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**PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION**

# ANNUAL STATEMENT

## For the Year Ended December 31, 2018

**OF THE CONDITION AND AFFAIRS OF**

# THE TRAVELERS INDEMNITY COMPANY

**NAIC Group Code 3548 3548 NAIC Company Code 25658 Employer's ID Number 06-0566050**
**(Current Period) (Prior Period)**

**Organized under the Laws of Connecticut, State of Domicile or Port of Entry Connecticut, Country of Domicile US**

**INCORPORATED/ORGANIZED, MARCH 25, 1903 COMMENCED BUSINESS, MAY 12, 1906**

Statutory Home Office: **One Tower Square, Hartford, CT, US 06183**
Main Administrative Office: **One Tower Square, Hartford, CT, US 06183 (860) 277-0111**
Mail Address: **One Tower Square, Hartford, CT, US 06183**
Primary Location of Books and Records: **One Tower Square, Hartford, CT, US 06183 (860) 277-0111**
Internet Website Address: **www.travelers.com**
Statutory Statement Contact: **Michael J. Doody (860) 277-3966**
**Annual.Statement.Contact@travelers.com (844) 816-9447**
(E-Mail Address) (Fax Number)

## OFFICERS

| Name | Title |
|---|---|
| 1. # NICHOLAS SEMINARA | President |
| 2. # JAY STEVEN BENET | Vice Chairman |
| 3. WILLIAM HERBERT HEYMAN | Vice Chairman & Chief Investment Officer |
| 4. AVROHOM YAAKOV KESS | Vice Chairman & Chief Legal Officer |
| 5. ANDY FRANCIS BESSETTE | Executive Vice President & Chief Administrative Officer |
| 6. # DANIEL STEPHEN FREY | Executive Vice President & Chief Financial Officer |
| 7. BRUCE RICHARD JONES | Executive Vice President, Enterprise Risk Management & Chief Risk Officer |

| Name | Title |
|---|---|
| # CHRISTINE KUCERA KALLA | Executive Vice President, General Counsel & Chief Ethics & Compliance Officer |
| # MOJGAN MEHDIAN LEFEBVRE | Executive Vice President & Chief Information Officer, Enterprise Operations and eBusiness |
| DOUGLAS KEITH BELL | Senior Vice President, Accounting Policy |
| # DOUGLAS KENNETH RUSSELL | Senior Vice President, Treasurer & Corporate Controller |
| SCOTT WILLIAM RYNDA | Senior Vice President, Corporate Tax |
| # JULIE MARIE JOYCE | Vice President & Chief Corporate Actuary |
| WENDY CONSTANCE SKJERVEN | Vice President, Corporate Secretary & Group General Counsel |

## DIRECTORS

# DANIEL STEPHEN FREY
WILLIAM HERBERT HEYMAN
# CHRISTINE KUCERA KALLA
# NICHOLAS SEMINARA
GREGORY CHESHIRE TOCZYDLOWSKI

**STATE OF CONNECTICUT**
**COUNTY OF HARTFORD** } ss:

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

| Nicholas Seminara | Wendy C. Skjerven | Douglas K. Russell |
|---|---|---|
| President | Secretary | Controller |

Subscribed and sworn to before me this

22nd day of January, 2019

Sandra M Bachman
Notary Public

*My Commission Expires September 30, 2022*

SANDRA M. BACHMAN NOTARY PUBLIC CONNECTICUT

a. Is this an original filing? Yes ☒ No ☐
b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

# ASSETS

| | Current Year | | | Prior Year |
|---|---|---|---|---|
| | 1<br>Assets | 2<br>Nonadmitted Assets | 3<br>Net Admitted Assets (Cols. 1 - 2) | 4<br>Net Admitted Assets |
| 1. Bonds (Schedule D) | 13,363,627,135 | 0 | 13,363,627,135 | 12,735,984,093 |
| 2. Stocks (Schedule D): | | | | |
| 2.1 Preferred stocks | 24,931,410 | 0 | 24,931,410 | 25,441,367 |
| 2.2 Common stocks | 3,155,177,919 | 821,360 | 3,154,356,559 | 3,170,796,609 |
| 3. Mortgage loans on real estate (Schedule B): | | | | |
| 3.1 First liens | 0 | 0 | 0 | 0 |
| 3.2 Other than first liens | 0 | 0 | 0 | 0 |
| 4. Real estate (Schedule A): | | | | |
| 4.1 Properties occupied by the company (less $.....0 encumbrances) | 339,491,760 | 0 | 339,491,760 | 348,836,603 |
| 4.2 Properties held for the production of income (less $.....0 encumbrances) | 0 | 0 | 0 | 0 |
| 4.3 Properties held for sale (less $.....0 encumbrances) | 0 | 0 | 0 | 0 |
| 5. Cash ($.....(717,867,068), Schedule E-Part 1), cash equivalents ($.....0, Schedule E-Part 2) and short-term investments ($.....649,812,254, Schedule DA) | (68,054,814) | 0 | (68,054,814) | 570,301,805 |
| 6. Contract loans (including $.....0 premium notes) | 2,504,651 | 2,504,651 | 0 | 0 |
| 7. Derivatives (Schedule DB) | 0 | 0 | 0 | 0 |
| 8. Other invested assets (Schedule BA) | 1,002,259,134 | 160,464,110 | 841,795,023 | 882,568,033 |
| 9. Receivables for securities | 102,150,257 | 0 | 102,150,257 | 20,468,507 |
| 10. Securities lending reinvested collateral assets (Schedule DL) | 32,388,007 | 0 | 32,388,007 | 46,564,397 |
| 11. Aggregate write-ins for invested assets | (383,886) | 0 | (383,886) | (912,823) |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 17,954,091,573 | 163,790,122 | 17,790,301,451 | 17,800,048,592 |
| 13. Title plants less $.....0 charged off (for Title insurers only) | 0 | 0 | 0 | 0 |
| 14. Investment income due and accrued | 126,031,144 | 0 | 126,031,144 | 113,326,750 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 454,620,204 | 39,587,733 | 415,032,471 | 322,450,979 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.....30,154,322 earned but unbilled premiums) | 1,180,759,475 | 6,238,439 | 1,174,521,037 | 1,128,376,458 |
| 15.3 Accrued retrospective premiums ($.....0) and contracts subject to redetermination ($.....0) | 21,606,174 | 2,196,424 | 19,409,750 | 20,092,651 |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | 1,308,649,879 | 0 | 1,308,649,879 | 1,250,761,135 |
| 16.2 Funds held by or deposited with reinsured companies | 1,364,680 | 0 | 1,364,680 | 1,483,522 |
| 16.3 Other amounts receivable under reinsurance contracts | 0 | 0 | 0 | 0 |
| 17. Amounts receivable relating to uninsured plans | 0 | 0 | 0 | 0 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | 0 | 0 | 0 | 78,530,632 |
| 18.2 Net deferred tax asset | 335,496,323 | 41,570,755 | 293,925,568 | 265,790,531 |
| 19. Guaranty funds receivable or on deposit | 838,651 | 0 | 838,651 | 984,546 |
| 20. Electronic data processing equipment and software | 74,448,404 | 0 | 74,448,404 | 52,320,333 |
| 21. Furniture and equipment, including health care delivery assets ($.....0) | 179,989,410 | 179,989,410 | 0 | 0 |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | 0 | 0 | 0 | 0 |
| 23. Receivables from parent, subsidiaries and affiliates | 41,504,600 | 0 | 41,504,600 | 0 |
| 24. Health care ($.....0) and other amounts receivable | 0 | 0 | 0 | 0 |
| 25. Aggregate write-ins for other-than-invested assets | 1,196,395,157 | 825,122,696 | 371,272,461 | 361,660,942 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 22,875,795,675 | 1,258,495,579 | 21,617,300,097 | 21,395,827,070 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | 0 | 0 | 0 | 0 |
| 28. TOTAL (Lines 26 and 27) | 22,875,795,675 | 1,258,495,579 | 21,617,300,097 | 21,395,827,070 |
| **DETAILS OF WRITE-INS** | | | | |
| 1101. Deferred gain | (383,886) | 0 | (383,886) | (912,823) |
| 1102. | 0 | 0 | 0 | 0 |
| 1103. | 0 | 0 | 0 | 0 |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | 0 | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) | (383,886) | 0 | (383,886) | (912,823) |
| 2501. COLI supplemental benefits trust | 128,354,442 | 0 | 128,354,442 | 137,911,858 |
| 2502. Suspense, undistributed payments | 85,029,022 | 0 | 85,029,022 | 66,590,700 |
| 2503. Equities and deposits in pools and associations | 52,299,191 | 0 | 52,299,191 | 52,271,858 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 930,712,502 | 825,122,696 | 105,589,805 | 104,886,527 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 1,196,395,157 | 825,122,696 | 371,272,461 | 361,660,942 |

