (36,800) | 2,000 |
| 18 Net income after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes | (36,800) | 2,000 |
| 19 Federal and foreign income taxes incurred | (20,300) | (4,000) |
| 20 Net income | (16,500) | 6,000 |
| CAPITAL AND SURPLUS ACCOUNT | | |
| 21 Surplus as regards policyholders, December 31 prior year | 209,100 | 197,800 |
| 22 Net income | (16,500) | 6,000 |
| 24 Change in net unrealized capital gains or (losses) less capital gains tax of \$ 400 | 1,900 | 500 |
| 26 Change in net deferred income tax | 2,100 | 4,000 |
| 27 Change in nonadmitted assets | (2,100) | (200) |
| 28 Change in provision for reinsurance | - | - |
| 33.1 Surplus Adjustments: Paid in | 10,000 | - |
| 37 Aggregate write-ins for gains and losses in surplus | 4,900 | 1,000 |
| 38 Change in surplus as regards policyholders for the year | 300 | 11,300 |
| 39 Surplus as regards policyholders, December 31 current year | 209,400 | 209,100 |

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7.1.4 Underwriting and Investment Exhibit, Parts 2 and 2A (Pages 9 and 10)

ANNUAL STATEMENT FOR THE YEAR 2016

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UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

(\$000 Omitted)

| Line of Business | Losses Paid Less Salvage | | | Net Losses Unpaid Current Year | Net Losses Unpaid Prior Year | Losses Incurred Current Year | Percentage of Losses Incurred to Premiums Incurred |
|---|--------------------------|-----------------------|--------------|--------------------------------|------------------------------|------------------------------|--|
| | Direct Business | Reinsurance Recovered | Net Payments | | | | |
| | 1 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1 Fire | - | - | - | - | - | - | 0.0 |
| 4 Homeowners multiple peril | 120,600 | 3,300 | 117,300 | 29,300 | 27,200 | 119,400 | 71.4 |
| 9 Inland marine | - | - | - | - | - | - | 0.0 |
| 19.1, 19.2 Private passenger auto liability | 202,000 | 1,800 | 200,200 | 207,000 | 174,900 | 232,200 | 97.9 |
| 19.3, 19.4 Commercial auto liability | 1,600 | 1,200 | 400 | 800 | 700 | 500 | 55.6 |
| 21 Auto physical damage | 128,800 | 100 | 128,700 | 1,700 | 400 | 130,000 | 75.3 |
| 35 TOTALS | 453,000 | 6,400 | 446,600 | 238,800 | 203,200 | 482,100 | 83.3 |

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PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

(\$000 Omitted)

| Line of Business | Reported Losses | | | Incurred But Not Reported | | Net Losses Unpaid | Net Unpaid Loss Adjustment Expenses |
|---|-----------------|--------------------------------|--|---------------------------|-------------------|-------------------|-------------------------------------|
| | Direct | Deduct Reinsurance Recoverable | Net Losses Excl. Incurred But Not Reported | Direct | Reinsurance Ceded | | |
| | 1 | 3 | 4 | 5 | 7 | 8 | 9 |
| 1 Fire | - | - | - | - | - | - | - |
| 4 Homeowners multiple peril | 19,000 | 800 | 18,200 | 11,100 | - | 29,300 | 6,800 |
| 9 Inland marine | - | - | - | - | - | - | - |
| 19.1, 19.2 Private passenger auto liability | 139,100 | 15,500 | 123,600 | 92,500 | 9,100 | 207,000 | 41,700 |
| 19.3, 19.4 Commercial auto liability | 2,500 | 1,800 | 700 | 100 | - | 800 | 100 |
| 21 Auto physical damage | 6,300 | - | 6,300 | (4,600) | - | 1,700 | 2,100 |
| 35 TOTALS | 166,900 | 18,100 | 148,800 | 99,100 | 9,100 | 238,800 | 50,700 |

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7.1.5 Underwriting and Investment Exhibit, Part 3 (Page 11)

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ANNUAL STATEMENT FOR THE YEAR 2016

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES
(\$000 Omitted)

| | Loss Adjustment Expenses 1 | Other Underwriting Expenses 2 | Investment Expenses 3 | Total 4 |
|---|-------------------------------------|--|-----------------------------|------------|
| 1 Claims adjustment services: | | | | |
| 1.1 Direct | 22,100 | - | - | 22,100 |
| 1.4 Net claim adjustment services | 22,100 | - | - | 22,100 |
| 2 Commission and brokerage | | | | |
| 2.1 Direct, excluding contingent | - | 16,500 | - | 16,500 |
| 2.3 Reinsurance ceded, excluding contingent | - | 800 | - | 800 |
| 2.4 Contingent-direct | - | - | - | - |
| 2.8 Net commission and brokerage | - | 15,700 | - | 15,700 |
| 4 Advertising | 100 | 10,400 | - | 10,500 |
| 5 Boards, bureaus and associations | 500 | 2,100 | - | 2,600 |
| 6 Surveys and underwriting reports | 600 | 3,800 | - | 4,400 |
| 8 Salary and related items: | | | | |
| 8.1 Salaries | 30,100 | 27,300 | 300 | 57,700 |
| 8.2 Payroll taxes | 2,300 | 2,100 | - | 4,400 |
| 9 Employee relations and welfare | 6,700 | 6,400 | 100 | 13,200 |
| 10 Insurance | - | 1,600 | - | 1,600 |
| 11 Directors' fees | - | - | - | - |
| 12 Travel and travel items | 300 | 400 | - | 700 |
| 13 Rent and rent items | 1,100 | 1,700 | 400 | 3,200 |
| 14 Equipment | 2,600 | 2,900 | - | 5,500 |
| 15 Cost or depreciation of EDP equipment and software | 1,100 | 3,300 | 100 | 4,500 |
| 16 Printing and stationary | 100 | 600 | - | 700 |
| 17 Postage, telephone and telegraph, exchange and express | 2,000 | 2,100 | - | 4,100 |
| 18 Legal and auditing | 900 | 1,100 | - | 2,000 |
| 19 Totals (Lines 3 to 18) | 48,400 | 65,800 | 900 | 115,100 |
| 20 Taxes, licenses and fees | | | | |
| 20.1 State and local insurance taxes | - | 13,200 | - | 13,200 |
| 20.2 Insurance department licenses and fees | 100 | 900 | - | 1,000 |
| 20.4 All other | - | 300 | - | 300 |
| 20.5 Total taxes, licenses and fees | 100 | 14,400 | - | 14,500 |
| 24 Aggregate write-ins for miscellaneous expenses | 100 | 2,300 | 400 | 2,800 |
| 25 Total expenses incurred | 70,700 | 98,200 | 1,300 | 170,200 |
| 26 Less unpaid expenses-current year | 50,700 | 12,600 | - | 63,300 |
| 27 Add unpaid expenses -prior year | 45,700 | 11,500 | - | 57,200 |
| 30 TOTAL EXPENSES PAID | 65,700 | 97,100 | 1,300 | 164,100 |

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7.1.6 Five-Year Historical Data (Page 17)

ANNUAL STATEMENT FOR THE YEAR 2016

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FIVE-YEAR HISTORICAL DATA

(\$000 Omitted)

| | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|---------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Gross Premiums Written | | | | | |
| 1 Liability lines | 248,200 | 229,900 | 222,200 | 215,800 | 210,300 |
| 2 Property lines | 180,600 | 159,700 | 150,900 | 147,000 | 144,700 |
| 3 Property and liability combined lines | 189,300 | 154,700 | 120,400 | 97,400 | 86,100 |
| 6 Total | 618,100 | 544,300 | 493,500 | 460,200 | 441,100 |
| Net Premiums Written | | | | | |
| 7 Liability lines | 243,900 | 226,100 | 218,500 | 212,000 | 198,800 |
| 8 Property lines | 179,700 | 158,800 | 150,100 | 146,100 | 142,800 |
| 9 Property and liability combined lines | 184,100 | 149,600 | 116,700 | 93,100 | 82,600 |
| 12 Total | 607,700 | 534,500 | 485,300 | 451,200 | 424,200 |
| Statement of Income | | | | | |
| 13 Net underwriting gain (loss) | (72,500) | (29,700) | (18,400) | (22,100) | (4,000) |
| 14 Net investment gain (loss) | 33,000 | 29,300 | 28,600 | 29,000 | 27,000 |
| 15 Total other income | 2,700 | 2,400 | 2,600 | 3,500 | 2,600 |
| 17 Federal and foreign income taxes incurred | (20,300) | (4,000) | (2,700) | (3,700) | 700 |
| 18 Net income | (16,500) | 6,000 | 15,500 | 14,100 | 24,900 |
| Balance Sheet Lines | | | | | |
| 19 Total admitted assets excluding protected cell business | 742,700 | 665,500 | 573,200 | 537,400 | 506,400 |
| 20 Premiums and considerations | | | | | |
| 20.1 In course of collection | 2,000 | 1,400 | 1,700 | 2,200 | 700 |
| 20.2 Deferred and not yet due | 52,700 | 46,600 | 42,200 | 43,200 | 37,300 |
| 21 Total liabilities excluding protected cell business | 533,300 | 456,400 | 400,400 | 383,600 | 352,600 |
| 22 Losses | 238,800 | 203,200 | 185,700 | 181,700 | 163,500 |
| 23 Loss adjustment expenses | 50,700 | 45,700 | 38,800 | 39,600 | 38,600 |
| 24 Unearned premiums | 208,800 | 179,600 | 156,800 | 142,300 | 129,500 |
| 25 Capital paid up | 3,800 | 3,800 | 3,800 | 3,800 | 3,800 |
| 26 Surplus as regards policyholders | 209,400 | 209,100 | 172,800 | 153,800 | 153,800 |

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7.1.7 Schedule F, Parts 3 and 4 (Pages 22 and 23)

ANNUAL STATEMENT FOR THE YEAR 2016

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SCHEDULE F - PART 3

Ceded Reinsurance as of December 31, Current Year (\$000 Omitted)

| Reinsurer ID | Reinsurance Premiums Ceded 6 | Reinsurance Recoverable On | | | | | Reinsurance Payable | | Net Amount Recoverable from Reinsurers 18 | Funds Held by Company Under Reinsurance Treaties 19 |
|---|---------------------------------|----------------------------|--|-------------------------------------|-------------------------|--------------------------|------------------------------|---------------------------------------|--|--|
| | | Paid Losses & LAE 7 & 8 | Known Case Loss & LAE Reserves 9 & 10 | IBNR Loss & LAE Reserves 11 & 12 | Unearned Premiums 13 | Cols. 7 through 14 15 | Ceded Balances Payable 16 | Other Amounts Due to Reinsurers 17 | | |
| Authorized - Other U.S. Unaffiliated Insurers | | | | | | | | | | |
| R01 | 2,300 | 200 | 1,100 | 0 | 700 | 2,000 | 0 | 0 | 2,000 | 0 |
| R02 | 2,400 | 1,600 | 16,500 | 9,100 | 800 | 28,000 | 0 | 0 | 28,000 | 0 |
| 0999999 - Total Authorized - Other U.S. Unaffiliated Insurers | 4,700 | 1,800 | 17,600 | 9,100 | 1,500 | 30,000 | 0 | 0 | 30,000 | 0 |
| Authorized - Other Non-U.S. Insurers | | | | | | | | | | |
| R03 | 1,400 | 0 | 400 | 0 | 100 | 500 | 0 | 0 | 500 | 0 |
| R04 | 2,400 | 100 | 0 | 0 | 200 | 300 | 0 | 0 | 300 | 0 |
| 1299999 - Total Authorized - Other Non-U.S. Insurers | 3,800 | 100 | 400 | 0 | 300 | 800 | 0 | 0 | 800 | 0 |
| 1399999 - Total Authorized | 8,500 | 1,900 | 18,000 | 9,100 | 1,800 | 30,800 | 0 | 0 | 30,800 | 0 |
| Unauthorized - Other U.S. Unaffiliated Insurers | | | | | | | | | | |
| R05 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R06 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other U.S. Unaffiliated Insurers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unauthorized - Other Non-U.S. Insurers | | | | | | | | | | |
| R07 | 500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R08 | 1,400 | 0 | 100 | 100 | 0 | 200 | 0 | 0 | 200 | 0 |
| 2599999 - Total Unauthorized - Other Non-U.S. Insurers | 1,900 | 0 | 100 | 100 | 0 | 200 | 0 | 0 | 200 | 0 |
| 2699999 - Total Unauthorized | 1,900 | 0 | 100 | 100 | 0 | 200 | 0 | 0 | 200 | 0 |
| Totals | 10,400 | 1,900 | 18,100 | 9,200 | 1,800 | 31,000 | 0 | 0 | 31,000 | 0 |

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SCHEDULE F - PART 4

Aging of Ceded Reinsurance as of December 31, Current Year (\$000 Omitted)

| ID, Code, Name, Jurisdiction 1 to 4 | Reinsurance Recoverable on Paid Losses and Paid Loss Adjustment Expenses | | | | | | | Percentage Overdue 12 | Percentage More Than 120 Days Overdue 13 | |
|--|--|-------------------|-------------------|--------------------|--------------------|---------------------|---------------------|--------------------------|---|-----------------|
| | Current 5 | Overdue | | | | | Total Overdue 10 | | | Total Due 11 |
| | | 1 to 29 Days 6 | 30 - 90 Days 7 | 91 - 120 Days 8 | Over 120 Days 9 | Total Overdue 10 | | | | |
| R01 | 200 | 0 | 0 | 0 | 0 | 0 | 200 | 0.0 | 0.0 | |
| R02 | 1,600 | 0 | 0 | 0 | 0 | 0 | 1,600 | 0.0 | 0.0 | |
| R03 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0.0 | |
| R04 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0.0 | |
| R05 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0.0 | |
| R06 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0.0 | |
| R07 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0.0 | |
| R08 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0.0 | |
| TOTALS | 1,800 | 0 | 0 | 0 | 0 | 0 | 1,800 | | 0.0 | |

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7.1.8 Schedule F, Parts 5 and 6 (Pages 24 to 26)

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SCHEDULE F - PART 5

Provision for Unauthorized Reinsurance as of December 31, Current Year (\$000 Omitted)

| ID, Code, Name, Jurisdiction 1 to 4 | Reinsurance Recov. All Items 5 | Funds Held + LOC 6 + 7 | Ceded Balance Payable 9 | Misc. Payable + Other Offset 10 + 11 | Total Collateral + Offsets Allowed 12 | Provision for Unauthorized Reinsurance 13 | Recoverable Paid Loss&LAE Over 90 days past due not in dispute 14 | Provision for Overdue Reinsurance 17 | Total Provision for Reinsurance Ceded to Unauthorized 18 |
|--|---|------------------------------|----------------------------------|---|---|---|--|---|---|
| R01 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R02 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R03 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R04 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R05 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R06 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R07 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R08 | 200 | 200 | 0 | 0 | 200 | 0 | 0 | 0 | 0 |
| TOTALS | 200 | 200 | 0 | 0 | 200 | 0 | 0 | 0 | 0 |

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SCHEDULE F - PART 6 - Section 1