# LIABILITIES, SURPLUS AND OTHER FUNDS

| | | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|---|
| 1. | Losses (Part 2A, Line 35, Column 8) | 7,314,349,190 | 7,085,754,373 |
| 2. | Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) | 1,368,019,296 | 1,257,474,577 |
| 3. | Loss adjustment expenses (Part 2A, Line 35, Column 9) | 1,678,729,040 | 1,646,953,175 |
| 4. | Commissions payable, contingent commissions and other similar charges | 176,320,388 | 164,370,223 |
| 5. | Other expenses (excluding taxes, licenses and fees) | 138,776,909 | 141,579,656 |
| 6. | Taxes, licenses and fees (excluding federal and foreign income taxes) | 73,737,095 | 78,803,043 |
| 7.1 | Current federal and foreign income taxes (including $.....22,719,434 on realized capital gains (losses)) | 931,354 | 0 |
| 7.2 | Net deferred tax liability | 0 | 0 |
| 8. | Borrowed money $.....0 and interest thereon $.....0 | 0 | 0 |
| 9. | Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $.....8,833,607,025 and including warranty reserves of $.....0 and accrued accident and health experience rating refunds including $.....0 for medical loss ratio rebate per the Public Health Service Act) | 2,544,373,352 | 2,417,498,323 |
| 10. | Advance premium | 71,279,373 | 67,501,496 |
| 11. | Dividends declared and unpaid: | | |
| | 11.1 Stockholders | 0 | 0 |
| | 11.2 Policyholders | 14,294,164 | 13,269,126 |
| 12. | Ceded reinsurance premiums payable (net of ceding commissions) | 48,596,267 | 45,918,040 |
| 13. | Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20) | 102,834,715 | 104,143,998 |
| 14. | Amounts withheld or retained by company for account of others | 1,042,215,603 | 1,119,699,423 |
| 15. | Remittances and items not allocated | 245,039,958 | 251,255,442 |
| 16. | Provision for reinsurance (including $.....0 certified) (Schedule F, Part 3, Column 78) | 36,247,741 | 37,748,512 |
| 17. | Net adjustments in assets and liabilities due to foreign exchange rates | 0 | 0 |
| 18. | Drafts outstanding | 0 | 0 |
| 19. | Payable to parent, subsidiaries and affiliates | 0 | 8,299,420 |
| 20. | Derivatives | 0 | 0 |
| 21. | Payable for securities | 1,313,465 | (75,284) |
| 22. | Payable for securities lending | 32,388,007 | 46,564,397 |
| 23. | Liability for amounts held under uninsured plans | 0 | 0 |
| 24. | Capital notes $.....0 and interest thereon $.....0 | 0 | 0 |
| 25. | Aggregate write-ins for liabilities | 94,553,717 | 88,846,635 |
| 26. | Total liabilities excluding protected cell liabilities (Lines 1 through 25) | 14,983,999,635 | 14,575,604,575 |
| 27. | Protected cell liabilities | 0 | 0 |
| 28. | Total liabilities (Lines 26 and 27) | 14,983,999,635 | 14,575,604,575 |
| 29. | Aggregate write-ins for special surplus funds | 12,015,769 | 13,837,072 |
| 30. | Common capital stock | 10,790,700 | 10,790,700 |
| 31. | Preferred capital stock | 0 | 0 |
| 32. | Aggregate write-ins for other-than-special surplus funds | 0 | 0 |
| 33. | Surplus notes | 0 | 0 |
| 34. | Gross paid in and contributed surplus | 4,234,154,921 | 4,234,154,921 |
| 35. | Unassigned funds (surplus) | 2,376,339,071 | 2,561,439,802 |
| 36. | Less treasury stock, at cost: | | |
| | 36.1 .....0.000 shares common (value included in Line 30 $.....0) | 0 | 0 |
| | 36.2 .....0.000 shares preferred (value included in Line 31 $.....0) | 0 | 0 |
| 37. | Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39) | 6,633,300,461 | 6,820,222,495 |
| 38. | TOTAL (Page 2, Line 28, Col. 3) | 21,617,300,097 | 21,395,827,070 |

**DETAILS OF WRITE-INS**

| | | | |
|---|---|---|---|
| 2501. | Escheat liability | 105,393,184 | 101,553,581 |
| 2502. | Undistributed salaries | 480,648 | 43,779 |
| 2503. | Retroactive reinsurance reserve assumed | 274,991 | 280,381 |
| 2598. | Summary of remaining write-ins for Line 25 from overflow page | (11,595,105) | (13,031,106) |
| 2599. | Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 94,553,717 | 88,846,635 |
| 2901. | Special surplus from retroactive reinsurance | 12,015,769 | 13,837,072 |
| 2902. | | 0 | 0 |
| 2903. | | 0 | 0 |
| 2998. | Summary of remaining write-ins for Line 29 from overflow page | 0 | 0 |
| 2999. | Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) | 12,015,769 | 13,837,072 |
| 3201. | | 0 | 0 |
| 3202. | | 0 | 0 |
| 3203. | | 0 | 0 |
| 3298. | Summary of remaining write-ins for Line 32 from overflow page | 0 | 0 |
| 3299. | Totals (Lines 3201 through 3203 plus 3298) (Line 32 above) | 0 | 0 |

# STATEMENT OF INCOME

| | | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|---|
| | **UNDERWRITING INCOME** | | |
| 1. | Premiums earned (Part 1, Line 35, Column 4) | 5,483,138,291 | 5,211,730,969 |
| | DEDUCTIONS: | | |
| 2. | Losses incurred (Part 2, Line 35, Column 7) | 3,223,063,374 | 3,031,157,632 |
| 3. | Loss adjustment expenses incurred (Part 3, Line 25, Column 1) | 578,879,487 | 593,344,700 |
| 4. | Other underwriting expenses incurred (Part 3, Line 25, Column 2) | 1,609,597,416 | 1,556,331,167 |
| 5. | Aggregate write-ins for underwriting deductions | 0 | 0 |
| 6. | Total underwriting deductions (Lines 2 through 5) | 5,411,540,277 | 5,180,833,499 |
| 7. | Net income of protected cells | 0 | 0 |
| 8. | Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) | 71,598,014 | 30,897,470 |
| | **INVESTMENT INCOME** | | |
| 9. | Net investment income earned (Exhibit of Net Investment Income, Line 17) | 797,075,204 | 885,023,629 |
| 10. | Net realized capital gains (losses) less capital gains tax of $.....19,709,479 (Exhibit of Capital Gains (Losses)) | 57,613,112 | (20,280,810) |
| 11. | Net investment gain (loss) (Lines 9 + 10) | 854,688,315 | 864,742,820 |
| | **OTHER INCOME** | | |
| 12. | Net gain (loss) from agents' or premium balances charged off (amount recovered $.....1,971,765 amount charged off $.....13,870,892) | (11,899,127) | (9,294,734) |
| 13. | Finance and service charges not included in premiums | 18,844,751 | 17,762,457 |
| 14. | Aggregate write-ins for miscellaneous income | 4,425,885 | 41,257,911 |
| 15. | Total other income (Lines 12 through 14) | 11,371,510 | 49,725,634 |
| 16. | Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) | 937,657,839 | 945,365,924 |
| 17. | Dividends to policyholders | 10,808,962 | 10,568,835 |
| 18. | Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17) | 926,848,877 | 934,797,088 |
| 19. | Federal and foreign income taxes incurred | 141,347,100 | (12,317,813) |
| 20. | Net income (Line 18 minus Line 19) (to Line 22) | 785,501,778 | 947,114,902 |
| | **CAPITAL AND SURPLUS ACCOUNT** | | |
| 21. | Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) | 6,820,222,495 | 7,003,466,873 |
| 22. | Net income (from Line 20) | 785,501,778 | 947,114,902 |
| 23. | Net transfers (to) from Protected Cell accounts | 0 | 0 |
| 24. | Change in net unrealized capital gains or (losses) less capital gains tax of $.....2,217,178 | (17,147,580) | (143,930,614) |
| 25. | Change in net unrealized foreign exchange capital gain (loss) | (1,862,315) | 538,633 |
| 26. | Change in net deferred income tax | 46,046,271 | (333,552,333) |
| 27. | Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3) | (962,488) | 126,838,657 |
| 28. | Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) | 1,500,771 | 13,744,842 |
| 29. | Change in surplus notes | 0 | 0 |
| 30. | Surplus (contributed to) withdrawn from Protected Cells | 0 | 0 |
| 31. | Cumulative effect of changes in accounting principles | 0 | 0 |
| 32. | Capital changes: | | |
| | 32.1 Paid in | 0 | 0 |
| | 32.2 Transferred from surplus (Stock Dividend) | 0 | 0 |
| | 32.3 Transferred to surplus | 0 | 0 |
| 33. | Surplus adjustments: | | |
| | 33.1 Paid in | 0 | 0 |
| | 33.2 Transferred to capital (Stock Dividend) | 0 | 0 |
| | 33.3. Transferred from capital | 0 | 0 |
| 34. | Net remittances from or (to) Home Office | 0 | 0 |
| 35. | Dividends to stockholders | (1,000,000,000) | (794,000,000) |
| 36. | Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1) | 0 | 0 |
| 37. | Aggregate write-ins for gains and losses in surplus | 1,530 | 1,536 |
| 38. | Change in surplus as regards policyholders for the year (Lines 22 through 37) | (186,922,034) | (183,244,378) |
| 39. | Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) | 6,633,300,461 | 6,820,222,495 |
| | **DETAILS OF WRITE-INS** | | |
| 0501. | | 0 | 0 |
| 0502. | | 0 | 0 |
| 0503. | | 0 | 0 |
| 0598. | Summary of remaining write-ins for Line 5 from overflow page | 0 | 0 |
| 0599. | Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) | 0 | 0 |
| 1401. | Profit and loss, miscellaneous | 14,031,259 | 34,824,270 |
| 1402. | Other assets tri-party/tax credit bond income | 229,180 | 175,901 |
| 1403. | Other expense | (13,584) | (89,194) |
| 1498. | Summary of remaining write-ins for Line 14 from overflow page | (9,820,970) | 6,346,933 |
| 1499. | Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) | 4,425,885 | 41,257,911 |
| 3701. | Unrealized deferred tri-party tax credit bonds | 1,530 | 1,536 |
| 3702. | | 0 | 0 |
| 3703. | | 0 | 0 |
| 3798. | Summary of remaining write-ins for Line 37 from overflow page | 0 | 0 |
| 3799. | Totals (Lines 3701 through 3703 plus 3798) (Line 37 above) | 1,530 | 1,536 |

# CASH FLOW

| | | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|---|
| | **CASH FROM OPERATIONS** | | |
| 1. | Premiums collected net of reinsurance | 5,478,027,017 | 5,250,014,924 |
| 2. | Net investment income | 853,478,243 | 969,064,083 |
| 3. | Miscellaneous income | 9,713,777 | 46,944,211 |
| 4. | Total (Lines 1 through 3) | 6,341,219,038 | 6,266,023,218 |
| 5. | Benefit and loss related payments | 2,941,693,740 | 2,635,268,652 |
| 6. | Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | 0 | 0 |
| 7. | Commissions, expenses paid and aggregate write-ins for deductions | 2,150,954,913 | 2,116,459,990 |
| 8. | Dividends paid to policyholders | 9,783,923 | 9,617,842 |
| 9. | Federal and foreign income taxes paid (recovered) net of $.....2,343,554 tax on capital gains (losses) | 81,594,593 | 117,663,407 |
| 10. | Total (Lines 5 through 9) | 5,184,027,168 | 4,879,009,891 |
| 11. | Net cash from operations (Line 4 minus Line 10) | 1,157,191,869 | 1,387,013,327 |
| | **CASH FROM INVESTMENTS** | | |
| 12. | Proceeds from investments sold, matured or repaid: | | |
| | 12.1 Bonds | 2,363,789,479 | 2,443,619,403 |
| | 12.2 Stocks | 6,061,612 | 6,060,932 |
| | 12.3 Mortgage loans | 0 | 0 |
| | 12.4 Real estate | 0 | 0 |
| | 12.5 Other invested assets | 175,592,001 | 87,882,746 |
| | 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | (10) | 0 |
| | 12.7 Miscellaneous proceeds | 17,222,871 | 2,781,423 |
| | 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 2,562,665,953 | 2,540,344,504 |
| 13. | Cost of investments acquired (long-term only): | | |
| | 13.1 Bonds | 3,044,707,340 | 2,922,818,929 |
| | 13.2 Stocks | 3,000,000 | 0 |
| | 13.3 Mortgage loans | 0 | 0 |
| | 13.4 Real estate | 4,028,500 | 19,223,645 |
| | 13.5 Other invested assets | 52,637,809 | 92,029,276 |
| | 13.6 Miscellaneous applications | 81,681,750 | 50,202,485 |
| | 13.7 Total investments acquired (Lines 13.1 to 13.6) | 3,186,055,398 | 3,084,274,336 |
| 14. | Net increase (decrease) in contract loans and premium notes | (218,047) | 934,539 |
| 15. | Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14) | (623,171,398) | (544,864,371) |
| | **CASH FROM FINANCING AND MISCELLANEOUS SOURCES** | | |
| 16. | Cash provided (applied): | | |
| | 16.1 Surplus notes, capital notes | 0 | 0 |
| | 16.2 Capital and paid in surplus, less treasury stock | 0 | 0 |
| | 16.3 Borrowed funds | 0 | 0 |
| | 16.4 Net deposits on deposit-type contracts and other insurance liabilities | 0 | 0 |
| | 16.5 Dividends to stockholders | 1,000,000,000 | 794,000,000 |
| | 16.6 Other cash provided (applied) | (172,377,090) | (115,777,920) |
| 17. | Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) | (1,172,377,090) | (909,777,920) |
| | **RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS** | | |
| 18. | Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) | (638,356,619) | (67,628,964) |
| 19. | Cash, cash equivalents and short-term investments: | | |
| | 19.1 Beginning of year | 570,301,805 | 637,930,770 |
| | 19.2 End of year (Line 18 plus Line 19.1) | (68,054,814) | 570,301,805 |

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

| | | | |
|---|---|---|---|
| 20.0001 | Exchange of bonds | 47,987,382 | 36,945,980 |
| 20.0002 | Stock distribution from limited partnerships | 6,095,129 | 34,803 |
| 20.0003 | Income payment received in securities | 4,105,401 | 3,305,038 |
| 20.0004 | Other assets tri-party/tax credit bonds | 1,374,333 | 1,316,943 |
| 20.0005 | Income payment received in securities other assets tri-party/tax credit bonds | 33,147 | 0 |
| 20.0006 | Tax credits from certified capital company (CAPCO) | 28,784 | 46,635 |