Provision for Reinsurance Ceded to Certified Reinsurers as of December 31, Current Year (\$000 Omitted)

| ID, Code, Name, Jurisdiction 1 to 4 | Certified Reinsurer Rating (1 through 6) 5 | Percent Collateral Required for Full Credit 7 | Catastrophe Recoverable Qualifying for Collateral Deferral 9 | Net Recoverables Subject to Collateral Requirements 10 | Dollar Amount of Collateral Required 11 | Total Collateral Provided 17 | Percent of Collateral Provided for Net Recov. Subj. to Req. 18 | Percent Credit Allowed on Net Recov. Subj. to Req. 19 | Amount of Credit Allowed for Net Recov. 20 | Provision for Reinsurance with Cert. Reinsurers due to Collateral 21 |
|--|--|---|---|---|---|---------------------------------------|---|---|--|---|
| R01 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R02 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R03 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R04 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R05 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R06 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R07 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R08 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTALS | | | 0 | 0 | 0 | 0 | | | 0 | 0 |

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SCHEDULE F - PART 6 - Section 2

Provision for Overdue Reinsurance Ceded to Certified Reinsurers as of December 31, Current Year (\$000 Omitted)

| ID, Code, Name, Jurisdiction 1 to 4 | Reinsurance Recoverable on Paid L&LAE More than 90 Days Overdue 5 | Total Reinsurance Recoverable on Paid L&LAE 6 | Amounts Received Prior 90 Days 7 | Percent More than 90 Days Overdue 8 | 20% of Amounts in Col 5 9 | 20% of Amounts in Dispute Excl. from Col 5 10 | Amount of Credit Allowed for Net Recov. 11 | Complete if Column 8 is 20% or Greater | | | Provision for Overdue Reinsurance Ceded to Reinsurers 15 |
|--|--|---|---|--|------------------------------------|---|--|--|---|--------------------------------------|---|
| | | | | | | | | Total Collateral Provided 12 | Net Unsecured Recov. for which Credit is Allowed 13 | 20% of Amounts in Col 13 14 | |
| R01 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R02 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R03 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R04 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R05 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R06 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R07 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R08 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTALS | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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7.1.9 Schedule F, Parts 7 and 8 (Pages 27 and 28)

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SCHEDULE F - PART 7

Provision for Overdue Authorized Reinsurance as of December 31, Current Year (\$000 Omitted)

| ID, Code, Name 1 to 3 | Reinsurance Recoverable on Paid Loss & LAE More Than 90 Days Overdue 4 | Total Reinsurance Recoverable on Paid L&LAE 5 | Amounts Received Prior 90 Days 6 | Col. 4 Divided by (Col. 5 + Col. 6) 7 | Amounts in Col. 4 for Companies Reporting Below 20% in Col. 7 8 | Amounts in Dispute excl. from Col. 4 for Companies < 20% in Col. 7 9 | 20% of Amount in Col. 9 10 | Amount Rep. in Col. 8 times 20% plus Col. 10 11 |
|--------------------------|---|--|-------------------------------------|--|--|---|-------------------------------|--|
| R01 | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0 |
| R02 | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0 |
| R03 | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0 |
| R04 | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0 |
| R05 | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0 |
| R06 | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0 |
| R07 | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0 |
| R08 | 0 | 0 | 0 | 0.000 | 0 | 0 | 0 | 0 |
| TOTALS | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |

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SCHEDULE F - PART 8

Provision for Overdue Reinsurance as of December 31, Current Year (\$000 Omitted)

| ID, Code, Name 1 to 3 | Reinsurance Recoverable All Items 4 | Funds Held by Company Under Reins. Treaties 5 | Letters of Credit 6 | Ceded Balances Payable 7 | Other Misc. Balances 8 | Other Allowed Offset Items 9 | Sum of Cols 5 through 9 but not in Excess of Col. 4 10 | Col. 4 Minus Col. 10 11 | Greater of Col. 11 or Sched. F - Part 4 Cols 8 + 9 12 |
|---|--|--|------------------------|-----------------------------|---------------------------|---------------------------------|---|----------------------------|--|
| R01 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R02 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R03 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R04 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R05 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R06 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R07 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| R08 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTALS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1. Total | | | | | | | | | 0 |
| 2. Line 1 × .20 | | | | | | | | | 0 |
| 3. Schedule F - Part 7 Co. 11 | | | | | | | | | 0 |
| 4. Provision for Overdue Authorized Reinsurance | | | | | | | | | 0 |
| 5. Provision for Reins. Ceded to Unauthorized Reinsurers | | | | | | | | | 0 |
| 6. Provision for Reins. Ceded to Certified Reinsurers | | | | | | | | | 0 |
| 7. Provision for Overdue Reins. Ceded to Certified Reinsurers | | | | | | | | | 0 |
| 8. Provision for Reinsurance | | | | | | | | | 0 |

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7.1.10 Schedule F, Part 9 (Page 29)

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SCHEDULE F - PART 9

Restatement of Balance Sheet to Identify Net Credit for Reinsurance

(\$000 Omitted)

| | As Reported Net of Ceded | Restatement Adjustments | Restated Gross of Ceded |
|---|-----------------------------|----------------------------|-------------------------------|
| | 1 | 2 | 3 |
| ASSETS (Page 2, Col. 3) | | | |
| 1 Cash and invested assets | 644,700 | - | 644,700 |
| 2 Premiums and considerations | 54,700 | - | 54,700 |
| 3 Reinsurance recoverable on loss and LAE payments | 1,900 | (1,900) | - |
| 4 Funds held by or deposited with reinsured companies | - | - | - |
| 5 Other assets | 41,400 | - | 41,400 |
| 6 Net amount recoverable from reinsurers | - | 30,900 | 30,900 |
| 7 Protected cell assets | - | - | - |
| 8 Totals | 742,700 | 29,000 | 771,700 |
| LIABILITIES (Page 3) | | | |
| 9 Losses and loss adjustment expenses | 289,500 | 27,200 | 316,700 |
| 10 Taxes, expenses, and other obligations | 12,500 | - | 12,500 |
| 11 Unearned premiums | 208,800 | 1,800 | 210,600 |
| 12 Advance premiums | 4,400 | - | 4,400 |
| 13 Dividends declared and unpaid | - | - | - |
| 14 Ceded reinsurance premiums payable | - | - | - |
| 15 Funds held by company under reinsurance treaties | - | - | - |
| 16 Amount withheld or retained by company for account of others | 100 | - | 100 |
| 17 Provision for reinsurance | - | - | - |
| 18 Other liabilities | 18,000 | - | 18,000 |
| 19 Total liabilities excluding protected cell business | 533,300 | 29,000 | 562,300 |
| 20 Protected cell liabilities | - | - | - |
| 21 Surplus as regards policyholders | 209,400 | | 209,400 |
| 22 Totals | 742,700 | 29,000 | 771,700 |

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7.1.11 Schedule P, Part 1 (Page 33)

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ANNUAL STATEMENT FOR THE YEAR 2016

SCHEDULE P - PART 1 - Summary

(\$000 Omitted)

| Year in Which Premiums Were Earned and Losses Incurred | Premiums Earned | | | Loss and Loss Expense Payments | | | | | | Salvage and Subrogation Received | Total Net Paid | Number of Claims Reported Direct & Assumed |
|--|------------------|--------|---------|--------------------------------|--------|------------------|-------|------------------|-------|----------------------------------|----------------|--|
| | Direct & Assumed | Ceded | Net | Loss Payments | | DCC Payments | | AO Payments | | | | |
| | | | | Direct & Assumed | Ceded | Direct & Assumed | Ceded | Direct & Assumed | Ceded | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| 01. Prior | XXX | XXX | XXX | 1,000 | 200 | 0 | 0 | 0 | 0 | 0 | 800 | XXX |
| 02. 2007 | 356,400 | 5,300 | 351,100 | 227,600 | 9,100 | 13,200 | 500 | 33,900 | -500 | 26,600 | 265,600 | XXX |
| 03. 2008 | 376,900 | 7,800 | 369,100 | 241,400 | 2,900 | 13,000 | 300 | 28,700 | -300 | 29,600 | 280,200 | XXX |
| 04. 2009 | 379,500 | 7,400 | 372,100 | 265,100 | 4,200 | 10,800 | 0 | 28,100 | -300 | 34,500 | 300,100 | XXX |
| 05. 2010 | 393,600 | 7,200 | 386,400 | 293,900 | 2,400 | 12,200 | 300 | 32,400 | -100 | 35,600 | 335,900 | XXX |
| 06. 2011 | 410,500 | 6,500 | 404,000 | 295,000 | 3,500 | 13,200 | 400 | 33,000 | 300 | 36,900 | 337,000 | XXX |
| 07. 2012 | 431,300 | 7,200 | 424,100 | 334,600 | 8,500 | 13,500 | 500 | 41,400 | 300 | 42,900 | 380,200 | XXX |
| 08. 2013 | 451,100 | 8,300 | 442,800 | 344,300 | 2,000 | 13,000 | 100 | 35,700 | 100 | 44,200 | 390,800 | XXX |
| 09. 2014 | 478,900 | 8,000 | 470,900 | 347,400 | 2,200 | 9,000 | 100 | 40,000 | 0 | 47,900 | 394,100 | XXX |
| 10. 2015 | 521,400 | 9,800 | 511,600 | 332,000 | 1,600 | 5,400 | 100 | 40,300 | 0 | 46,200 | 376,000 | XXX |
| 11. 2016 | 588,600 | 10,100 | 578,500 | 304,400 | 100 | 1,900 | 0 | 43,800 | 0 | 34,600 | 350,000 | XXX |
| 12. Totals | XXX | XXX | XXX | 2,986,700 | 36,700 | 105,200 | 2,300 | 357,300 | -500 | 379,000 | 3,410,700 | XXX |

| | Losses Unpaid | | | | Defense and Cost Containment Unpaid | | | | Adjusting and Other Unpaid | | Salvage and Subrogation Anticipated | Total Net Losses and Expenses Unpaid | Number of Claims Outstanding Direct & Assumed |
|------------|------------------|--------|------------------|-------|-------------------------------------|-------|------------------|-------|----------------------------|-------|-------------------------------------|--------------------------------------|---|
| | Case Basis | | Bulk + Ilnr | | Case Basis | | Bulk + Ilnr | | Direct & Assumed | Ceded | | | |
| | Direct & Assumed | Ceded | Direct & Assumed | Ceded | Direct & Assumed | Ceded | Direct & Assumed | Ceded | | | | | |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | |
| 01. Prior | 7,800 | 7,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200 | XXX |
| 02. 2007 | 5,200 | 5,100 | -100 | -200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200 | XXX |
| 03. 2008 | 1,300 | 1,100 | 200 | 200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200 | XXX |
| 04. 2009 | 900 | 700 | 300 | 200 | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 400 | XXX |
| 05. 2010 | 1,400 | 500 | 0 | 100 | 0 | 0 | 200 | 0 | 100 | 0 | 100 | 1,100 | XXX |
| 06. 2011 | 1,600 | 0 | 300 | 500 | 0 | 0 | 500 | 0 | 100 | 0 | 100 | 2,000 | XXX |
| 07. 2012 | 5,100 | 0 | 900 | 1,000 | 0 | 0 | 1,000 | 0 | 300 | 0 | 300 | 6,300 | XXX |
| 08. 2013 | 10,800 | 100 | 1,700 | 1,100 | 0 | 0 | 3,100 | 0 | 600 | 0 | 700 | 15,000 | XXX |
| 09. 2014 | 20,100 | 200 | 4,600 | 800 | 0 | 0 | 6,000 | 0 | 1,200 | 0 | 1,800 | 30,900 | XXX |
| 10. 2015 | 35,200 | 400 | 17,100 | 1,900 | 100 | 0 | 10,200 | 0 | 2,300 | 0 | 4,400 | 62,600 | XXX |
| 11. 2016 | 77,500 | 2,300 | 74,100 | 3,600 | 200 | 0 | 14,400 | 0 | 10,300 | 0 | 24,600 | 170,600 | XXX |
| 12. Totals | 166,900 | 18,000 | 99,100 | 9,200 | 300 | 0 | 35,500 | 0 | 14,900 | 0 | 32,000 | 289,500 | XXX |

| | Total Losses and Loss Expenses Incurred | | | Loss and Loss Expense Percentage | | | Nontabular Discount | | Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves After Discount | |
|------------|---|--------|---------|----------------------------------|-------|------|---------------------|--------------|--|---|----------------------|
| | Direct & Assumed | Ceded | Net | Direct & Assumed | Ceded | Net | Loss | Loss Expense | | Losses Unpaid | Loss Expenses Unpaid |
| | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 |
| 01. Prior | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 200 | 0 |
| 02. 2007 | 279,800 | 14,000 | 265,800 | 78.5 | 264.2 | 75.7 | 0 | 0 | 0.0 | 200 | 0 |
| 03. 2008 | 284,600 | 4,300 | 280,300 | 75.5 | 55.1 | 75.9 | 0 | 0 | 0.0 | 200 | 0 |
| 04. 2009 | 305,200 | 4,700 | 300,500 | 80.4 | 63.5 | 80.8 | 0 | 0 | 0.0 | 300 | 100 |
| 05. 2010 | 340,100 | 3,300 | 336,800 | 86.4 | 45.8 | 87.2 | 0 | 0 | 0.0 | 800 | 300 |
| 06. 2011 | 343,800 | 4,600 | 339,200 | 83.8 | 70.8 | 84.0 | 0 | 0 | 0.0 | 1,400 | 600 |
| 07. 2012 | 396,800 | 10,200 | 386,600 | 92.0 | 141.7 | 91.2 | 0 | 0 | 0.0 | 5,000 | 1,300 |
| 08. 2013 | 409,200 | 3,400 | 405,800 | 90.7 | 41.0 | 91.6 | 0 | 0 | 0.0 | 11,300 | 3,700 |
| 09. 2014 | 428,300 | 3,300 | 425,000 | 89.4 | 41.3 | 90.3 | 0 | 0 | 0.0 | 23,700 | 7,200 |
| 10. 2015 | 442,500 | 4,000 | 438,500 | 84.9 | 40.8 | 85.7 | 0 | 0 | 0.0 | 50,000 | 12,600 |
| 11. 2016 | 526,600 | 6,100 | 520,500 | 89.5 | 60.4 | 90.0 | 0 | 0 | 0.0 | 145,700 | 24,900 |
| 12. Totals | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 238,800 | 50,700 |

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7.1.12 Schedule P, Parts 2, 3 and 4 (Page 34)

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SCHEDULE P - PART 2 - Summary

| Year in Which Losses Were Incurred | Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year-End (\$000 Omitted) | | | | | | | | | | Development | | |
|------------------------------------|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------------|---------------|---------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | One Year | Two Year | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| 01. Prior | 86,900 | 68,600 | 65,800 | 68,400 | 65,900 | 65,800 | 66,300 | 66,900 | 67,800 | 68,600 | 800 | 1,700 | |
| 02. 2007 | 267,000 | 244,100 | 235,200 | 234,400 | 231,400 | 231,500 | 231,500 | 231,400 | 231,400 | 231,400 | 0 | 0 | |
| 03. 2008 | XXX | 297,400 | 259,300 | 254,400 | 253,100 | 251,000 | 251,100 | 251,200 | 251,300 | 251,300 | 0 | 100 | |
| 04. 2009 | XXX | XXX | 304,000 | 276,100 | 274,500 | 272,800 | 273,700 | 273,100 | 272,100 | 272,100 | 0 | -1,000 | |
| 05. 2010 | XXX | XXX | XXX | 307,900 | 306,700 | 306,400 | 306,600 | 305,700 | 304,200 | 304,400 | 200 | -1,300 | |
| 06. 2011 | XXX | XXX | XXX | XXX | 307,400 | 305,200 | 307,400 | 307,700 | 305,300 | 306,300 | 1,000 | -1,400 | |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 331,200 | 344,300 | 347,600 | 343,000 | 345,100 | 2,100 | -2,500 | |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 336,600 | 363,200 | 361,200 | 369,700 | 8,500 | 6,500 | |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 346,900 | 372,200 | 383,700 | 11,500 | 36,800 | |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 383,900 | 396,000 | 12,100 | XXX | |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 466,300 | XXX | XXX | |
| | | | | | | | | | | | 12. Totals | 36,200 | 38,900 |