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1 - PREMIUMS EARNED

| | Line of Business | 1<br>Net Premiums Written per Column 6, Part 1B | 2<br>Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1 | 3<br>Unearned Premiums December 31 Current Year- per Col. 5, Part 1A | 4<br>Premiums Earned During Year (Cols. 1 + 2 - 3) |
|---|---|---|---|---|---|
| 1. | Fire | 124,139,306 | 55,284,183 | 58,646,212 | 120,777,277 |
| 2. | Allied lines | 130,549,768 | 59,647,221 | 62,923,344 | 127,273,645 |
| 3. | Farmowners multiple peril | 46,335,817 | 21,524,468 | 22,489,502 | 45,370,782 |
| 4. | Homeowners multiple peril | 859,563,184 | 431,294,433 | 459,356,035 | 831,501,581 |
| 5. | Commercial multiple peril | 757,041,353 | 329,892,137 | 342,497,415 | 744,436,075 |
| 6. | Mortgage guaranty | 0 | 0 | 0 | 0 |
| 8. | Ocean marine | 51,136,812 | 21,126,958 | 21,894,273 | 50,369,497 |
| 9. | Inland marine | 161,678,747 | 72,326,876 | 75,771,290 | 158,234,333 |
| 10. | Financial guaranty | 0 | 0 | 0 | 0 |
| 11.1 | Medical professional liability - occurrence | 0 | (40) | (117) | 77 |
| 11.2 | Medical professional liability - claims-made | (857) | 0 | 0 | (857) |
| 12. | Earthquake | 22,132,529 | 12,765,946 | 12,639,592 | 22,258,884 |
| 13. | Group accident and health | 2,616 | 6,560 | 5,510 | 3,666 |
| 14. | Credit accident and health (group and individual) | 0 | 0 | 0 | 0 |
| 15. | Other accident and health | 0 | 29 | 29 | 0 |
| 16. | Workers' compensation | 905,427,029 | 340,941,908 | 327,350,221 | 919,018,716 |
| 17.1 | Other liability - occurrence | 489,978,390 | 194,493,857 | 206,840,881 | 477,631,365 |
| 17.2 | Other liability - claims-made | 132,564,312 | 73,513,136 | 76,130,616 | 129,946,833 |
| 17.3 | Excess workers' compensation | 3,504,701 | 1,426,961 | 1,087,749 | 3,843,913 |
| 18.1 | Products liability - occurrence | 32,612,308 | 12,815,003 | 12,690,411 | 32,736,900 |
| 18.2 | Products liability - claims-made | 5,809,882 | 2,591,430 | 2,616,733 | 5,784,579 |
| 19.1, 19.2 | Private passenger auto liability | 745,221,254 | 292,391,408 | 316,490,651 | 721,122,011 |
| 19.3, 19.4 | Commercial auto liability | 459,225,004 | 180,795,349 | 204,250,482 | 435,769,871 |
| 21. | Auto physical damage | 602,659,722 | 237,044,373 | 257,180,364 | 582,523,732 |
| 22. | Aircraft (all perils) | (3,494) | 0 | 0 | (3,494) |
| 23. | Fidelity | 11,606,451 | 7,832,275 | 8,224,082 | 11,214,645 |
| 24. | Surety | 848,278 | 665,254 | 431,897 | 1,081,636 |
| 26. | Burglary and theft | 1,923,437 | 928,402 | 1,083,952 | 1,767,886 |
| 27. | Boiler and machinery | 47,702,508 | 22,947,148 | 22,031,794 | 48,617,861 |
| 28. | Credit | 210 | 1,080 | 1,140 | 149 |
| 29. | International | 1,306,801 | 1,058 | 889 | 1,306,970 |
| 30. | Warranty | 0 | 0 | 0 | 0 |
| 31. | Reinsurance - nonproportional assumed property | 7,249,391 | 2,912,619 | 3,354,174 | 6,807,837 |
| 32. | Reinsurance - nonproportional assumed liability | 3,202,300 | 2,099,640 | 1,992,308 | 3,309,632 |
| 33. | Reinsurance - nonproportional assumed financial lines | 373,095 | 234,610 | 235,407 | 372,297 |
| 34. | Aggregate write-ins for other lines of business | 59,991 | 0 | 0 | 59,991 |
| 35. | TOTALS | 5,603,850,846 | 2,377,504,283 | 2,498,216,838 | 5,483,138,291 |

**DETAILS OF WRITE-INS**

| | | | | | |
|---|---|---|---|---|---|
| 3401. | Tribal workers' compensation | 59,991 | 0 | 0 | 59,991 |
| 3402. | | 0 | 0 | 0 | 0 |
| 3403. | | 0 | 0 | 0 | 0 |
| 3498. | Summary of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 59,991 | 0 | 0 | 59,991 |

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1A - RECAPITULATION OF ALL PREMIUMS

| | Line of Business | 1<br>Amount Unearned (Running One Year or Less from Date of Policy) (a) | 2<br>Amount Unearned (Running More Than One Year from Date of Policy) (a) | 3<br>Earned But Unbilled Premium | 4<br>Reserve for Rate Credits and Retrospective Adjustments Based on Experience | 5<br>Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4 |
|---|---|---|---|---|---|---|
| 1. | Fire | 58,007,320 | 641,220 | (2,329) | 0 | 58,646,212 |
| 2. | Allied lines | 62,014,447 | 910,294 | (1,397) | 0 | 62,923,344 |
| 3. | Farmowners multiple peril | 22,672,288 | (182,786) | 0 | 0 | 22,489,502 |
| 4. | Homeowners multiple peril | 459,356,035 | 0 | 0 | 0 | 459,356,035 |
| 5. | Commercial multiple peril | 346,561,653 | (238,794) | (3,825,443) | 0 | 342,497,415 |
| 6. | Mortgage guaranty | 0 | 0 | 0 | 0 | 0 |
| 8. | Ocean marine | 22,552,445 | 598,907 | (1,257,079) | 0 | 21,894,273 |
| 9. | Inland marine | 65,167,460 | 11,023,970 | (420,140) | 0 | 75,771,290 |
| 10. | Financial guaranty | 0 | 0 | 0 | 0 | 0 |
| 11.1 | Medical professional liability - occurrence | (117) | 0 | 0 | 0 | (117) |
| 11.2 | Medical professional liability - claims-made | 0 | 0 | 0 | 0 | 0 |
| 12. | Earthquake | 12,267,292 | 372,300 | 0 | 0 | 12,639,592 |
| 13. | Group accident and health | 5,510 | 0 | 0 | 0 | 5,510 |
| 14. | Credit accident and health (group and individual) | 0 | 0 | 0 | 0 | 0 |
| 15. | Other accident and health | 29 | 0 | 0 | 0 | 29 |
| 16. | Workers' compensation | 363,031,763 | (87,395) | (19,649,006) | (15,945,141) | 327,350,221 |
| 17.1 | Other liability - occurrence | 214,914,939 | (4,861,321) | (4,407,540) | 1,194,804 | 206,840,881 |
| 17.2 | Other liability - claims-made | 59,950,427 | 16,185,599 | (5,410) | 0 | 76,130,616 |
| 17.3 | Excess workers' compensation | 1,088,448 | 0 | (699) | 0 | 1,087,749 |
| 18.1 | Products liability - occurrence | 13,267,742 | 4,764 | (593,429) | 11,334 | 12,690,411 |
| 18.2 | Products liability - claims-made | 2,669,002 | (60,421) | 8,152 | 0 | 2,616,733 |
| 19.1, 19.2 | Private passenger auto liability | 316,490,651 | 0 | 0 | 0 | 316,490,651 |
| 19.3, 19.4 | Commercial auto liability | 205,206,271 | 307,401 | 0 | (1,263,190) | 204,250,482 |
| 21. | Auto physical damage | 257,161,807 | 18,557 | 0 | 0 | 257,180,364 |
| 22. | Aircraft (all perils) | 0 | 0 | 0 | 0 | 0 |
| 23. | Fidelity | 4,379,544 | 3,844,538 | 0 | 0 | 8,224,082 |
| 24. | Surety | 113,763 | 318,134 | 0 | 0 | 431,897 |
| 26. | Burglary and theft | 749,339 | 334,613 | 0 | 0 | 1,083,952 |
| 27. | Boiler and machinery | 19,378,816 | 2,652,978 | 0 | 0 | 22,031,794 |
| 28. | Credit | 1,140 | 0 | 0 | 0 | 1,140 |
| 29. | International | 889 | 0 | 0 | 0 | 889 |
| 30. | Warranty | 0 | 0 | 0 | 0 | 0 |
| 31. | Reinsurance - nonproportional assumed property | 3,317,011 | 37,163 | 0 | 0 | 3,354,174 |
| 32. | Reinsurance - nonproportional assumed liability | 1,946,100 | 46,208 | 0 | 0 | 1,992,308 |
| 33. | Reinsurance - nonproportional assumed financial lines | 235,407 | 0 | 0 | 0 | 235,407 |
| 34. | Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 | 0 |
| 35. | TOTALS | 2,512,507,423 | 31,865,929 | (30,154,322) | (16,002,193) | 2,498,216,838 |
| 36. | Accrued retrospective premiums based on experience | | | | | 16,002,193 |
| 37. | Earned but unbilled premiums | | | | | 30,154,322 |
| 38. | Balance (sum of Lines 35 through 37) | | | | | 2,544,373,352 |