SCHEDULE P - PART 3 - Summary

| Year in Which Losses Were Incurred | Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year-End (\$000 Omitted) | | | | | | | | | | Number of Claims Closed With Loss Pay | Number of Claims Closed Without Loss Pay |
|------------------------------------|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------------------------------------|--|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 11 | 12 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | |
| 01. Prior | 000 | 31,700 | 50,400 | 59,700 | 63,100 | 64,400 | 65,200 | 66,200 | 67,400 | 68,300 | XXX | XXX |
| 02. 2007 | 138,000 | 189,400 | 211,100 | 223,300 | 227,900 | 229,900 | 230,500 | 230,800 | 231,100 | 231,100 | XXX | XXX |
| 03. 2008 | XXX | 150,900 | 209,800 | 232,900 | 243,600 | 248,000 | 249,600 | 250,100 | 250,800 | 251,100 | XXX | XXX |
| 04. 2009 | XXX | XXX | 174,300 | 231,900 | 253,100 | 263,700 | 268,400 | 270,400 | 271,300 | 271,700 | XXX | XXX |
| 05. 2010 | XXX | XXX | XXX | 196,900 | 259,700 | 283,600 | 295,300 | 300,500 | 302,600 | 303,500 | XXX | XXX |
| 06. 2011 | XXX | XXX | XXX | XXX | 194,500 | 257,900 | 281,000 | 294,000 | 301,200 | 304,300 | XXX | XXX |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 215,100 | 285,300 | 314,800 | 330,100 | 339,100 | XXX | XXX |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 231,800 | 303,700 | 333,200 | 355,300 | XXX | XXX |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 243,000 | 317,900 | 354,100 | XXX | XXX |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 251,300 | 335,700 | XXX | XXX |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 306,200 | XXX | XXX |

SCHEDULE P - PART 4 - Summary

| Year in Which Losses Were Incurred | Bulk & IBNR Reserves on Net Losses and DCC Expenses Reported at Year-End (\$000 Omitted) | | | | | | | | | |
|------------------------------------|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 01. Prior | 40,500 | 11,800 | 3,300 | 3,100 | 600 | 100 | 500 | 300 | 0 | 0 |
| 02. 2007 | 71,300 | 22,000 | 7,500 | 3,800 | 1,100 | 400 | 300 | 200 | 100 | 100 |
| 03. 2008 | XXX | 88,000 | 21,000 | 6,500 | 4,500 | 900 | 600 | 300 | 100 | 0 |
| 04. 2009 | XXX | XXX | 78,900 | 15,200 | 8,700 | 2,800 | 2,300 | 1,500 | 300 | 100 |
| 05. 2010 | XXX | XXX | XXX | 58,300 | 20,500 | 9,100 | 5,200 | 2,400 | 400 | 100 |
| 06. 2011 | XXX | XXX | XXX | XXX | 60,400 | 20,400 | 12,100 | 6,300 | 800 | 300 |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 58,200 | 26,900 | 15,600 | 3,000 | 1,000 |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 49,000 | 27,900 | 8,000 | 3,700 |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 48,200 | 21,800 | 9,800 |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 75,400 | 25,500 |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 84,900 |

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7.1.13 Schedule P, Part 1A (Page 35)

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SCHEDULE P - PART 1A - Homeowners/Farmowners

(\$000 Omitted)

| Year in Which Premiums Were Earned and Losses Incurred | Premiums Earned | | | Loss and Loss Expense Payments | | | | | | Salvage and Subrogation Received | Total Net Paid | |
|--|------------------|-------|---------|--------------------------------|--------|------------------|-------|------------------|-------|----------------------------------|----------------|-----|
| | Direct & Assumed | Ceded | Net | Loss Payments | | DCC Payments | | AO Payments | | | | |
| | | | | Direct & Assumed | Ceded | Direct & Assumed | Ceded | Direct & Assumed | Ceded | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | | |
| 01. Prior | XXX | XXX | XXX | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 |
| 02. 2007 | 42,500 | 2,000 | 40,500 | 27,400 | 7,900 | 700 | 600 | 5,700 | 0 | 600 | 25,300 | |
| 03. 2008 | 51,800 | 3,800 | 48,000 | 33,700 | 3,300 | 1,100 | 300 | 6,600 | 0 | 600 | 37,800 | |
| 04. 2009 | 59,000 | 3,200 | 55,800 | 33,300 | 1,500 | 700 | 0 | 5,700 | 0 | 1,300 | 38,200 | |
| 05. 2010 | 63,900 | 3,100 | 60,800 | 53,800 | 1,900 | 1,300 | 200 | 8,600 | 0 | 1,500 | 61,600 | |
| 06. 2011 | 69,100 | 3,200 | 65,900 | 47,800 | 100 | 1,400 | 0 | 9,400 | 0 | 900 | 58,500 | |
| 07. 2012 | 79,600 | 3,500 | 76,100 | 64,300 | 4,900 | 1,400 | 300 | 13,300 | 0 | 1,500 | 73,800 | |
| 08. 2013 | 91,100 | 4,300 | 86,800 | 72,600 | 300 | 1,500 | 0 | 7,500 | 0 | 1,200 | 81,300 | |
| 09. 2014 | 107,400 | 3,700 | 103,700 | 76,500 | 700 | 1,300 | 100 | 8,400 | 0 | 1,700 | 85,400 | |
| 10. 2015 | 136,900 | 5,000 | 131,900 | 89,500 | 700 | 1,400 | 0 | 8,700 | 0 | 1,400 | 98,900 | |
| 11. 2016 | 172,400 | 5,200 | 167,200 | 95,900 | 100 | 900 | 0 | 9,900 | 0 | 700 | 106,600 | |
| 12. Totals | XXX | XXX | XXX | 594,900 | 21,400 | 11,700 | 1,500 | 83,800 | 0 | 11,400 | 667,500 | |

| | Losses Unpaid | | | | Defense and Cost Containment Unpaid | | | | Adjusting and Other Unpaid | | Salvage and Subrogation Anticipated | Total Net Losses and Expenses Unpaid |
|------------|------------------|-------|------------------|-------|-------------------------------------|-------|------------------|-------|----------------------------|-------|-------------------------------------|--------------------------------------|
| | Case Basis | | Bulk + Ibrnr | | Case Basis | | Bulk + Ibrnr | | Direct & Assumed | Ceded | | |
| | Direct & Assumed | Ceded | Direct & Assumed | Ceded | Direct & Assumed | Ceded | Direct & Assumed | Ceded | | | | |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | |
| 01. Prior | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 02. 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 03. 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 04. 2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 05. 2010 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 06. 2011 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 07. 2012 | 400 | 0 | -100 | 0 | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 400 |
| 08. 2013 | 600 | 0 | 0 | 0 | 0 | 0 | 100 | 0 | 200 | 0 | 200 | 900 |
| 09. 2014 | 800 | 0 | 400 | 0 | 0 | 0 | 100 | 0 | 400 | 0 | 400 | 1,700 |
| 10. 2015 | 2,500 | 300 | 1,000 | 0 | 0 | 0 | 300 | 0 | 800 | 0 | 1,000 | 4,300 |
| 11. 2016 | 14,600 | 500 | 9,900 | 0 | 0 | 0 | 1,100 | 0 | 3,800 | 0 | 3,000 | 28,900 |
| 12. Totals | 18,900 | 800 | 11,200 | 0 | 0 | 0 | 1,600 | 0 | 5,300 | 0 | 4,600 | 36,200 |

| | Total Losses and Loss Expenses Incurred | | | Loss and Loss Expense Percentage | | | Nontabular Discount | | Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves After Discount | |
|------------|---|-------|---------|----------------------------------|-------|-------|---------------------|--------------|--|---|----------------------|
| | Direct & Assumed | Ceded | Net | Direct & Assumed | Ceded | Net | Loss | Loss Expense | | Losses Unpaid | Loss Expenses Unpaid |
| | | | | | | | | | | | |
| 01. Prior | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 0 | 0 |
| 02. 2007 | 33,700 | 8,500 | 25,200 | 79.3 | 425.0 | 62.2 | 0 | 0 | 0.0 | 0 | 0 |
| 03. 2008 | 41,400 | 3,600 | 37,800 | 79.9 | 94.7 | 78.8 | 0 | 0 | 0.0 | 0 | 0 |
| 04. 2009 | 39,800 | 1,500 | 38,300 | 67.5 | 46.9 | 68.6 | 0 | 0 | 0.0 | 0 | 0 |
| 05. 2010 | 63,800 | 2,100 | 61,700 | 99.8 | 67.7 | 101.5 | 0 | 0 | 0.0 | 0 | 0 |
| 06. 2011 | 58,600 | 100 | 58,500 | 84.8 | 3.1 | 88.8 | 0 | 0 | 0.0 | 0 | 0 |
| 07. 2012 | 79,400 | 5,300 | 74,100 | 99.7 | 151.4 | 97.4 | 0 | 0 | 0.0 | 300 | 100 |
| 08. 2013 | 82,500 | 400 | 82,100 | 90.6 | 9.3 | 94.6 | 0 | 0 | 0.0 | 600 | 300 |
| 09. 2014 | 88,000 | 800 | 87,200 | 81.9 | 21.6 | 84.1 | 0 | 0 | 0.0 | 1,200 | 500 |
| 10. 2015 | 104,200 | 1,000 | 103,200 | 76.1 | 20.0 | 78.2 | 0 | 0 | 0.0 | 3,200 | 1,100 |
| 11. 2016 | 136,100 | 500 | 135,600 | 78.9 | 9.6 | 81.1 | 0 | 0 | 0.0 | 24,000 | 4,900 |
| 12. Totals | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 29,300 | 6,900 |

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7.1.14 Schedule P, Part 1B (Page 36)

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ANNUAL STATEMENT FOR THE YEAR 2016

SCHEDULE P - PART 1B - Private Passenger Liability/Medical

(\$000 Omitted)

| Year in Which Premiums Were Earned and Losses Incurred | Premiums Earned | | | Loss and Loss Expense Payments | | | | | | Salvage and Subrogation Received 10 | Total Net Paid 11 | |
|---|--------------------------|------------|----------|--------------------------------|------------|--------------------------|------------|--------------------------|------------|---|----------------------------|-----|
| | Direct & Assumed 1 | Ceded 2 | Net 3 | Loss Payments | | DCC Payments | | AO Payments | | | | |
| | | | | Direct & Assumed 4 | Ceded 5 | Direct & Assumed 6 | Ceded 7 | Direct & Assumed 8 | Ceded 9 | | | |
| 01. Prior | XXX | XXX | XXX | 900 | 200 | 0 | 0 | 0 | 0 | 0 | 0 | 700 |
| 02. 2007 | 187,700 | 1,600 | 186,100 | 120,900 | 1,300 | 10,400 | -100 | 19,500 | -500 | 4,100 | 150,100 | |
| 03. 2008 | 185,900 | 1,900 | 184,000 | 121,100 | 0 | 9,000 | 0 | 17,000 | -300 | 3,700 | 147,400 | |
| 04. 2009 | 189,600 | 2,000 | 187,600 | 138,600 | 2,600 | 9,400 | -100 | 17,400 | -400 | 4,000 | 163,300 | |
| 05. 2010 | 195,600 | 1,900 | 193,700 | 142,000 | 600 | 10,300 | 0 | 17,200 | -100 | 4,400 | 169,000 | |
| 06. 2011 | 200,500 | 600 | 199,900 | 148,400 | 1,600 | 11,100 | 200 | 19,000 | 300 | 4,900 | 176,400 | |
| 07. 2012 | 207,200 | 700 | 206,500 | 166,700 | 1,400 | 11,500 | 200 | 21,200 | 200 | 6,200 | 197,600 | |
| 08. 2013 | 210,500 | 700 | 209,800 | 164,400 | 900 | 11,000 | 100 | 16,200 | 100 | 5,600 | 190,500 | |
| 09. 2014 | 218,700 | 700 | 218,000 | 155,600 | 300 | 7,100 | 0 | 18,500 | 0 | 4,800 | 180,900 | |
| 10. 2015 | 223,800 | 700 | 223,100 | 130,500 | 700 | 3,600 | 0 | 17,400 | 0 | 3,500 | 150,800 | |
| 11. 2016 | 238,000 | 700 | 237,300 | 79,600 | 0 | 800 | 0 | 11,400 | 0 | 1,500 | 91,800 | |
| 12. Totals | XXX | XXX | XXX | 1,368,700 | 9,600 | 84,200 | 300 | 174,800 | -700 | 42,700 | 1,618,500 | |

| | Losses Unpaid | | | | Defense and Cost Containment Unpaid | | | | Adjusting and Other Unpaid | | Salvage and Subrogation Anticipated 23 | Total Net Losses and Expenses Unpaid 24 |
|------------|---------------------------|-------------|---------------------------|-------------|-------------------------------------|-------------|---------------------------|-------------|----------------------------|-------------|--|--|
| | Case Basis | | Bulk + Ibrnr | | Case Basis | | Bulk + Ibrnr | | Direct & Assumed 21 | Ceded 22 | | |
| | Direct & Assumed 13 | Ceded 14 | Direct & Assumed 15 | Ceded 16 | Direct & Assumed 17 | Ceded 18 | Direct & Assumed 19 | Ceded 20 | | | | |
| 01. Prior | 7,800 | 7,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200 |
| 02. 2007 | 5,200 | 5,100 | -100 | -200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200 |
| 03. 2008 | 1,300 | 1,100 | 200 | 200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200 |
| 04. 2009 | 900 | 700 | 300 | 200 | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 400 |
| 05. 2010 | 1,300 | 500 | 0 | 100 | 0 | 0 | 200 | 0 | 0 | 0 | 0 | 900 |
| 06. 2011 | 1,500 | 0 | 400 | 500 | 0 | 0 | 500 | 0 | 100 | 0 | 100 | 2,000 |
| 07. 2012 | 4,600 | 0 | 1,100 | 1,000 | 0 | 0 | 1,000 | 0 | 200 | 0 | 200 | 5,900 |
| 08. 2013 | 10,200 | 100 | 1,700 | 1,100 | 0 | 0 | 3,000 | 0 | 400 | 0 | 400 | 14,100 |
| 09. 2014 | 19,200 | 200 | 4,400 | 800 | 0 | 0 | 5,800 | 0 | 700 | 0 | 1,100 | 29,100 |
| 10. 2015 | 32,600 | 200 | 16,500 | 1,900 | 100 | 0 | 9,900 | 0 | 1,400 | 0 | 2,700 | 58,400 |
| 11. 2016 | 54,300 | 0 | 68,000 | 3,600 | 200 | 0 | 13,100 | 0 | 4,900 | 0 | 6,000 | 136,900 |
| 12. Totals | 138,900 | 15,500 | 92,500 | 9,200 | 300 | 0 | 33,600 | 0 | 7,700 | 0 | 10,500 | 248,300 |

| | Total Losses and Loss Expenses Incurred | | | Loss and Loss Expense Percentage | | | Nontabular Discount | | Inter- Company Pooling Participation Percentage 34 | Net Balance Sheet Reserves After Discount | |
|------------|---|-------------|-----------|----------------------------------|-------------|-----------|---------------------|-----------------------|---|---|----------------------------------|
| | Direct & Assumed 26 | Ceded 27 | Net 28 | Direct & Assumed 29 | Ceded 30 | Net 31 | Loss 32 | Loss Expense 33 | | Losses Unpaid 35 | Loss Expenses Unpaid 36 |
| | | | | | | | | | | | |
| 02. 2007 | 155,900 | 5,600 | 150,300 | 83.1 | 350.0 | 80.8 | 0 | 0 | 0.0 | 200 | 0 |
| 03. 2008 | 148,700 | 1,100 | 147,600 | 80.0 | 57.9 | 80.2 | 0 | 0 | 0.0 | 200 | 0 |
| 04. 2009 | 166,700 | 3,100 | 163,600 | 87.9 | 155.0 | 87.2 | 0 | 0 | 0.0 | 300 | 100 |
| 05. 2010 | 171,100 | 1,200 | 169,900 | 87.5 | 63.2 | 87.7 | 0 | 0 | 0.0 | 700 | 200 |
| 06. 2011 | 181,100 | 2,600 | 178,500 | 90.3 | 433.3 | 89.3 | 0 | 0 | 0.0 | 1,400 | 600 |
| 07. 2012 | 206,300 | 2,800 | 203,500 | 99.6 | 400.0 | 98.5 | 0 | 0 | 0.0 | 4,700 | 1,200 |
| 08. 2013 | 206,900 | 2,300 | 204,600 | 98.3 | 328.6 | 97.5 | 0 | 0 | 0.0 | 10,700 | 3,400 |
| 09. 2014 | 211,400 | 1,300 | 210,100 | 96.7 | 185.7 | 96.4 | 0 | 0 | 0.0 | 22,600 | 6,500 |
| 10. 2015 | 212,000 | 2,900 | 209,100 | 94.7 | 414.3 | 93.7 | 0 | 0 | 0.0 | 47,000 | 11,400 |
| 11. 2016 | 232,300 | 3,700 | 228,600 | 97.6 | 528.6 | 96.3 | 0 | 0 | 0.0 | 118,700 | 18,200 |
| 12. Totals | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 206,700 | 41,600 |

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7.1.15 Schedule P, Part 1C (Page 37)

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ANNUAL STATEMENT FOR THE YEAR 2016

SCHEDULE P - PART 1C - Commercial Auto/Truck Liability/Medical
(\$000 Omitted)

| Year in Which Premiums Were Earned and Losses Incurred | Premiums Earned | | | Loss and Loss Expense Payments | | | | | | Salvage and Subrogation Received | Total Net Paid | Number of Claims Reported Direct & Assumed |
|--|------------------|-------|--------|--------------------------------|-------|------------------|-------|------------------|-------|----------------------------------|----------------|--|
| | Direct & Assumed | Ceded | Net | Loss Payments | | DCC Payments | | AO Payments | | | | |
| | | | | Direct & Assumed | Ceded | Direct & Assumed | Ceded | Direct & Assumed | Ceded | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| 01. Prior | XXX | XXX | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |
| 02. 2007 | 8,900 | 700 | 8,200 | 5,300 | 900 | 1,600 | 0 | 600 | 0 | 0 | 6,600 | 187 |
| 03. 2008 | 15,700 | 900 | 14,800 | 6,000 | 800 | 2,400 | 100 | 500 | 0 | 100 | 8,000 | 248 |
| 04. 2009 | 2,500 | 1,200 | 1,300 | 1,700 | 900 | 100 | 0 | 200 | 0 | 0 | 1,100 | 128 |
| 05. 2010 | 2,700 | 1,200 | 1,500 | 1,200 | 400 | 200 | 100 | 100 | 0 | 0 | 1,000 | 124 |
| 06. 2011 | 2,900 | 1,500 | 1,400 | 2,600 | 1,700 | 200 | 100 | 100 | 0 | 0 | 1,100 | 133 |
| 07. 2012 | 3,200 | 1,900 | 1,300 | 1,600 | 900 | 100 | 0 | 100 | 0 | 0 | 900 | 92 |
| 08. 2013 | 3,200 | 2,400 | 800 | 1,000 | 700 | 0 | 0 | 0 | 0 | 0 | 300 | 50 |
| 09. 2014 | 3,300 | 2,800 | 500 | 1,400 | 1,100 | 0 | 0 | 100 | 0 | 0 | 400 | 39 |
| 10. 2015 | 3,800 | 3,100 | 700 | 200 | 100 | 0 | 0 | 0 | 0 | 0 | 100 | 22 |
| 11. 2016 | 4,300 | 3,300 | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 23 |
| 12. Totals | XXX | XXX | XXX | 21,000 | 7,500 | 4,600 | 300 | 1,700 | 0 | 100 | 19,500 | XXX |

| | Losses Unpaid | | | | Defense and Cost Containment Unpaid | | | | Adjusting and Other Unpaid | | Salvage and Subrogation Anticipated | Total Net Losses and Expenses Unpaid | Number of Claims Outstanding Direct & Assumed |
|------------|------------------|-------|------------------|-------|-------------------------------------|-------|------------------|-------|----------------------------|-------|-------------------------------------|--------------------------------------|---|
| | Case Basis | | Bulk + Ibrnr | | Case Basis | | Bulk + Ibrnr | | Direct & Assumed | Ceded | | | |
| | Direct & Assumed | Ceded | Direct & Assumed | Ceded | Direct & Assumed | Ceded | Direct & Assumed | Ceded | | | | | |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | |
| 01. Prior | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 02. 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 03. 2008 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 04. 2009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 05. 2010 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| 06. 2011 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 5 |
| 07. 2012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 |
| 08. 2013 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 |
| 09. 2014 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| 10. 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| 11. 2016 | 2,300 | 1,800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 500 | 10 |
| 12. Totals | 2,400 | 1,800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 600 | 26 |

| | Total Losses and Loss Expenses Incurred | | | Loss and Loss Expense Percentage | | | Nontabular Discount | | Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves After Discount | |
|------------|---|-------|-------|----------------------------------|-------|------|---------------------|--------------|--|---|----------------------|
| | Direct & Assumed | Ceded | Net | Direct & Assumed | Ceded | Net | Loss | Loss Expense | | Losses Unpaid | Loss Expenses Unpaid |
| | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 |
| 01. Prior | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 0 | 0 |
| 02. 2007 | 7,400 | 1,000 | 6,400 | 83.1 | 142.9 | 78.0 | 0 | 0 | 0.0 | 0 | 0 |
| 03. 2008 | 8,900 | 900 | 8,000 | 56.7 | 100.0 | 54.1 | 0 | 0 | 0.0 | 0 | 0 |
| 04. 2009 | 2,000 | 1,000 | 1,000 | 80.0 | 83.3 | 76.9 | 0 | 0 | 0.0 | 0 | 0 |
| 05. 2010 | 1,400 | 500 | 900 | 51.9 | 41.7 | 60.0 | 0 | 0 | 0.0 | 0 | 0 |
| 06. 2011 | 3,000 | 1,900 | 1,100 | 103.4 | 126.7 | 78.6 | 0 | 0 | 0.0 | 100 | 0 |
| 07. 2012 | 1,800 | 1,000 | 800 | 56.3 | 52.6 | 61.5 | 0 | 0 | 0.0 | 0 | 0 |
| 08. 2013 | 1,200 | 700 | 500 | 37.5 | 29.2 | 62.5 | 0 | 0 | 0.0 | 0 | 0 |
| 09. 2014 | 1,500 | 1,100 | 400 | 45.5 | 39.3 | 80.0 | 0 | 0 | 0.0 | 0 | 0 |
| 10. 2015 | 300 | 100 | 200 | 7.9 | 3.2 | 28.6 | 0 | 0 | 0.0 | 0 | 0 |
| 11. 2016 | 2,500 | 1,800 | 700 | 58.1 | 54.5 | 70.0 | 0 | 0 | 0.0 | 500 | 0 |
| 12. Totals | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 600 | 0 |

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7.1.16 Schedule P, Part 1I (Page 45)

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ANNUAL STATEMENT FOR THE YEAR 2016

SCHEDULE P - PART 1I - Special Property (Fire, Inland Marine)
(\$000 Omitted)

| Year in Which Premiums Were Earned and Losses Incurred | Premiums Earned | | | Loss and Loss Expense Payments | | | | | | Salvage and Subrogation Received | Total Net Paid | Number of Claims Reported Direct & Assumed |
|--|------------------|-------|-----|--------------------------------|-------|------------------|-------|------------------|-------|----------------------------------|----------------|--|
| | Direct & Assumed | Ceded | Net | Loss Payments | | DCC Payments | | AO Payments | | | | |
| | | | | Direct & Assumed | Ceded | Direct & Assumed | Ceded | Direct & Assumed | Ceded | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| 01. Prior | XXX | XXX | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |
| 02. 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |
| 03. 2016 | 400 | 0 | 400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |
| 04. Totals | XXX | XXX | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |

| | Losses Unpaid | | | | Defense and Cost Containment Unpaid | | | | Adjusting and Other Unpaid | | Salvage and Subrogation Anticipated | Total Net Losses and Expenses Unpaid | Number of Claims Outstanding Direct & Assumed |
|------------|------------------|-------|------------------|-------|-------------------------------------|-------|------------------|-------|----------------------------|-------|-------------------------------------|--------------------------------------|---|
| | Case Basis | | Bulk + Ibrnr | | Case Basis | | Bulk + Ibrnr | | Direct & Assumed | Ceded | | | |
| | Direct & Assumed | Ceded | Direct & Assumed | Ceded | Direct & Assumed | Ceded | Direct & Assumed | Ceded | | | | | |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | |
| 01. Prior | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |
| 02. 2015 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |
| 03. 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |
| 04. Totals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |

| | Total Losses and Loss Expenses Incurred | | | Loss and Loss Expense Percentage | | | Nontabular Discount | | Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves After Discount | |
|------------|---|-------|-----|----------------------------------|-------|-----|---------------------|--------------|--|---|----------------------|
| | Direct & Assumed | Ceded | Net | Direct & Assumed | Ceded | Net | Loss | Loss Expense | | Losses Unpaid | Loss Expenses Unpaid |
| | | | | | | | | | | | |
| 01. Prior | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 0 | 0 |
| 02. 2015 | 0 | 0 | 0 | 0.0 | 0.0 | 0.0 | 0 | 0 | 0.0 | 0 | 0 |
| 03. 2016 | 0 | 0 | 0 | 0.0 | 0.0 | 0.0 | 0 | 0 | 0.0 | 0 | 0 |
| 04. Totals | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 0 | 0 |

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7.1.17 Schedule P, Part 1J (Page 46)

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ANNUAL STATEMENT FOR THE YEAR 2016

SCHEDULE P - PART 1J - Auto Physical Damage
(\$000 Omitted)

| Year in Which Premiums Were Earned and Losses Incurred | Premiums Earned | | | Loss and Loss Expense Payments | | | | | | Salvage and Subrogation Received | Total Net Paid | Number of Claims Reported Direct & Assumed |
|--|------------------|-------|---------|--------------------------------|--------|------------------|-------|------------------|-------|----------------------------------|----------------|--|
| | Direct & Assumed | Ceded | Net | Loss Payments | | DCC Payments | | AO Payments | | | | |
| | | | | Direct & Assumed | Ceded | Direct & Assumed | Ceded | Direct & Assumed | Ceded | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| 01. Prior | XXX | XXX | XXX | -300 | -4,400 | 200 | -100 | 100 | -200 | 800 | 4,700 | XXX |
| 02. 2015 | 156,900 | 1,000 | 155,900 | 111,700 | 0 | 400 | 0 | 14,200 | 0 | 41,400 | 126,300 | XXX |
| 03. 2016 | 173,500 | 900 | 172,600 | 128,700 | 100 | 200 | 0 | 22,400 | 0 | 32,500 | 151,200 | XXX |
| 04. Totals | XXX | XXX | XXX | 240,100 | -4,300 | 800 | -100 | 36,700 | -200 | 74,700 | 282,200 | XXX |

| | Losses Unpaid | | | | Defense and Cost Containment Unpaid | | | | Adjusting and Other Unpaid | | Salvage and Subrogation Anticipated | Total Net Losses and Expenses Unpaid | Number of Claims Outstanding Direct & Assumed |
|------------|------------------|-------|------------------|-------|-------------------------------------|-------|------------------|-------|----------------------------|--------|-------------------------------------|--------------------------------------|---|
| | Case Basis | | Bulk + Ibrnr | | Case Basis | | Bulk + Ibrnr | | Direct & Assumed | Ceded | | | |
| | Direct & Assumed | Ceded | Direct & Assumed | Ceded | Direct & Assumed | Ceded | Direct & Assumed | Ceded | | | | | |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | |
| 01. Prior | 100 | 0 | -400 | 0 | 0 | 0 | 0 | 0 | 0 | 600 | -300 | XXX | |
| 02. 2015 | 0 | 0 | -400 | 0 | 0 | 0 | 0 | 100 | 0 | 700 | -300 | XXX | |
| 03. 2016 | 6,200 | 0 | -3,800 | 0 | 0 | 100 | 0 | 1,800 | 0 | 15,700 | 4,300 | XXX | |
| 04. Totals | 6,300 | 0 | -4,600 | 0 | 0 | 100 | 0 | 1,900 | 0 | 17,000 | 3,700 | XXX | |

| | Total Losses and Loss Expenses Incurred | | | Loss and Loss Expense Percentage | | | Nontabular Discount | | Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves After Discount | |
|------------|---|-------|---------|----------------------------------|-------|------|---------------------|--------------|--|---|----------------------|
| | Direct & Assumed | Ceded | Net | Direct & Assumed | Ceded | Net | Loss | Loss Expense | | Losses Unpaid | Loss Expenses Unpaid |
| | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 |
| 01. Prior | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | -300 | 0 |
| 02. 2015 | 126,100 | 0 | 126,100 | 80.4 | 0.0 | 80.9 | 0 | 0 | 0.0 | -400 | 100 |
| 03. 2016 | 155,700 | 100 | 155,600 | 89.7 | 11.1 | 90.2 | 0 | 0 | 0.0 | 2,400 | 1,900 |
| 04. Totals | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 1,700 | 2,000 |

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7.1.18 Schedule P, Parts 2A, 2B and 2C (Page 57)

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ANNUAL STATEMENT FOR THE YEAR 2016