**DETAILS OF WRITE-INS**

| | | | | | | |
|---|---|---|---|---|---|---|
| 3401. | | 0 | 0 | 0 | 0 | 0 |
| 3402. | | 0 | 0 | 0 | 0 | 0 |
| 3403. | | 0 | 0 | 0 | 0 | 0 |
| 3498. | Summary of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 | 0 |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 0 | 0 | 0 | 0 |

(a) State here basis of computation used in each case: Daily pro rata; pools and associations as submitted.

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1B - PREMIUMS WRITTEN

| Line of Business | 1 Direct Business (a) | Reinsurance Assumed 2 From Affiliates | Reinsurance Assumed 3 From Non-Affiliates | Reinsurance Ceded 4 To Affiliates | Reinsurance Ceded 5 To Non-Affiliates | 6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5) |
|---|---|---|---|---|---|---|
| 1. Fire | 156,226,775 | 470,131,622 | 181,022 | 409,234,665 | 93,165,448 | 124,139,306 |
| 2. Allied lines | 218,593,251 | 459,919,609 | 0 | 429,990,241 | 117,972,851 | 130,549,768 |
| 3. Farmowners multiple peril | 23,220,797 | 176,844,463 | 0 | 152,615,737 | 1,113,706 | 46,335,817 |
| 4. Homeowners multiple peril | 42,858,304 | 3,706,772,294 | 0 | 2,831,133,186 | 58,934,228 | 859,563,184 |
| 5. Commercial multiple peril | 286,781,755 | 3,161,601,791 | 5,328,417 | 2,494,987,513 | 201,683,097 | 757,041,353 |
| 6. Mortgage guaranty | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. Ocean marine | 2,358 | 244,086,750 | 613 | 168,459,453 | 24,493,456 | 51,136,812 |
| 9. Inland marine | 12,403,179 | 723,806,658 | 250 | 532,519,400 | 42,011,939 | 161,678,747 |
| 10. Financial guaranty | 0 | 0 | 0 | 0 | 0 | 0 |
| 11.1 Medical professional liability - occurrence | 0 | 0 | 0 | 0 | 0 | 0 |
| 11.2 Medical professional liability - claims-made | 0 | (80) | 0 | (2,823) | 3,600 | (857) |
| 12. Earthquake | 37,502,120 | 89,498,985 | 0 | 72,897,659 | 31,970,917 | 22,132,529 |
| 13. Group accident and health | 0 | 2,616 | 0 | 0 | 0 | 2,616 |
| 14. Credit accident and health (group and individual) | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. Other accident and health | 0 | 0 | 0 | 0 | 0 | 0 |
| 16. Workers' compensation | 403,116,375 | 3,877,512,356 | 89,966,013 | 2,982,256,637 | 482,911,078 | 905,427,029 |
| 17.1 Other liability - occurrence | 353,923,310 | 1,833,680,558 | 2,997,326 | 1,615,149,580 | 85,473,225 | 489,978,390 |
| 17.2 Other liability - claims-made | 19,766,346 | 561,921,312 | 2,266,072 | 436,625,526 | 14,763,891 | 132,564,312 |
| 17.3 Excess workers' compensation | 0 | 15,048,093 | 0 | 11,543,392 | 0 | 3,504,701 |
| 18.1 Products liability - occurrence | 13,877,495 | 126,628,810 | 0 | 107,414,781 | 479,216 | 32,612,308 |
| 18.2 Products liability - claims-made | 0 | 25,729,367 | 0 | 19,135,940 | 783,545 | 5,809,882 |
| 19.1, 19.2 Private passenger auto liability | 7,665,039 | 3,200,454,033 | 17,808,100 | 2,454,526,511 | 26,179,407 | 745,221,254 |
| 19.3, 19.4 Commercial auto liability | 253,418,676 | 1,754,673,532 | 28,487,435 | 1,512,829,547 | 64,525,091 | 459,225,004 |
| 21. Auto physical damage | 74,204,537 | 2,522,631,290 | 3,480,250 | 1,984,973,261 | 12,683,093 | 602,659,722 |
| 22. Aircraft (all perils) | 0 | (15,000) | 0 | (11,507) | 0 | (3,494) |
| 23. Fidelity | 25,884 | 49,808,602 | 0 | 38,228,034 | 0 | 11,606,451 |
| 24. Surety | 99,766 | 3,586,375 | 0 | 2,837,494 | 368 | 848,278 |
| 26. Burglary and theft | 11,455 | 12,581,336 | 0 | 7,163,352 | 3,506,003 | 1,923,437 |
| 27. Boiler and machinery | 17,936,976 | 102,743,846 | 88,163,181 | 157,117,192 | 4,024,303 | 47,702,508 |
| 28. Credit | 0 | 900 | 0 | 690 | 0 | 210 |
| 29. International | 0 | 5,610,995 | 0 | 4,304,194 | 0 | 1,306,801 |
| 30. Warranty | 0 | 0 | 0 | 0 | 0 | 0 |
| 31. Reinsurance - nonproportional assumed property | XXX | (4,320) | 31,133,187 | 23,877,235 | 2,241 | 7,249,391 |
| 32. Reinsurance - nonproportional assumed liability | XXX | 13,888,291 | 42,600 | 10,547,380 | 181,212 | 3,202,300 |
| 33. Reinsurance - nonproportional assumed financial lines | XXX | 1,601,952 | 0 | 1,228,857 | 0 | 373,095 |
| 34. Aggregate write-ins for other lines of business | 0 | 257,582 | 0 | 197,591 | 0 | 59,991 |
| 35. TOTALS | 1,921,634,398 | 23,141,004,617 | 269,854,466 | 18,461,780,722 | 1,266,861,914 | 5,603,850,846 |

### DETAILS OF WRITE-INS

| | | | | | | |
|---|---|---|---|---|---|---|
| 3401. Tribal workers' compensation | 0 | 257,582 | 0 | 197,591 | 0 | 59,991 |
| 3402. | 0 | 0 | 0 | 0 | 0 | 0 |
| 3403. | 0 | 0 | 0 | 0 | 0 | 0 |
| 3498. Summary of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 |
| 3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 257,582 | 0 | 197,591 | 0 | 59,991 |

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

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

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

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2 - LOSSES PAID AND INCURRED

| | Line of Business | Losses Paid Less Salvage 1 Direct Business | 2 Reinsurance Assumed | 3 Reinsurance Recovered | 4 Net Payments (Cols. 1 + 2 - 3) | 5 Net Losses Unpaid Current Year (Part 2A, Col. 8) | 6 Net Losses Unpaid Prior Year | 7 Losses Incurred Current Year (Cols. 4 + 5 - 6) | 8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1) |
|---|---|---|---|---|---|---|---|---|---|
| 1. | Fire | 113,355,480 | 441,648,165 | 457,892,554 | 97,111,091 | 64,952,013 | 74,278,059 | 87,785,045 | 72.7 |
| 2. | Allied lines | 122,784,975 | 245,379,000 | 296,971,526 | 71,192,449 | 50,352,506 | 50,415,187 | 71,129,768 | 55.9 |
| 3. | Farmowners multiple peril | 10,480,328 | 128,296,999 | 108,017,302 | 30,760,025 | 18,093,699 | 22,224,806 | 26,628,918 | 58.7 |
| 4. | Homeowners multiple peril | 16,171,792 | 2,267,051,680 | 1,751,924,752 | 531,298,720 | 300,042,543 | 246,786,802 | 584,554,460 | 70.3 |
| 5. | Commercial multiple peril | 149,896,157 | 1,576,208,777 | 1,348,306,516 | 377,798,418 | 629,479,333 | 612,897,509 | 394,380,243 | 53.0 |
| 6. | Mortgage guaranty | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 8. | Ocean marine | 654,613 | 133,475,118 | 106,979,904 | 27,149,827 | 34,760,010 | 41,822,955 | 20,086,883 | 39.9 |
| 9. | Inland marine | 5,102,041 | 343,601,886 | 273,043,388 | 75,660,539 | 52,475,451 | 54,599,579 | 73,536,410 | 46.5 |
| 10. | Financial guaranty | 0 | 0 | (422,962) | 422,962 | (422,961) | 1 | 0 | 0.0 |
| 11.1 | Medical professional liability - occurrence | 0 | 57,189 | 43,870 | 13,319 | 1,528,062 | 1,112,728 | 428,653 | 558,724.2 |
| 11.2 | Medical professional liability - claims-made | 0 | 395,941 | 303,530 | 92,411 | 8,330,651 | 7,382,288 | 1,040,774 | (121,438.2) |
| 12. | Earthquake | 0 | 0 | 0 | 0 | 1,781,584 | 78,050 | 1,703,534 | 7.7 |
| 13. | Group accident and health | 0 | 11,051 | 0 | 11,051 | 627,400 | 611,648 | 26,803 | 731.1 |
| 14. | Credit accident and health (group and individual) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 15. | Other accident and health | 43,000 | 64,468 | 12,500 | 94,967 | 5,040,839 | 5,905,534 | (769,727) | (7,697,274,200.0) |
| 16. | Workers' compensation | 222,505,868 | 1,929,610,885 | 1,730,045,061 | 422,071,692 | 3,276,146,354 | 3,254,646,135 | 443,571,911 | 48.3 |
| 17.1 | Other liability - occurrence | 148,134,151 | 967,205,541 | 881,726,414 | 233,613,278 | 917,804,658 | 850,263,558 | 301,154,378 | 63.1 |
| 17.2 | Other liability - claims-made | 5,331,938 | 280,820,458 | 222,075,478 | 64,076,919 | 320,128,820 | 334,679,817 | 49,525,921 | 38.1 |
| 17.3 | Excess workers' compensation | 3,991,035 | 20,096,858 | 18,819,039 | 5,268,854 | 149,852,245 | 142,598,332 | 12,522,767 | 325.8 |
| 18.1 | Products liability - occurrence | 5,902,011 | 88,519,199 | 75,289,813 | 19,131,397 | 147,586,786 | 143,174,990 | 23,543,193 | 71.9 |
| 18.2 | Products liability - claims-made | 0 | 422,213 | 250,551 | 171,662 | 9,599,709 | 8,973,777 | 797,594 | 13.8 |
| 19.1, 19.2 | Private passenger auto liability | 11,990,624 | 1,787,445,151 | 1,381,869,488 | 417,566,287 | 563,226,894 | 549,721,898 | 431,071,284 | 59.8 |
| 19.3, 19.4 | Commercial auto liability | 113,117,093 | 978,343,828 | 848,928,254 | 242,532,666 | 567,248,958 | 478,875,019 | 330,906,605 | 75.9 |
| 21. | Auto physical damage | 44,741,729 | 1,455,752,020 | 1,152,263,447 | 348,230,301 | 57,115,647 | 48,111,066 | 357,234,882 | 61.3 |
| 22. | Aircraft (all perils) | 1,601 | 3,157,086 | 3,069,026 | 89,662 | 1,742,981 | 1,766,951 | 65,692 | (1,880.4) |
| 23. | Fidelity | (15,823) | 11,954,005 | 9,178,170 | 2,760,012 | 11,153,509 | 11,756,897 | 2,156,623 | 19.2 |
| 24. | Surety | 1,619,421 | 136,296 | 1,231,871 | 523,846 | 8,488,809 | 9,405,070 | (392,415) | (36.3) |
| 26. | Burglary and theft | 0 | 1,556,092 | 1,293,415 | 262,677 | 1,573,901 | 1,416,811 | 419,767 | 23.7 |
| 27. | Boiler and machinery | 2,417,912 | 56,876,176 | 45,493,945 | 13,800,143 | 13,065,760 | 11,879,785 | 14,986,118 | 30.8 |
| 28. | Credit | 0 | (5,700) | (4,372) | (1,327) | 1,150,165 | 1,148,838 | 0 | 0.0 |
| 29. | International | 0 | 91,564 | 70,239 | 21,325 | 2,699,819 | 1,646,634 | 1,074,509 | 82.2 |
| 30. | Warranty | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 31. | Reinsurance - nonproportional assumed property | XXX | 7,184,916 | 5,788,920 | 1,395,996 | 9,846,516 | 11,790,679 | (548,167) | (8.1) |
| 32. | Reinsurance - nonproportional assumed liability | XXX | 54,472,298 | 43,223,803 | 11,248,496 | 85,363,527 | 101,635,196 | (5,023,173) | (151.8) |
| 33. | Reinsurance - nonproportional assumed financial lines | XXX | 0 | 0 | 0 | 2,213,230 | 2,959,318 | (746,088) | (200.4) |
| 34. | Aggregate write-ins for other lines of business | 0 | 424,599 | 325,710 | 98,889 | 1,299,773 | 1,188,455 | 210,207 | 350.4 |
| 35. | TOTALS | 978,225,946 | 12,780,253,760 | 10,764,011,152 | 2,994,468,554 | 7,314,349,190 | 7,085,754,373 | 3,223,063,372 | 58.8 |
| | **DETAILS OF WRITE-INS** | | | | | | | | |
| 3401. | Tribal workers' compensation | 0 | 424,599 | 325,710 | 98,889 | 1,299,773 | 1,188,455 | 210,207 | 350.4 |
| 3402. | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 3403. | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 3498. | Summary of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | XXX | |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 424,599 | 325,710 | 98,889 | 1,299,773 | 1,188,455 | 210,207 | 350.4 |