SCHEDULE P - PART 2A - Homeowners/Farmowners

| Year in Which Losses Were Incurred | Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year-End (\$000 Omitted) | | | | | | | | | | Development | | |
|------------------------------------|--|--------|--------|--------|--------|--------|--------|--------|--------|---------|-------------|----------|------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | One Year | Two Year | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| 01. Prior | 3,500 | 2,100 | 2,000 | 2,100 | 1,800 | 1,900 | 1,900 | 1,900 | 1,800 | 1,900 | 100 | 0 | |
| 02. 2007 | 18,900 | 20,700 | 20,200 | 19,400 | 19,100 | 19,500 | 19,500 | 19,600 | 19,600 | 19,500 | -100 | -100 | |
| 03. 2008 | XXX | 42,000 | 32,000 | 31,700 | 31,700 | 31,300 | 31,100 | 31,200 | 31,200 | 31,200 | 0 | 0 | |
| 04. 2009 | XXX | XXX | 43,200 | 33,900 | 33,300 | 33,000 | 32,700 | 32,600 | 32,500 | 32,500 | 0 | -100 | |
| 05. 2010 | XXX | XXX | XXX | 49,400 | 53,800 | 53,300 | 53,500 | 53,300 | 53,200 | 53,200 | 0 | -100 | |
| 06. 2011 | XXX | XXX | XXX | XXX | 50,600 | 48,600 | 49,800 | 49,600 | 49,100 | 49,100 | 0 | -500 | |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 58,600 | 62,000 | 61,700 | 60,900 | 60,800 | -100 | -900 | |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 76,100 | 74,300 | 74,300 | 74,500 | 200 | 200 | |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 77,000 | 78,400 | 78,300 | -100 | 1,300 | |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 94,100 | 93,700 | -400 | XXX | |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 121,900 | XXX | XXX | |
| | | | | | | | | | | | 12. Totals | -400 | -200 |

SCHEDULE P - PART 2B - Private Passenger Liability/Medical

| Year in Which Losses Were Incurred | Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year-End (\$000 Omitted) | | | | | | | | | | Development | | |
|------------------------------------|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------|----------|--------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | One Year | Two Year | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| 01. Prior | 82,600 | 66,700 | 64,100 | 66,600 | 64,500 | 64,400 | 64,900 | 65,600 | 66,500 | 67,300 | 800 | 1,700 | |
| 02. 2007 | 157,500 | 135,600 | 133,100 | 133,400 | 130,800 | 130,400 | 130,300 | 130,200 | 130,300 | 130,300 | 0 | 100 | |
| 03. 2008 | XXX | 153,300 | 133,400 | 132,800 | 131,700 | 130,000 | 130,200 | 130,300 | 130,300 | 130,300 | 0 | 0 | |
| 04. 2009 | XXX | XXX | 159,800 | 148,300 | 147,500 | 146,200 | 147,300 | 146,700 | 145,900 | 145,900 | 0 | -800 | |
| 05. 2010 | XXX | XXX | XXX | 156,300 | 155,000 | 154,900 | 154,400 | 153,700 | 152,400 | 152,600 | 200 | -1,100 | |
| 06. 2011 | XXX | XXX | XXX | XXX | 157,100 | 159,600 | 160,100 | 160,400 | 158,700 | 159,700 | 1,000 | -700 | |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 169,600 | 180,100 | 183,900 | 180,300 | 182,400 | 2,100 | -1,500 | |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 152,000 | 181,800 | 179,900 | 188,100 | 8,200 | 6,300 | |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 154,500 | 179,300 | 190,800 | 11,500 | 36,300 | |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 176,700 | 190,300 | 13,600 | XXX | |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 212,300 | XXX | XXX | |
| | | | | | | | | | | | 12. Totals | 37,400 | 40,300 |

SCHEDULE P - PART 2C - Commercial Auto/Truck Liability/Medical

| Year in Which Losses Were Incurred | Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year-End (\$000 Omitted) | | | | | | | | | | Development | | |
|------------------------------------|--|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------------|----------|------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | One Year | Two Year | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| 01. Prior | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 | |
| 02. 2007 | 11,900 | 11,800 | 6,300 | 5,800 | 5,800 | 5,900 | 5,900 | 5,900 | 5,900 | 5,900 | 0 | 0 | |
| 03. 2008 | XXX | 12,700 | 10,700 | 7,700 | 7,600 | 7,600 | 7,600 | 7,600 | 7,600 | 7,600 | 0 | 0 | |
| 04. 2009 | XXX | XXX | 600 | 900 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 900 | -100 | -100 | |
| 05. 2010 | XXX | XXX | XXX | 700 | 700 | 800 | 800 | 800 | 900 | 900 | 0 | 100 | |
| 06. 2011 | XXX | XXX | XXX | XXX | 800 | 1,000 | 1,000 | 1,100 | 1,000 | 1,000 | 0 | -100 | |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 700 | 800 | 800 | 800 | 800 | 0 | 0 | |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 400 | 400 | 400 | 400 | 0 | 0 | |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 300 | 200 | 300 | 100 | 0 | |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 200 | 100 | -100 | XXX | |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 600 | XXX | XXX | |
| | | | | | | | | | | | 12. Totals | -100 | -100 |

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SCHEDULE P - PART 2I - Special Property (Fire, Inland Marine)

| Year in Which Losses Were Incurred | Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year-End (\$000 Omitted) | | | | | | | | | | Development | |
|------------------------------------|--|------|------|------|------|------|------|------|------|------------|-------------|----------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | One Year | Two Year |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 01. Prior | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | 0 | 0 | 0 |
| 02. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | 0 | XXX |
| 03. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 | XXX | XXX |
| | | | | | | | | | | 12. Totals | 0 | 0 |

SCHEDULE P - PART 2J - Auto Physical Damage

| Year in Which Losses Were Incurred | Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year-End (\$000 Omitted) | | | | | | | | | | Development | |
|------------------------------------|--|------|------|------|------|------|------|-------|---------|------------|-------------|----------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | One Year | Two Year |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 01. Prior | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 2,000 | 600 | 900 | 300 | -1100 |
| 02. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 112,900 | 111,800 | -1100 | XXX |
| 03. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 131,400 | XXX | XXX |
| | | | | | | | | | | 12. Totals | -800 | -1,100 |

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SCHEDULE P - PART 3A - Homeowners/Farmowners

| Year in Which Losses Were Incurred | Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year-End (\$000 Omitted) | | | | | | | | | | Number of Claims Closed With Loss Pay | Number of Claims Closed Without Loss Pay |
|------------------------------------|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------------------------------|--|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | |
| 01. Prior | 000 | 1,100 | 1,600 | 1,700 | 1,700 | 1,800 | 1,800 | 1,800 | 1,800 | 1,900 | 14,500 | 9,343 |
| 02. 2007 | 15,000 | 18,700 | 19,200 | 19,400 | 19,500 | 19,600 | 19,500 | 19,500 | 19,600 | 19,500 | 3,235 | 2,077 |
| 03. 2008 | XXX | 21,300 | 29,900 | 30,500 | 30,800 | 30,900 | 31,000 | 31,100 | 31,100 | 31,200 | 4,153 | 2,244 |
| 04. 2009 | XXX | XXX | 25,500 | 31,500 | 32,200 | 32,400 | 32,400 | 32,400 | 32,500 | 32,500 | 4,041 | 2,153 |
| 05. 2010 | XXX | XXX | XXX | 41,300 | 51,100 | 51,900 | 52,500 | 52,900 | 53,100 | 53,100 | 5,969 | 2,529 |
| 06. 2011 | XXX | XXX | XXX | XXX | 36,800 | 46,500 | 48,100 | 48,600 | 49,000 | 49,100 | 5,882 | 2,940 |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 45,800 | 58,000 | 59,800 | 60,400 | 60,500 | 7,596 | 3,650 |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 58,200 | 71,600 | 72,900 | 73,800 | 8,764 | 4,702 |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 58,900 | 75,300 | 77,100 | 9,500 | 4,763 |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 70,500 | 90,200 | 9,229 | 5,457 |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 96,800 | 10,454 | 6,645 |

SCHEDULE P - PART 3B - Private Passenger Liability/Medical

| Year in Which Losses Were Incurred | Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year-End (\$000 Omitted) | | | | | | | | | | Number of Claims Closed With Loss Pay | Number of Claims Closed Without Loss Pay |
|------------------------------------|---|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------------------------------------|--|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | |
| 01. Prior | 000 | 30,900 | 49,200 | 58,400 | 61,800 | 63,100 | 64,000 | 64,900 | 66,200 | 67,000 | 94,236 | 48,706 |
| 02. 2007 | 49,400 | 91,400 | 111,400 | 122,500 | 126,900 | 128,700 | 129,400 | 129,700 | 130,000 | 130,000 | 26,040 | 14,200 |
| 03. 2008 | XXX | 49,400 | 92,100 | 112,900 | 123,000 | 127,200 | 128,800 | 129,300 | 129,800 | 130,100 | 25,809 | 14,327 |
| 04. 2009 | XXX | XXX | 56,100 | 105,700 | 127,300 | 137,600 | 142,300 | 144,300 | 145,100 | 145,500 | 27,552 | 14,703 |
| 05. 2010 | XXX | XXX | XXX | 60,500 | 110,200 | 133,300 | 144,300 | 149,000 | 150,800 | 151,700 | 28,520 | 15,123 |
| 06. 2011 | XXX | XXX | XXX | XXX | 61,700 | 114,100 | 135,500 | 148,000 | 154,700 | 157,800 | 29,672 | 16,019 |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 68,500 | 125,600 | 153,100 | 167,800 | 176,700 | 31,682 | 16,877 |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 67,900 | 125,100 | 153,200 | 174,400 | 31,273 | 16,526 |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 71,000 | 128,000 | 162,400 | 31,270 | 16,155 |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 69,300 | 133,300 | 29,945 | 17,209 |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 80,400 | 22,455 | 17,600 |

SCHEDULE P - PART 3C - Commercial Auto/Truck Liability/Medical

| Year in Which Losses Were Incurred | Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year-End (\$000 Omitted) | | | | | | | | | | Number of Claims Closed With Loss Pay | Number of Claims Closed Without Loss Pay |
|------------------------------------|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------------------------------------|--|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | |
| 01. Prior | 000 | 0 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 24 | 16 |
| 02. 2007 | 400 | 3,200 | 4,800 | 5,700 | 5,800 | 5,900 | 5,900 | 5,900 | 5,900 | 5,900 | 62 | 38 |
| 03. 2008 | XXX | 500 | 5,100 | 7,200 | 7,500 | 7,600 | 7,600 | 7,600 | 7,600 | 7,600 | 181 | 67 |
| 04. 2009 | XXX | XXX | 200 | 500 | 700 | 800 | 900 | 900 | 900 | 900 | 90 | 38 |
| 05. 2010 | XXX | XXX | XXX | 200 | 500 | 600 | 700 | 800 | 800 | 900 | 86 | 37 |
| 06. 2011 | XXX | XXX | XXX | XXX | 300 | 700 | 800 | 900 | 900 | 900 | 85 | 43 |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 200 | 400 | 600 | 700 | 800 | 57 | 32 |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 200 | 200 | 300 | 400 | 30 | 18 |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 100 | 100 | 300 | 26 | 12 |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 100 | 11 | 9 |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 100 | 5 | 8 |

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SCHEDULE P - PART 3I - Special Property (Fire, Inland Marine)

| Year in Which Losses Were Incurred | Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year-End (\$000 Omitted) | | | | | | | | | | Number of Claims Closed With Loss Pay | Number of Claims Closed Without Loss Pay |
|------------------------------------|---|------|------|------|------|------|------|------|------|------|---------------------------------------|--|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | |
| 01. Prior | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 000 | 0 | 0 | XXX | XXX |
| 02. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | XXX |
| 03. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 | XXX | XXX |

SCHEDULE P - PART 3J - Auto Physical Damage

| Year in Which Losses Were Incurred | Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year-End (\$000 Omitted) | | | | | | | | | | Number of Claims Closed With Loss Pay | Number of Claims Closed Without Loss Pay |
|------------------------------------|---|------|------|------|------|------|------|------|---------|---------|---------------------------------------|--|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | |
| 01. Prior | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 000 | 6,500 | 10,900 | XXX | XXX |
| 02. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 111,500 | 112,100 | XXX | XXX |
| 03. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 128,900 | XXX | XXX |

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7.1.22 Schedule P, Parts 4A, 4B and 4C (Page 67)

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SCHEDULE P - PART 4A - Homeowners/Farmowners

| Year in Which Losses Were Incurred | Bulk & IBNR Reserves on Net Losses and DCC Expenses Reported at Year-End (\$000 Omitted) | | | | | | | | | |
|------------------------------------|--|--------|--------|-------|-------|-------|--------|--------|--------|--------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 01. Prior | 2,200 | 500 | 300 | 300 | 0 | 0 | 0 | 0 | 0 | 0 |
| 02. 2007 | 700 | 1,000 | 700 | -100 | -400 | -100 | 0 | 0 | 0 | 0 |
| 03. 2008 | XXX | 15,500 | 1,500 | 700 | 500 | 100 | 0 | 0 | 0 | 0 |
| 04. 2009 | XXX | XXX | 14,800 | 1,700 | 800 | 400 | 200 | 100 | 0 | 0 |
| 05. 2010 | XXX | XXX | XXX | 3,700 | 2,200 | 1,000 | 700 | 300 | 0 | 0 |
| 06. 2011 | XXX | XXX | XXX | XXX | 9,800 | 1,000 | 1,200 | 700 | 100 | 0 |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 7,000 | 2,700 | 1,200 | 100 | -100 |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 12,100 | 1,700 | 400 | 100 |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 11,300 | 2,000 | 500 |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 13,700 | 1,300 |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 11,000 |

SCHEDULE P - PART 4B - Private Passenger Liability/Medical

| Year in Which Losses Were Incurred | Bulk & IBNR Reserves on Net Losses and DCC Expenses Reported at Year-End (\$000 Omitted) | | | | | | | | | |
|------------------------------------|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 01. Prior | 37,600 | 11,300 | 3,100 | 2,800 | 500 | 100 | 500 | 300 | 100 | 0 |
| 02. 2007 | 64,400 | 17,100 | 6,800 | 3,800 | 1,600 | 500 | 300 | 200 | 100 | 100 |
| 03. 2008 | XXX | 62,600 | 17,300 | 6,000 | 4,100 | 900 | 600 | 400 | 100 | 0 |
| 04. 2009 | XXX | XXX | 60,400 | 14,700 | 8,100 | 2,600 | 2,200 | 1,600 | 400 | 100 |
| 05. 2010 | XXX | XXX | XXX | 51,400 | 19,200 | 8,600 | 4,500 | 2,200 | 400 | 100 |
| 06. 2011 | XXX | XXX | XXX | XXX | 50,600 | 20,100 | 11,200 | 5,600 | 800 | 400 |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 53,100 | 24,100 | 14,400 | 3,000 | 1,100 |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 37,900 | 26,100 | 7,700 | 3,700 |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 39,900 | 20,200 | 9,400 |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 65,300 | 24,500 |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 77,500 |