# UNDERWRITING AND INVESTMENT EXHIBIT

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

| | Line of Business | Reported Losses | | | | Incurred But Not Reported | | | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 1<br>Direct | 2<br>Reinsurance Assumed | 3<br>Deduct Reinsurance Recoverable | 4<br>Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3) | 5<br>Direct | 6<br>Reinsurance Assumed | 7<br>Reinsurance Ceded | Net Losses Unpaid (Cols. 4 + 5 + 6 - 7) | Net Unpaid Loss Adjustment Expenses |
| 1. | Fire | 90,835,713 | 366,148,272 | 404,063,955 | 52,920,030 | (6,354,192) | 29,726,689 | 11,340,515 | 64,952,013 | 6,144,328 |
| 2. | Allied lines | 110,987,861 | 155,455,293 | 225,677,294 | 40,765,861 | 2,204,319 | 42,670,551 | 35,288,224 | 50,352,506 | 8,309,647 |
| 3. | Farmowners multiple peril | 2,626,281 | 61,335,771 | 51,530,280 | 12,431,771 | 3,170,940 | 22,263,435 | 19,772,447 | 18,093,699 | 3,934,303 |
| 4. | Homeowners multiple peril | 3,173,321 | 617,477,842 | 476,428,161 | 144,223,003 | 3,990,936 | 666,265,282 | 514,436,678 | 300,042,543 | 49,575,946 |
| 5. | Commercial multiple peril | 142,986,224 | 1,433,993,340 | 1,238,013,693 | 338,965,871 | 138,626,049 | 1,150,638,017 | 998,750,603 | 629,479,333 | 231,714,119 |
| 6. | Mortgage guaranty | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. | Ocean marine | 1,625,055 | 99,060,852 | 78,956,033 | 21,729,873 | 7,677,298 | 50,371,157 | 45,018,317 | 34,760,010 | 11,827,581 |
| 9. | Inland marine | 10,908,425 | 236,921,960 | 202,165,091 | 45,665,294 | 2,701,090 | 47,842,848 | 43,733,781 | 52,475,451 | 4,483,758 |
| 10. | Financial guaranty | 0 | 0 | 0 | 0 | 0 | 0 | 422,961 | (422,961) | 0 |
| 11.1 | Medical professional liability - occurrence | 0 | 998,389 | 765,864 | 232,525 | 4,062,776 | 3,151,813 | 5,919,052 | 1,528,062 | 863,416 |
| 11.2 | Medical professional liability - claims-made | 1 | 22,812,883 | 17,505,962 | 5,306,922 | 3,255,968 | 8,632,186 | 8,864,424 | 8,330,651 | 1,253,884 |
| 12. | Earthquake | 0 | 100,000 | 76,710 | 23,290 | 3,202,380 | 5,825,269 | 7,269,355 | 1,781,584 | 149,933 |
| 13. | Group accident and health | 0 | 228,473 | 0 | 228,473 | 0 | 500,025 | 101,099 | (a) 627,400 | 51,333 |
| 14. | Credit accident and health (group and individual) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. | Other accident and health | 407,346 | 1,036,235 | 1,389 | 1,442,191 | 517,438 | 3,489,225 | 408,015 | (a) 5,040,839 | 1,367,514 |
| 16. | Workers' compensation | 1,334,329,687 | 7,304,656,974 | 7,028,986,103 | 1,610,000,558 | 995,588,085 | 7,223,332,279 | 6,552,774,567 | 3,276,146,354 | 537,790,128 |
| 17.1 | Other liability - occurrence | 228,870,997 | 977,389,083 | 953,273,236 | 252,986,845 | 607,978,557 | 2,659,246,295 | 2,602,407,039 | 917,804,658 | 342,204,261 |
| 17.2 | Other liability - claims-made | 31,418,592 | 462,356,429 | 388,866,375 | 104,908,646 | 55,945,186 | 972,526,106 | 813,251,119 | 320,128,820 | 87,760,031 |
| 17.3 | Excess workers' compensation | 0 | 289,148,636 | 231,359,566 | 57,789,070 | 292,374 | 422,331,913 | 330,561,113 | 149,852,245 | 11,933,948 |
| 18.1 | Products liability - occurrence | 17,522,405 | 147,228,224 | 130,528,591 | 34,222,037 | 113,736,223 | 416,992,861 | 417,364,335 | 147,586,786 | 157,208,668 |
| 18.2 | Products liability - claims-made | 167 | 8,466,125 | 6,608,525 | 1,857,767 | 1,257,420 | 36,459,072 | 29,974,550 | 9,599,709 | 6,303,249 |
| 19.1, 19.2 | Private passenger auto liability | 72,957,643 | 1,644,866,705 | 1,424,560,838 | 293,263,510 | 12,548,770 | 1,166,868,916 | 909,454,301 | 563,226,894 | 102,900,889 |
| 19.3, 19.4 | Commercial auto liability | 146,359,726 | 1,256,620,395 | 1,121,703,813 | 281,276,308 | 165,153,153 | 1,127,808,573 | 1,006,989,076 | 567,248,958 | 73,722,938 |
| 21. | Auto physical damage | 3,879,667 | 66,983,472 | 54,763,864 | 16,099,275 | 22,794,000 | 156,725,436 | 138,503,063 | 57,115,647 | 25,719,600 |
| 22. | Aircraft (all perils) | 234,819 | 5,888,542 | 5,123,637 | 999,724 | 443,434 | 37,125,667 | 36,825,844 | 1,742,981 | 935,948 |
| 23. | Fidelity | 50,119 | 3,757,575 | 2,925,004 | 882,690 | 7,111,438 | 40,983,905 | 37,824,523 | 11,153,509 | 2,906,452 |
| 24. | Surety | 2,041,988 | 23,517,732 | 19,854,506 | 5,705,215 | 10,165,359 | 5,686,559 | 13,068,324 | 8,488,809 | 1,422,704 |
| 26. | Burglary and theft | (1) | 5,872,871 | 5,245,540 | 627,330 | 8,387 | 5,712,030 | 4,773,845 | 1,573,901 | 408,182 |
| 27. | Boiler and machinery | 1,287,070 | 32,454,756 | 25,849,733 | 7,892,093 | 2,190,144 | 20,498,867 | 17,515,344 | 13,065,760 | 1,884,920 |
| 28. | Credit | 0 | 1,230,359 | 943,808 | 286,550 | 0 | 3,708,094 | 2,844,479 | 1,150,165 | 42,422 |
| 29. | International | 0 | 3,836,674 | 2,943,112 | 893,561 | 17,731 | 7,790,022 | 6,001,495 | 2,699,819 | 181,276 |
| 30. | Warranty | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 31. | Reinsurance - nonproportional assumed property | XXX | 32,831,457 | 26,541,827 | 6,289,630 | XXX | 24,332,052 | 20,775,165 | 9,846,516 | 905,455 |
| 32. | Reinsurance - nonproportional assumed liability | XXX | 262,634,201 | 211,778,225 | 50,855,976 | XXX | 192,322,870 | 157,815,319 | 85,363,527 | 4,210,326 |
| 33. | Reinsurance - nonproportional assumed financial lines | XXX | 2,666,012 | 2,106,234 | 559,778 | XXX | 7,259,284 | 5,605,831 | 2,213,230 | 175,681 |
| 34. | Aggregate write-ins for other lines of business | 0 | 126,013 | 96,664 | 29,348 | 0 | 5,454,808 | 4,184,383 | 1,299,773 | 436,199 |
| 35. | TOTALS | 2,202,503,104 | 15,528,101,545 | 14,339,243,634 | 3,391,361,015 | 2,158,285,262 | 16,564,542,103 | 14,799,839,190 | 7,314,349,190 | 1,678,729,040 |
| | **DETAILS OF WRITE-INS** | | | | | | | | | |
| 3401. | Tribal workers' compensation | 0 | 126,013 | 96,664 | 29,348 | 0 | 5,454,808 | 4,184,383 | 1,299,773 | 436,199 |
| 3402. | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3403. | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3498. | Summary of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 126,013 | 96,664 | 29,348 | 0 | 5,454,808 | 4,184,383 | 1,299,773 | 436,199 |