SCHEDULE P - PART 4C - Commercial Auto/Truck Liability/Medical

| Year in Which Losses Were Incurred | Bulk & IBNR Reserves on Net Losses and DCC Expenses Reported at Year-End (\$000 Omitted) | | | | | | | | | |
|------------------------------------|--|-------|-------|------|------|------|------|------|------|------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 01. Prior | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 02. 2007 | 4,500 | 4,300 | 200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 03. 2008 | XXX | 4,600 | 1,800 | 100 | 0 | 0 | 0 | 0 | 0 | 0 |
| 04. 2009 | XXX | XXX | 0 | 100 | 100 | 0 | 0 | 0 | 0 | 0 |
| 05. 2010 | XXX | XXX | XXX | 100 | 0 | 0 | 0 | 0 | 0 | 0 |
| 06. 2011 | XXX | XXX | XXX | XXX | 100 | 100 | 100 | 0 | 0 | 0 |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 200 | 100 | 100 | 0 | 0 |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 100 | 100 | 0 | 0 |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 100 | 0 | 0 |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 100 |

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SCHEDULE P - PART 4I - Special Property (Fire, Inland Marine)

| Year in Which Losses Were Incurred | Bulk & IBNR Reserves on Net Losses and DCC Expenses Reported at Year-End (\$000 Omitted) | | | | | | | | | |
|------------------------------------|--|------|------|------|------|------|------|------|------|------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 01. Prior | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | 0 |
| 02. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 |
| 03. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 0 |

SCHEDULE P - PART 4J - Auto Physical Damage

| Year in Which Losses Were Incurred | Bulk & IBNR Reserves on Net Losses and DCC Expenses Reported at Year-End (\$000 Omitted) | | | | | | | | | |
|------------------------------------|--|------|------|------|------|------|------|--------|--------|--------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 01. Prior | XXX | XXX | XXX | XXX | XXX | XXX | XXX | -3,200 | -900 | -400 |
| 02. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | -3,600 | -300 |
| 03. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | -3,700 |

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SCHEDULE P - PART 5A - Homeowners/Farmowners

Section 1

| Year in Which Losses Were Incurred | Cumulative Number of Claims Closed with Loss Payment Direct and Assumed at Year-End | | | | | | | | | |
|------------------------------------|---|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 01. Prior | 494 | 34 | 14 | 1 | -1 | 1 | 1 | 1 | 4 | 0 |
| 02. 2007 | 2,606 | 3,174 | 3,193 | 3,208 | 3,212 | 3,220 | 3,220 | 3,220 | 3,235 | 3,235 |
| 03. 2008 | XXX | 3,230 | 4,092 | 4,118 | 4,135 | 4,136 | 4,137 | 4,138 | 4,151 | 4,153 |
| 04. 2009 | XXX | XXX | 3,411 | 3,973 | 4,004 | 4,013 | 4,014 | 4,017 | 4,041 | 4,041 |
| 05. 2010 | XXX | XXX | XXX | 5,131 | 5,890 | 5,926 | 5,938 | 5,950 | 5,969 | 5,969 |
| 06. 2011 | XXX | XXX | XXX | XXX | 5,069 | 5,809 | 5,842 | 5,856 | 5,881 | 5,882 |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 6,235 | 7,470 | 7,543 | 7,586 | 7,596 |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 7,724 | 8,674 | 8,749 | 8,764 |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 8,024 | 9,484 | 9,500 |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 7,883 | 9,229 |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 10,454 |

Section 2

| Year in Which Losses Were Incurred | Number of Claims Outstanding Direct and Assumed at Year-End | | | | | | | | | |
|------------------------------------|---|------|------|------|------|------|------|------|-------|-------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 01. Prior | 34 | 15 | 5 | 4 | 5 | 4 | 2 | 1 | 1 | 0 |
| 02. 2007 | 420 | 23 | 10 | 4 | 7 | 2 | 1 | 1 | 1 | 0 |
| 03. 2008 | XXX | 655 | 20 | 12 | 5 | 3 | 2 | 1 | 1 | 0 |
| 04. 2009 | XXX | XXX | 410 | 23 | 10 | 5 | 4 | 1 | 0 | 0 |
| 05. 2010 | XXX | XXX | XXX | 438 | 27 | 22 | 13 | 5 | 2 | 2 |
| 06. 2011 | XXX | XXX | XXX | XXX | 433 | 37 | 20 | 11 | 2 | 2 |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 581 | 43 | 19 | 11 | 7 |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 605 | 41 | 25 | 15 |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 950 | 47 | 22 |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 1,028 | 71 |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 1,256 |

Section 3

| Year in Which Losses Were Incurred | Cumulative Number of Claims Reported Direct and Assumed at Year-End | | | | | | | | | |
|------------------------------------|---|-------|-------|-------|-------|--------|--------|--------|--------|--------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 01. Prior | 234 | 19 | 9 | 1 | 2 | 1 | 0 | 0 | 0 | 0 |
| 02. 2007 | 4,876 | 5,267 | 5,287 | 5,297 | 5,306 | 5,312 | 5,312 | 5,312 | 5,312 | 5,312 |
| 03. 2008 | XXX | 5,822 | 6,343 | 6,377 | 6,389 | 6,392 | 6,395 | 6,396 | 6,396 | 6,397 |
| 04. 2009 | XXX | XXX | 5,745 | 6,151 | 6,181 | 6,191 | 6,191 | 6,193 | 6,194 | 6,194 |
| 05. 2010 | XXX | XXX | XXX | 7,846 | 8,433 | 8,481 | 8,492 | 8,496 | 8,498 | 8,500 |
| 06. 2011 | XXX | XXX | XXX | XXX | 8,135 | 8,759 | 8,800 | 8,815 | 8,821 | 8,824 |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 10,046 | 11,159 | 11,227 | 11,242 | 11,254 |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 12,632 | 13,415 | 13,469 | 13,480 |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 13,270 | 14,265 | 14,285 |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 13,906 | 14,758 |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 18,355 |

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7.1.25 Schedule P, Part 5B (Page 73)

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ANNUAL STATEMENT FOR THE YEAR 2016

SCHEDULE P - PART 5B - Private Passenger Liability/Medical

Section 1

| Year in Which Losses Were Incurred | Cumulative Number of Claims Closed with Loss Payment Direct and Assumed at Year-End | | | | | | | | | |
|------------------------------------|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 01. Prior | 8,165 | 1,958 | 967 | 815 | 411 | 258 | 148 | 6 | 358 | 1 |
| 02. 2007 | 16,077 | 23,453 | 24,662 | 25,192 | 25,393 | 25,473 | 25,556 | 25,561 | 26,084 | 26,040 |
| 03. 2008 | XXX | 16,223 | 23,613 | 24,746 | 25,148 | 25,310 | 25,397 | 25,382 | 27,239 | 25,809 |
| 04. 2009 | XXX | XXX | 17,710 | 25,445 | 26,501 | 26,881 | 27,078 | 27,139 | 28,106 | 27,552 |
| 05. 2010 | XXX | XXX | XXX | 18,820 | 26,222 | 27,378 | 27,818 | 27,977 | 28,692 | 28,520 |
| 06. 2011 | XXX | XXX | XXX | XXX | 19,102 | 27,253 | 28,470 | 28,909 | 30,058 | 29,672 |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 20,385 | 28,994 | 30,385 | 31,919 | 31,682 |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 20,143 | 28,740 | 31,233 | 31,273 |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 20,345 | 29,937 | 31,270 |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 21,023 | 29,945 |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 22,455 |

Section 2

| Year in Which Losses Were Incurred | Number of Claims Outstanding Direct and Assumed at Year-End | | | | | | | | | |
|------------------------------------|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 01. Prior | 4,420 | 2,723 | 1,799 | 972 | 549 | 265 | 113 | 105 | 80 | 85 |
| 02. 2007 | 8,200 | 1,959 | 936 | 435 | 231 | 135 | 56 | 51 | 38 | 28 |
| 03. 2008 | XXX | 7,754 | 1,633 | 694 | 343 | 359 | 75 | 99 | 81 | 28 |
| 04. 2009 | XXX | XXX | 7,845 | 1,557 | 707 | 354 | 147 | 86 | 53 | 38 |
| 05. 2010 | XXX | XXX | XXX | 7,624 | 1,762 | 770 | 334 | 153 | 83 | 56 |
| 06. 2011 | XXX | XXX | XXX | XXX | 8,731 | 1,819 | 754 | 351 | 186 | 105 |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 9,176 | 2,062 | 910 | 428 | 205 |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 9,055 | 2,035 | 956 | 421 |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 9,296 | 2,085 | 855 |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 9,072 | 1,861 |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 9,985 |

Section 3

| Year in Which Losses Were Incurred | Cumulative Number of Claims Reported Direct and Assumed at Year-End | | | | | | | | | |
|------------------------------------|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 01. Prior | 3,432 | 518 | 183 | 39 | 38 | 3 | 1 | 65 | 3 | 0 |
| 02. 2007 | 36,403 | 39,766 | 40,126 | 40,214 | 40,256 | 40,262 | 40,265 | 40,265 | 40,265 | 40,267 |
| 03. 2008 | XXX | 36,150 | 39,690 | 40,018 | 40,130 | 40,151 | 40,161 | 40,163 | 40,743 | 40,164 |
| 04. 2009 | XXX | XXX | 38,567 | 41,832 | 42,159 | 42,258 | 42,284 | 42,289 | 42,073 | 42,293 |
| 05. 2010 | XXX | XXX | XXX | 39,930 | 42,616 | 43,570 | 43,654 | 43,680 | 43,190 | 43,699 |
| 06. 2011 | XXX | XXX | XXX | XXX | 42,060 | 45,302 | 45,658 | 45,745 | 45,623 | 45,795 |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 44,445 | 48,172 | 48,588 | 48,593 | 48,764 |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 43,997 | 47,640 | 48,332 | 48,221 |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 43,796 | 47,915 | 48,280 |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 45,185 | 49,015 |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 50,039 |

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7.1.26 Schedule P, Part 5C (Page 74)

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ANNUAL STATEMENT FOR THE YEAR 2016

SCHEDULE P - PART 5C - Commercial Auto/Truck Liability/Medical

Section 1

| Year in Which Losses Were Incurred | Cumulative Number of Claims Closed with Loss Payment Direct and Assumed at Year-End | | | | | | | | | |
|------------------------------------|---|------|------|------|------|------|------|------|------|------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 01. Prior | 6 | 2 | 2 | 2 | 0 | 0 | 0 | -1 | -1 | 0 |
| 02. 2007 | 61 | 99 | 132 | 135 | 136 | 136 | 137 | 137 | 137 | 137 |
| 03. 2008 | XXX | 85 | 149 | 172 | 176 | 179 | 181 | 180 | 181 | 181 |
| 04. 2009 | XXX | XXX | 50 | 77 | 84 | 86 | 89 | 89 | 90 | 90 |
| 05. 2010 | XXX | XXX | XXX | 49 | 76 | 79 | 83 | 84 | 86 | 86 |
| 06. 2011 | XXX | XXX | XXX | XXX | 52 | 78 | 83 | 85 | 85 | 85 |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 34 | 47 | 54 | 56 | 57 |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 19 | 28 | 29 | 30 |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 14 | 22 | 26 |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 9 | 11 |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 5 |

Section 2

| Year in Which Losses Were Incurred | Number of Claims Outstanding Direct and Assumed at Year-End | | | | | | | | | |
|------------------------------------|---|------|------|------|------|------|------|------|------|------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 01. Prior | 3 | 3 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 02. 2007 | 68 | 23 | 6 | 1 | 1 | 1 | 0 | 0 | 0 | 0 |
| 03. 2008 | XXX | 83 | 27 | 8 | 5 | 3 | 1 | 1 | 1 | 0 |
| 04. 2009 | XXX | XXX | 33 | 12 | 7 | 4 | 2 | 1 | 1 | 0 |
| 05. 2010 | XXX | XXX | XXX | 27 | 10 | 6 | 3 | 2 | 1 | 1 |
| 06. 2011 | XXX | XXX | XXX | XXX | 31 | 9 | 5 | 5 | 4 | 5 |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 24 | 12 | 5 | 3 | 3 |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 8 | 5 | 2 | 3 |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 11 | 4 | 2 |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 4 | 2 |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 10 |

Section 3

| Year in Which Losses Were Incurred | Cumulative Number of Claims Reported Direct and Assumed at Year-End | | | | | | | | | |
|------------------------------------|---|------|------|------|------|------|------|------|------|------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 01. Prior | 5 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 02. 2007 | 160 | 185 | 187 | 187 | 187 | 187 | 187 | 187 | 187 | 187 |
| 03. 2008 | XXX | 205 | 240 | 245 | 248 | 248 | 248 | 248 | 248 | 248 |
| 04. 2009 | XXX | XXX | 111 | 125 | 127 | 128 | 128 | 128 | 128 | 128 |
| 05. 2010 | XXX | XXX | XXX | 107 | 121 | 123 | 123 | 123 | 124 | 124 |
| 06. 2011 | XXX | XXX | XXX | XXX | 116 | 130 | 131 | 133 | 133 | 133 |
| 07. 2012 | XXX | XXX | XXX | XXX | XXX | 80 | 90 | 91 | 92 | 92 |
| 08. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | 40 | 48 | 49 | 50 |
| 09. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 32 | 37 | 39 |
| 10. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 21 | 22 |
| 11. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 23 |

SOA GI-FREU Case Study – Fall 2017

7.2 Excerpts from the Insurance Expense Exhibit

IEE Page 3

INSURANCE EXPENSE EXHIBIT FOR THE YEAR 2016

PART I - ALLOCATION TO EXPENSE GROUPS

(\$000 Omitted)

| Operating Expense Classifications | Loss Adjustment Expense 1 | Other Underwriting Expenses | | | Investment Expenses 5 | Total Expenses 6 |
|---|------------------------------|---|-----------------------|-------------------------------|--------------------------|---------------------|
| | | Acquisition, Field Supervision and Collection Expenses 2 | General Expenses 3 | Taxes, Licenses and Fees 4 | | |
| 1 Claims adjustment services: | | | | | | |
| 1.1 Direct | 22,100 | - | - | - | - | 22,100 |
| 1.4 Net claim adjustment services | 22,100 | - | - | - | - | 22,100 |
| 2 Commission and brokerage | | | | | | |
| 2.1 Direct, excluding contingent | - | 16,500 | - | - | - | 16,500 |
| 2.3 Reinsurance ceded, excluding contingent | - | 800 | - | - | - | 800 |
| 2.4 Contingent-direct | - | - | - | - | - | - |
| 2.8 Net commission and brokerage | - | 15,700 | - | - | - | 15,700 |
| 4 Advertising | 100 | 10,400 | - | - | - | 10,500 |
| 5 Boards, bureaus and associations | 500 | - | 2,100 | - | - | 2,600 |
| 6 Surveys and underwriting reports | 600 | - | 3,800 | - | - | 4,400 |
| 8 Salary and related items: | | | | | | |
| 8.1 Salaries | 30,100 | 13,500 | 13,800 | - | 300 | 57,700 |
| 8.2 Payroll taxes | 2,200 | 1,100 | 1,100 | - | - | 4,400 |
| 9 Employee relations and welfare | 6,700 | 3,200 | 3,200 | - | 100 | 13,200 |
| 10 Insurance | - | 800 | 800 | - | - | 1,600 |
| 11 Directors' fees | - | - | - | - | - | - |
| 12 Travel and travel items | 300 | 200 | 200 | - | - | 700 |
| 13 Rent and rent items | 1,100 | 800 | 900 | - | 400 | 3,200 |
| 14 Equipment | 2,700 | 1,600 | 1,200 | - | - | 5,500 |
| 15 Cost or depreciation of EDP equipment and software | 1,100 | 600 | 2,700 | - | 100 | 4,500 |
| 16 Printing and stationary | 100 | 600 | - | - | - | 700 |
| 17 Postage, telephone and telegraph, exchange and express | 2,000 | 1,000 | 1,100 | - | - | 4,100 |
| 18 Legal and auditing | 900 | 700 | 400 | - | - | 2,000 |
| 19 Totals (Lines 3 to 18) | 48,400 | 34,500 | 31,300 | - | 900 | 115,100 |
| 20 Taxes, licenses and fees | | | | | | |
| 20.1 State and local insurance taxes | - | - | - | 13,200 | - | 13,200 |
| 20.2 Insurance department licenses and fees | 100 | - | - | 900 | - | 1,000 |
| 20.4 All other | - | - | - | 300 | - | 300 |
| 20.5 Total taxes, licenses and fees | 100 | - | - | 14,400 | - | 14,500 |
| 24 Aggregate write-ins for miscellaneous expenses | - | 100 | 2,300 | - | 400 | 2,800 |
| 25 Total expenses incurred | 70,600 | 50,300 | 33,600 | 14,400 | 1,300 | 170,200 |

SOA GI-FREU Case Study – Fall 2017

INSURANCE EXPENSE EXHIBIT FOR THE YEAR 2016

IEE Pages 4 and 5

PART II - ALLOCATION TO LINES OF BUSINESS NET OF REINSURANCE
(\$000 Omitted)

| | Premiums Written | | Premiums Earned | | Incurred Loss | | Loss Adjustment Expenses | | | |
|---|------------------|--------|-----------------|--------|---------------|--------|--------------------------|---------|--------------|---------|
| | 1 Amount | 2 % | 3 Amount | 4 % | 7 Amount | 8 % | DCC Incurred | | AO Incurred | |
| | | | | | | | 9 Amount | 10 % | 11 Amount | 12 % |
| 1 Fire | - | XXX | - | 100.0 | - | 0.0 | - | 0.0 | - | 0.0 |
| 4 Homeowners multiple peril | 184,100 | XXX | 167,200 | 100.0 | 119,400 | 71.4 | 2,200 | 1.3 | 18,200 | 10.9 |
| 9 Inland marine | 1,500 | XXX | 400 | 100.0 | - | 0.0 | - | 0.0 | 100 | 25.0 |
| 19.1, 19.2 Private passenger auto liability | 242,900 | XXX | 237,300 | 100.0 | 232,300 | 97.9 | 17,500 | 7.4 | 19,100 | 8.0 |
| 19.3, 19.4 Commercial auto liability | 1,000 | XXX | 1,000 | 100.0 | 500 | 50.0 | - | 0.0 | 200 | 20.0 |
| 21.1 Private passenger auto PD | 178,200 | XXX | 172,600 | 100.0 | 129,900 | 75.3 | 700 | 0.4 | 12,700 | 7.4 |
| 21.2 Commercial auto PD | - | XXX | - | 100.0 | - | 0.0 | - | 0.0 | - | 0.0 |
| 35 TOTALS | 607,700 | XXX | 578,500 | 100.0 | 482,100 | 83.3 | 20,400 | 3.5 | 50,300 | 8.7 |

| | Unpaid Losses | | Loss Adjustment Expenses | | | | Unearned Premium Reserve | | Agents' Balances | |
|---|---------------|---------|--------------------------|---------|--------------|---------|--------------------------|---------|------------------|---------|
| | 13 Amount | 14 % | DCC Unpaid | | AO Unpaid | | 19 Amount | 20 % | 21 Amount | 22 % |
| | | | 15 Amount | 16 % | 17 Amount | 18 % | | | | |
| 1 Fire | - | 0.0 | - | 0.0 | - | 0.0 | - | 0.0 | - | 0.0 |
| 4 Homeowners multiple peril | 29,300 | 17.5 | 1,600 | 1.0 | 5,200 | 3.1 | 98,700 | 59.0 | 16,700 | 10.0 |
| 9 Inland marine | - | 0.0 | - | 0.0 | - | 0.0 | 1,100 | 275.0 | - | 0.0 |
| 19.1, 19.2 Private passenger auto liability | 207,000 | 87.2 | 33,900 | 14.3 | 7,900 | 3.3 | 62,500 | 26.3 | 22,000 | 9.3 |
| 19.3, 19.4 Commercial auto liability | 800 | 80.0 | - | 0.0 | - | 0.0 | 500 | 50.0 | - | 0.0 |
| 21.1 Private passenger auto PD | 1,700 | 1.0 | 200 | 0.1 | 1,900 | 1.1 | 46,000 | 26.7 | 16,000 | 9.3 |
| 21.2 Commercial auto PD | - | 0.0 | - | 0.0 | - | 0.0 | - | 0.0 | - | 0.0 |
| 35 TOTALS | 238,800 | 41.3 | 35,700 | 6.2 | 15,000 | 2.6 | 208,800 | 36.1 | 54,700 | 9.5 |

| | Other Underwriting Expenses Incurred | | | | | | | | Other Income Less Other Expenses | |
|---|--------------------------------------|---------|------------------------|---------|--|---------|---------------------------|---------|----------------------------------|-----|
| | Commission & Brokerage | | Taxes, Licenses & Fees | | Other Acquisitions, Field Supervision and Collection | | General Expenses Incurred | | | |
| | 23 Amount | 24 % | 25 Amount | 26 % | 27 Amount | 28 % | 29 Amount | 30 % | | |
| 1 Fire | - | 0.0 | - | 0.0 | - | 0.0 | - | 0.0 | - | 0.0 |
| 4 Homeowners multiple peril | 3,700 | 2.2 | 4,600 | 2.8 | 10,600 | 6.3 | 10,200 | 6.1 | 800 | 0.5 |
| 9 Inland marine | - | 0.0 | - | 0.0 | - | 0.0 | - | 0.0 | - | 0.0 |
| 19.1, 19.2 Private passenger auto liability | 7,400 | 3.1 | 5,800 | 2.4 | 13,700 | 5.8 | 13,300 | 5.6 | 1,000 | 0.4 |
| 19.3, 19.4 Commercial auto liability | (700) | -70.0 | 100 | 10.0 | 300 | 30.0 | 300 | 30.0 | - | 0.0 |
| 21.1 Private passenger auto PD | 5,300 | 3.1 | 3,900 | 2.3 | 10,000 | 5.8 | 9,800 | 5.7 | 800 | 0.5 |
| 21.2 Commercial auto PD | - | 0.0 | - | 0.0 | - | 0.0 | - | 0.0 | - | 0.0 |
| 35 TOTALS | 15,700 | 2.7 | 14,400 | 2.5 | 34,600 | 6.0 | 33,600 | 5.8 | 2,600 | 0.4 |

| | Loss Excluding All Investment Gain | | Funds Attributable to Insurance | | Excluding Investment Gain | | Attributable to Capital & Surplus | | Total Profit or Loss | |
|---|------------------------------------|---------|---------------------------------|---------|---------------------------|---------|-----------------------------------|---------|----------------------|---------|
| | 33 Amount | 34 % | 35 Amount | 36 % | 37 Amount | 38 % | 39 Amount | 40 % | 41 Amount | 42 % |
| 1 Fire | - | 0.0 | - | 0.0 | - | 0.0 | - | 0.0 | - | 0.0 |
| 4 Homeowners multiple peril | (1,000) | -0.6 | 5,200 | 3.1 | 4,200 | 2.5 | 3,800 | 2.3 | 8,000 | 4.8 |
| 9 Inland marine | 300 | 75.0 | - | 0.0 | 300 | 75.0 | - | 0.0 | 300 | 75.0 |
| 19.1, 19.2 Private passenger auto liability | (70,600) | -29.8 | 14,200 | 6.0 | (56,400) | -23.8 | 6,200 | 2.6 | (50,200) | -21.2 |
| 19.3, 19.4 Commercial auto liability | 300 | 30.0 | 100 | 10.0 | 400 | 40.0 | - | 0.0 | 400 | 40.0 |
| 21.1 Private passenger auto PD | 1,100 | 0.6 | 1,400 | 0.8 | 2,500 | 1.4 | 2,700 | 1.6 | 5,200 | 3.0 |
| 21.2 Commercial auto PD | - | 0.0 | - | 0.0 | - | 0.0 | - | 0.0 | - | 0.0 |
| 35 TOTALS | (69,900) | -12.1 | 20,900 | 3.6 | (49,000) | -8.5 | 12,700 | 2.2 | (36,300) | -6.3 |

7.3 Statement of Actuarial Opinion

R-Dan General Insurance Company
Statement of Actuarial Opinion
As of December 31, 2016

IDENTIFICATION

I, Sue Calvin, am a consultant with Vomisa Actuarial Consulting. I am a Member in good standing of the American Academy of Actuaries, meeting its qualification standards for signing statements of Actuarial Opinion regarding property and casualty insurance company Annual Statements. I was appointed by the Board of Directors of R-Dan General Insurance Company (the Company) on July 1, 2012 to render this Opinion with regard to loss and loss adjustment expense reserves.

SCOPE

I have examined the reserves listed in Exhibit A, as shown in the U.S. Statutory Annual Statement of the Company as prepared for filing with state regulatory officials, as of December 31, 2016. The items listed in Exhibit A, on which I am expressing an opinion, reflect disclosure items 8 through 13 in Exhibit B. The loss and loss adjustment expense reserves do not include any explicit risk margins.

In forming my opinion on the loss and loss adjustment expense reserves, I relied upon data prepared by E.J. Bailey, Chief Financial Officer for R-Dan General Insurance Company. I evaluated the data used directly in my analysis for reasonableness and consistency. I also reconciled the data to Schedule P – Part 1 of the Company's Annual Statement as of December 31, 2016. My evaluation did not reveal any material deficiencies in the data provided to me.

I have examined the reserves listed in Exhibit A, as shown in the Annual Statement of the Company as prepared for filing with state regulatory officials, as of December 31, 2016, and reviewed information provided to me through February 16, 2017. The analysis underlying my opinion included the use of such actuarial assumptions and methods and such tests of calculations as I considered necessary and consistent with actuarial standards of practice.

My review was limited to the items included in Exhibit A and did not include any other annual statement items. My opinion on the reserves assumes that there are sufficient assets held by the Company, which are appropriate for meeting the expected cash flow requirements from the unpaid claim liabilities. I have not reviewed the Company's held assets.

OPINION

In my opinion, the amounts shown in Exhibit A for the sum of items (1) and (2), the sum of items (3) and (4), and the sum of items (1), (2), (5) and (6):

- A. Meet the requirements of the insurance laws of the State of Nebraska.
- B. Are consistent with reserves computed in accordance with accepted actuarial standards and principles.
- C. Make a reasonable provision for all unpaid loss and loss adjustment expense obligations of the Company under the terms of its contracts and agreements.

RELEVANT COMMENTS

Risk of Material Adverse Deviation

For this Opinion, I evaluated materiality as the minimum of (1) 15% of statutory surplus, and (2) 10% of net loss and loss adjustment expense reserves, or \$29 million. Therefore, I consider the potential for adverse deviation of the Company's reserves for unpaid losses and loss adjustment expenses of \$29 million or greater to be material. It is my opinion that there exist significant risks associated with the Company's net loss and loss adjustment expenses that could result in material adverse deviation. These risks include uncertainty regarding the Company's growth in states outside of its Core territory, recent changes to claims reserving personnel and claims reserving procedures.

Anticipated Salvage and Subrogation

The Company's reserves listed in Exhibit A are established net of anticipated salvage and subrogation.

Accounting Standard and Discounting

The Company's reserves were recorded in accordance with Statutory Accounting Principles. The Company does not discount its reserves (as listed in Exhibit A) for the time value of money.

Underwriting Pools and Associations

The Company has noted that it does not participate in any pools or associations.

Reinsurance

Based on discussions with Company management and its description of the Company's ceded reinsurance:

- I am not aware of any reinsurance contract that either has been or should have been accounted for as retroactive reinsurance; and
- I am not aware of any reinsurance contract that either has been or should have been accounted for as financial reinsurance.
- Use of ceded reinsurance is minimal, resulting in an immaterial risk of reinsurance uncollectability relative to loss and loss adjustment expense reserves and surplus.
- The Company's ceded billed but uncollected balances are not material.

IRIS Ratios

During the past year, the company reserves created an exceptional value for IRIS Test 12 Two-Year Reserve Development to Surplus. This was mainly due to an unusual level of development for accident year 2014 from the Private Passenger Liability line of business. This is likely due to a strengthening of reserves to account for unusual development patterns. This is likely due to expansion into states with development patterns considerably higher than those historically observed by the company.

DISTRIBUTION AND USE

An actuarial report providing the technical support for this Statement of Actuarial Opinion has been provided to the Company. This report is to be retained by the Company for a period of seven years and is available for regulatory examination.

This Statement of Actuarial Opinion is provided for use by the various state departments of insurance for which the Company files its Annual Statement. The intended primary users of this document are state regulators. It should not be used or distributed for any other purpose.



February 18, 2017

Sue Calvin, MAAA
Consultant
Vomisa Actuarial Consulting

SAO EXHIBIT A: SCOPE

Amounts in \$000

| Loss and Loss Adjustment Expense (LAE) Reserves | | |
|--|--|-----------|
| 1 | Reserve for Unpaid Losses | \$238,800 |
| 2 | Reserve for Unpaid LAE | \$50,700 |
| 3 | Reserve for Unpaid Losses – Direct and Assumed | \$265,900 |
| 4 | Reserve for Unpaid LAE – Direct and Assumed | \$50,900 |
| 5 | Page 3 write-in item reserve, “Retroactive Reinsurance Reserve Assumed” | \$0 |
| 6 | Other Loss Reserve items on which the AA is expressing an Opinion | \$0 |
| Premium Reserves | | |
| 7 | Reserve for Direct and Assumed Unearned Premiums for Long Duration Contracts | \$0 |
| 8 | Reserve for Net Unearned Premiums for Long Duration Contracts | \$0 |
| 9 | Other Premium Reserve items on which the AA is expressing an Opinion | \$0 |

SAO EXHIBIT B: DISCLOSURES

Amounts in \$000

| | | |
|----|--|------------|
| 1 | Name of the Appointed Actuary | Sue Calvin |
| 2 | The Appointed Actuary’s Relationship to the Company. (C or E) | C |
| 3 | The Appointed Actuary has the following designation. (F, A, M or O) | M |
| 4 | Type of Opinion, as identified in the OPINION paragraph. (R, I, E, Q or N) | R |
| 5 | Materiality Standard expressed in US dollars | \$29,000 |
| 6 | Are there significant risks that could result in Material Adverse Deviation? | Yes |
| 7 | Statutory Surplus | \$209,400 |
| 8 | Anticipated net salvage and subrogation included as a reduction to loss reserves | \$32,000 |
| 9 | Discount included as a reduction to loss reserves and loss expense reserves | |
| | 9.1 Nontabular discount | \$0 |
| | 9.2 Tabular discount | \$0 |
| 10 | Net reserves for losses and expenses for the company’s share of voluntary and involuntary underwriting pools’ and associations unpaid losses and expenses that are included in reserves. | \$2,300 |
| 11 | Net reserve for losses and loss adjustment expenses that the Company carries for the following liabilities | |
| | 11.1 Asbestos, as disclosed in the Notes to Financial Statements | \$0 |
| | 11.2 Environmental, as disclosed in the Notes to Financial Statements | \$0 |
| 12 | Total claims made extended loss and expenses reserve | |
| | 12.1 Amount reported as loss reserve | \$0 |
| | 12.2 Amount reported as unearned premium reserves | \$0 |
| 13 | Other items on which the Appointed Actuary is proving Relevant Comment | \$0 |

7.4 Actuarial Opinion Summary

R-Dan General Insurance Company
Actuarial Opinion Summary
As of December 31, 2016

| <i>Amounts in \$000s</i> | | Net Reserves | | | Gross Reserves | | |
|--------------------------|---|--------------|---------|---------|----------------|---------|---------|
| | | Low | Point | High | Low | Point | High |
| A. | Actuary's range of estimates | 281,900 | | 416,500 | 304,200 | | 449,400 |
| B. | Actuary's point estimate | | 347,200 | | | 374,700 | |
| C. | Company carried reserves | | 289,500 | | | 316,700 | |
| D. | Difference between company carried and actuary's estimate | -7,600 | 57,700 | 127,000 | -12,500 | 58,000 | 132,700 |

- E. The Company had one-year adverse development in excess of five percent of the prior year's surplus in at least three of the last five calendar years. I have determined that the adverse development experienced by the Company was due to a minor strengthening of reserves and the company's consistent setting of reserves at the low end of the reasonable range.

I have signed the Company's Statement of Actuarial Opinion on Feb. 18, 2017. These two documents are closely linked; the Actuarial Opinion Summary is an extension of the Statement of Actuarial Opinion. Therefore, all limitations, caveats, and reliances in the Statement of Actuarial Opinion should also be applied to the Actuarial Opinion Summary.

This Actuarial Opinion Summary was prepared solely for the Company for filing with regulatory agencies and is not intended for any other purpose. Furthermore, it is my understanding that, consistent with the Annual Statement Supplemental Filing Instructions, the information provided in this Actuarial Opinion Summary will be kept confidential by those regulatory agencies and will not be made available for public inspection, subject to applicable law.



Sue Calvin, MAAA
Consultant
Vomisa Actuarial Consulting

February 18, 2017

7.5 Excerpts from the Actuarial Report

R-Dan General Insurance Company
Actuarial Report

As of December 31, 2016

Description of Appointed Actuary's relationship to the company

I, Sue Calvin, am a consultant with Vomisa Actuarial Consulting. I am an independent consultant to the Company. I am a Member of the American Academy of Actuaries and fully qualified to sign statements of actuarial opinion regarding property and casualty insurance company Annual Statements. My role is to evaluate the reasonableness of the carried reserves. I do not explicitly advise management or the board of directors in the reserve setting process.

◇◇◇

A full copy of this report has been made available to the board of directors. A summary of the findings of my analysis will be presented to the board of directors on February 23, 2017.

◇◇◇



February 18, 2017

Sue Calvin, MAAA
 Consultant
 Vomisa Actuarial Consulting

Exhibit comparing Appointed Actuary's conclusions to carried amounts in Annual Statement

The following table reconciles the results of my analysis to the Annual Statement:

| Analysis Segment <i>Amounts in \$000s</i> | Actuary Estimated | Actuarial Report Exhibit | Company Carried | Source ¹ of Company Carried | Difference |
|--|----------------------|--------------------------------|--------------------|--|------------|
| Homeowners Multiple Peril | 54,276 | C | 36,200 | Sch.P Pt 1A | -18,076 |
| Private Passenger Auto Liability | 285,045 | D | 248,300 | Sch.P Pt 1B | -36,745 |
| Commercial Auto Liability | 1,089 | E | 600 | Sch.P Pt 1C | -489 |
| All Other Lines | 6,782 | F + G | 4,400 | Total - above | -2,382 |
| Total | 347,192 | A | 289,500 | Sch.P Pt 1 | -57,692 |

All earned premiums, case reserves and paid loss and loss adjustment expense amounts used in my analysis reconcile to the corresponding amounts in Schedule P by line of business and year. Any differences are insignificant.

¹ Sch.P Pt = Annual Statement Schedule P Part

Exhibit and discussion on change in Appointed Actuary's estimates

The following table compares the results of my current analysis to the prior year's analysis:

| | Change in actuarial estimate of net ultimate loss and DCC expenses (in 000s) | | | | | | | | | |
|----------------------------------|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Homeowners Multiple Peril | | | | | | | | | | |
| Current estimate | 131,116 | 95,179 | 78,637 | 74,677 | 61,082 | 49,205 | 53,253 | 32,500 | 31,200 | 19,500 |
| Prior estimate | | 94,648 | 78,520 | 74,651 | 61,077 | 49,205 | 53,253 | 32,500 | 31,200 | 19,500 |
| Change in estimate | | 530 | 117 | 26 | 6 | - | (0) | - | - | - |
| Private Passenger Auto Liability | | | | | | | | | | |
| Current estimate | 221,045 | 199,592 | 196,324 | 189,663 | 183,273 | 160,318 | 153,135 | 146,197 | 130,496 | 130,265 |
| Prior estimate | | 197,648 | 196,010 | 189,344 | 182,953 | 160,080 | 152,904 | 145,973 | 130,300 | 130,200 |
| Change in estimate | | 1,944 | 315 | 319 | 319 | 238 | 232 | 225 | 196 | 65 |
| Commercial Auto Liability | | | | | | | | | | |
| Current estimate | 808 | 247 | 356 | 442 | 827 | 1,010 | 900 | 900 | 7,600 | 5,900 |
| Prior estimate | | 315 | 405 | 489 | 869 | 1,029 | 909 | 900 | 7,600 | 5,900 |
| Change in estimate | | (69) | (49) | (47) | (42) | (19) | (9) | - | - | - |
| Total Auto Physical Damage | | | | | | | | | | |
| Current estimate | 131,452 | 111,841 | 114,160 | 106,703 | 100,985 | 96,537 | 97,657 | 92,800 | 82,200 | 75,700 |
| Prior estimate | | 112,096 | 114,168 | 106,706 | 100,989 | 96,538 | 97,657 | 92,800 | 82,200 | 75,700 |
| Change in estimate | | (255) | (8) | (3) | (4) | (0) | 0 | - | - | - |

From the table above, I note that there has been adverse development over the past year for both Homeowners and Private Passenger Liability. The methodology used has remained constant. Continued development above historical averages has led to an increase in the selected development factors for all lines and an increase in the selected tail factor for Private Passenger Liability. This is the second year in a row showing adverse development. The adverse development is not from development on any large losses or catastrophic losses.

It is possible that case reserves have weakened over the past three years although the data is inconclusive. The changing development patterns may be due to the company's expansion into states outside of its Core territory for these lines of business. If the trends of the past two years regarding adverse development continue, the methodology may need to be revised to reflect the more recent patterns.

Extended comments on risks and uncertainties

For the Statement of Actuarial Opinion, I evaluated materiality as the minimum of (1) 15% of statutory surplus, and (2) 10% of net loss and loss adjustment expense reserves, or \$29 million. Therefore, I consider the potential for adverse deviation of the Company's reserves for unpaid losses and loss adjustment expenses of \$29 million or greater to be material. It is my opinion that there exist significant risks associated with the Company's net loss and loss adjustment expenses that could result in material adverse deviation. These risks include uncertainty regarding the Company's growth in states outside of its core territory, and recent changes to claims reserving personnel and claims reserving procedures.

Over the past five years, the Company's net written premium has grown by over 40% from \$424 million in 2012 to over \$607 million in 2016. Much of this growth is fuelled by growth in states

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outside of its core territory. The Company's Core territory consists of the smaller, mostly rural states of Nebraska, Iowa, South Dakota and Wyoming. In 2012, less than 10% of the Company's net written premium was for business written outside the core territory states. By 2016, business outside the Core territory states had grown to over 30% of the Company's net written premium. States outside the Core territory are the larger, more urban states of Michigan, Illinois, and Ohio. It should be noted that Michigan is a no-fault state for automobile insurance. This rapid growth outside the core territory has required the hiring of new staff and increased the uncertainty in claims reserving especially considering the Company's challenge of reserving for Michigan no-fault claims in which it has little experience. As the volume of business grows outside the Core territory, the actuarial reserve analysis will be performed territorially for automobile liability to reduce heterogeneity of development patterns.

The Company does not have any issues with its reinsurance regarding collectibility. Its reinsurance program consists of excess of loss treaties for automobile liability, and catastrophe protection for homeowners and inland marine. Reinsurance protection provided to the Company is limited by its selection of a high attachment point for both the personal lines automobile liability excess treaty and the catastrophe coverage. Given the Company's significant growth in non-Core territories, it would be prudent to lower its attachment point and/or consider proportional reinsurance protection to reduce its risk through this period of growth. Furthermore, the company should ensure that the reinsurance limits are appropriate given its exposure to Michigan no-fault automobile medical claims. Also, consideration should be given to extending catastrophe protection to automobile physical damage.

I have reviewed the Company's exposure to asbestos and environmental claims. In my opinion, the chance of material liability is remote, since there have been no claims reported in the annual statement A&E Note, and the Company has never written commercial liability coverages on a primary, excess, or assumed basis.

Extended comments on unusual values for IRIS Ratios 11, 12, and/or 13

During the past year, the company reserves created an exceptional value for IRIS Ratio 12 Two-Year Reserve Development to Surplus. This was mainly due to an unusual level of development for accident year 2014 from the Private Passenger Liability line of business. This is likely due to a strengthening of reserves to account for unusual development patterns and expansion into states with development patterns considerably higher than those historically observed by the company.

Over the past several years, the company has been reserving near the low end of my range of estimates. I have recommended that carried reserves be adjusted closer to my central estimate.

7.6 Comparison to Industry

The following table compares industry net incurred loss ratios to the Company's net incurred loss ratios over the past three years by line of business. The table also shows industry results for Core territories and non-Core Territories as defined by the Company.² It is clear that Company loss ratios are significantly higher than those experienced by the industry over this time period even though the company writes a majority of its business in Core territories.

Note that the Company can be expected to write above industry loss ratios as its expense levels are below those of the industry. However, the difference in loss ratios exceeds the expense ratio difference. A main consideration for the higher loss ratios is that the Company is attempting to increase its market share in all states in which it writes business and is using lower prices to attract new business. It is also focusing much of its growth in the non-Core territories which experience higher loss ratios.

| | Industry Countrywide Loss Ratio | | | | | | Company Loss Ratio | | | |
|----------|---------------------------------|-------|---------|----------|-----------|----------|--------------------|-------|---------|----------|
| | 2nd Prior | Prior | Current | 3 yr Avg | Core Terr | non-Core | 2nd Prior | Prior | Current | 3 yr Avg |
| | | | | | 3 yr Avg | 3 yr Avg | | | | |
| PPA Liab | 68% | 68% | 71% | 69% | 62% | 73% | 98% | 95% | 98% | 97% |
| PPA PD | 63% | 64% | 65% | 64% | 60% | 62% | 72% | 68% | 75% | 71% |
| HO | 47% | 50% | 50% | 49% | 42% | 51% | 74% | 69% | 71% | 71% |
| CA Liab | 63% | 65% | 67% | 65% | 48% | 60% | | | | |
| CA PD | 63% | 63% | 61% | 62% | 59% | 62% | | | | |
| CMP | 45% | 49% | 45% | 46% | 43% | 43% | | | | |

The following table compares industry expense ratios and combined ratios to the Company's ratios for the current year.

| | Industry Countrywide Expense Ratios | | | | Industry | Company Countrywide Expense Ratios | | | | Company |
|----------|-------------------------------------|------|---------|-------|----------------|------------------------------------|------|---------|-------|----------------|
| | LAE | Acq. | General | Other | Combined Ratio | LAE | Acq. | General | Other | Combined Ratio |
| | | | | | | | | | | |
| PPA Liab | 14% | 17% | 6% | 3% | 109% | 15% | 9% | 6% | 2% | 130% |
| PPA PD | 10% | 17% | 5% | 3% | 99% | 8% | 9% | 6% | 2% | 100% |
| HO | 8% | 21% | 5% | 3% | 86% | 12% | 9% | 6% | 3% | 101% |
| CA Liab | 14% | 20% | 7% | 3% | 111% | | | | | |
| CA PD | 9% | 20% | 8% | 2% | 100% | | | | | |
| CMP | 12% | 24% | 7% | 2% | 90% | | | | | |

PPA Liab = Private Passenger Automobile Liability
 PPA PD = Private Passenger Automobile Physical Damage
 HO = Homeowners Multiple Peril
 CA Liab = Commercial Automobile Liability
 CA PD = Commercial Automobile Physical Damage
 CMP = Commercial Multiple Peril
 LAE = Loss adjustment expense
 Acq. = Acquisition expense

² The Company's Core Territories consist of the following states: Iowa, Nebraska, South Dakota and Wyoming. The Company's non-Core territories consist of the following states: Illinois, Michigan and Ohio. The company restricts its business to the states indicated as Core and non-Core territories.

7.7 NAIC RBC Factors

| NAIC RBC charge factors for Reserves and Net Written Premiums ³ | Homeowners / Farmowners | Private Passenger Auto Liability | Commercial Auto Liability | Auto Physical Damage | Special Property |
|--|-------------------------|----------------------------------|---------------------------|----------------------|------------------|
| Industry average development | 0.970 | 1.000 | 1.015 | 0.995 | 0.975 |
| Industry L&LAE ⁴ RBC % for reserves | 0.200 | 0.195 | 0.230 | 0.115 | 0.190 |
| Industry average L&LAE Ratio | 70.0% | 79.5% | 69.0% | 71.0% | 56.0% |
| Industry adverse L&LAE Ratio | 92.0% | 97.5% | 98.5% | 84.5% | 92.5% |
| Investment income factor - Reserves | 0.950 | 0.930 | 0.910 | 0.980 | 0.970 |
| Investment income factor - Premium | 0.965 | 0.930 | 0.900 | 0.975 | 0.960 |

| NAIC RBC charge factors for assets | |
|---|-------|
| Off Balance Sheet items | 1.0% |
| Federal government bonds, guaranteed by U.S. government | 0.0% |
| Class 1 Bonds — Highest quality | 0.3% |
| Class 2 Bonds — High quality | 1.0% |
| Class 3 Bonds — Medium quality | 2.0% |
| Class 4 Bonds — Low quality | 4.5% |
| Class 5 Bonds — Lower quality | 10.0% |
| Class 6 Bonds — In or near default | 30.0% |
| Cash & other short-term investments | 0.3% |
| Mortgage / collateral Loans | 5.0% |
| Investments in non-insurance subsidiaries | 22.5% |
| Common stock | 15.0% |
| Real estate | 10.0% |

| NAIC RBC charge factors for credit | |
|------------------------------------|-------|
| Investment income due and accrued | 1.0% |
| Federal tax recoverables | 5.0% |
| Guaranty fund receivables | 5.0% |
| Recoverable from affiliates | 5.0% |
| Reinsurance recoverables | 10.0% |

³ The numbers in this table are not the actual NAIC RBC factors for reserving and net written premium risk. The numbers have been created specifically for use in this case study.

⁴ L&LAE = loss and loss adjustment expense