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

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 3 - EXPENSES

| | 1<br>Loss Adjustment Expenses | 2<br>Other Underwriting Expenses | 3<br>Investment Expenses | 4<br>Total |
|---|---|---|---|---|
| 1. Claim adjustment services: | | | | |
| 1.1 Direct | 148,364,368 | 0 | 0 | 148,364,368 |
| 1.2 Reinsurance assumed | 1,120,738,238 | 0 | 0 | 1,120,738,238 |
| 1.3 Reinsurance ceded | 989,862,776 | 0 | 0 | 989,862,776 |
| 1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) | 279,239,831 | 0 | 0 | 279,239,831 |
| 2. Commission and brokerage: | | | | |
| 2.1 Direct, excluding contingent | 0 | 242,833,646 | 0 | 242,833,646 |
| 2.2 Reinsurance assumed, excluding contingent | 0 | 3,104,458,789 | 0 | 3,104,458,789 |
| 2.3 Reinsurance ceded, excluding contingent | 0 | 2,603,375,248 | 0 | 2,603,375,248 |
| 2.4 Contingent - direct | 0 | 12,227,150 | 0 | 12,227,150 |
| 2.5 Contingent - reinsurance assumed | 0 | 205,122,427 | 0 | 205,122,427 |
| 2.6 Contingent - reinsurance ceded | 0 | 166,784,895 | 0 | 166,784,895 |
| 2.7 Policy and membership fees | 0 | 0 | 0 | 0 |
| 2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) | 0 | 794,481,869 | 0 | 794,481,869 |
| 3. Allowances to manager and agents | 0 | 610,390 | 0 | 610,390 |
| 4. Advertising | 26,649 | 17,303,649 | 43 | 17,330,341 |
| 5. Boards, bureaus and associations | 1,299,791 | 18,468,719 | 3,297 | 19,771,807 |
| 6. Surveys and underwriting reports | 127 | 19,791,682 | 0 | 19,791,809 |
| 7. Audit of assureds' records | 0 | 0 | 0 | 0 |
| 8. Salary and related items: | | | | |
| 8.1 Salaries | 187,840,247 | 344,262,537 | 7,029,219 | 539,132,003 |
| 8.2 Payroll taxes | 13,444,167 | 22,437,912 | 245,321 | 36,127,400 |
| 9. Employee relations and welfare | 32,029,289 | 48,080,877 | 707,556 | 80,817,722 |
| 10. Insurance | 21,832,357 | 3,671,065 | 12,829 | 25,516,251 |
| 11. Directors' fees | 0 | 0 | 0 | 0 |
| 12. Travel and travel items | 8,711,398 | 14,630,283 | 112,941 | 23,454,622 |
| 13. Rent and rent items | 9,058,495 | 21,296,742 | 445,850 | 30,801,087 |
| 14. Equipment | 1,590,024 | 7,828,993 | 4,055,254 | 13,474,271 |
| 15. Cost or depreciation of EDP equipment and software | 3,350,135 | 78,760,669 | 204,277 | 82,315,081 |
| 16. Printing and stationery | 401,964 | 1,453,076 | 27,227 | 1,882,267 |
| 17. Postage, telephone and telegraph, exchange and express | 1,590,554 | 23,082,519 | 69,993 | 24,743,066 |
| 18. Legal and auditing | 7,033,495 | 5,588,920 | 310,961 | 12,933,376 |
| 19. Totals (Lines 3 to 18) | 288,208,692 | 627,268,033 | 13,224,768 | 928,701,493 |
| 20. Taxes, licenses and fees: | | | | |
| 20.1 State and local insurance taxes deducting guaranty association credits of $.....805,221 | 0 | 137,106,688 | 0 | 137,106,688 |
| 20.2 Insurance department licenses and fees | 0 | 10,664,966 | 0 | 10,664,966 |
| 20.3 Gross guaranty association assessments | 0 | 86,730 | 0 | 86,730 |
| 20.4 All other (excluding federal and foreign income and real estate) | 0 | 3,012,678 | 0 | 3,012,678 |
| 20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) | 0 | 150,871,063 | 0 | 150,871,063 |
| 21. Real estate expenses | 0 | 0 | 23,411,797 | 23,411,797 |
| 22. Real estate taxes | 0 | 0 | 7,079,376 | 7,079,376 |
| 23. Reimbursements by uninsured plans | 0 | 0 | 0 | 0 |
| 24. Aggregate write-ins for miscellaneous expenses | 11,430,964 | 36,976,452 | 2,246,740 | 50,654,156 |
| 25. Total expenses incurred | 578,879,487 | 1,609,597,416 | 45,962,681 | (a) 2,234,439,584 |
| 26. Less unpaid expenses - current year | 1,678,729,040 | 384,912,083 | 3,922,309 | 2,067,563,432 |
| 27. Add unpaid expenses - prior year | 1,646,953,175 | 380,714,970 | 4,037,951 | 2,031,706,096 |
| 28. Amounts receivable relating to uninsured plans, prior year | 0 | 0 | 0 | 0 |
| 29. Amounts receivable relating to uninsured plans, current year | 0 | 0 | 0 | 0 |
| 30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) | 547,103,621 | 1,605,400,303 | 46,078,323 | 2,198,582,247 |
| **DETAILS OF WRITE-INS** | | | | |
| 2401. Miscellaneous expenses | 14,709,247 | 84,610,565 | 2,246,740 | 101,566,551 |
| 2402. Service reimbursements | (2,151,425) | (19,671,169) | 0 | (21,822,594) |
| 2403. Cost of computer software developed for internal use | (1,126,858) | (27,962,944) | 0 | (29,089,801) |
| 2498. Summary of remaining write-ins for Line 24 from overflow page | 0 | 0 | 0 | 0 |
| 2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above) | 11,430,964 | 36,976,452 | 2,246,740 | 50,654,156 |

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

# EXHIBIT OF NET INVESTMENT INCOME

| | | 1<br>Collected<br>During Year | 2<br>Earned<br>During Year |
|---|---|---|---|
| 1. | U.S. government bonds | (a) 23,615,687 | 23,531,760 |
| 1.1 | Bonds exempt from U.S. tax | (a) 167,618,012 | 173,146,734 |
| 1.2 | Other bonds (unaffiliated) | (a) 230,260,058 | 237,377,609 |
| 1.3 | Bonds of affiliates | (a) 0 | 0 |
| 2.1 | Preferred stocks (unaffiliated) | (b) 1,435,990 | 1,435,990 |
| 2.11 | Preferred stocks of affiliates | (b) 0 | 0 |
| 2.2 | Common stocks (unaffiliated) | 320 | 320 |
| 2.21 | Common stocks of affiliates | 252,600,000 | 252,600,000 |
| 3. | Mortgage loans | (c) 0 | 0 |
| 4. | Real estate | (d) 56,088,243 | 56,088,243 |
| 5. | Contract loans | 0 | 0 |
| 6. | Cash, cash equivalents and short-term investments | (e) 18,014,737 | 18,139,237 |
| 7. | Derivative instruments | (f) 0 | 0 |
| 8. | Other invested assets | 93,263,870 | 93,281,027 |
| 9. | Aggregate write-ins for investment income | 940,226 | 940,226 |
| 10. | Total gross investment income | 843,837,144 | 856,541,146 |
| 11. | Investment expenses | | (g) 45,962,681 |
| 12. | Investment taxes, licenses and fees, excluding federal income taxes | | (g) 0 |
| 13. | Interest expense | | (h) 16,052 |
| 14. | Depreciation on real estate and other invested assets | | (i) 13,373,343 |
| 15. | Aggregate write-ins for deductions from investment income | | 113,866 |
| 16. | Total deductions (Lines 11 through 15) | | 59,465,942 |
| 17. | Net investment income (Line 10 minus Line 16) | | 797,075,204 |
| | **DETAILS OF WRITE-INS** | | |
| 0901. | Property and wind plans | 665,203 | 665,203 |
| 0902. | Securities lending income | 205,908 | 205,908 |
| 0903. | Miscellaneous income | 69,115 | 69,115 |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 |
| 0999. | Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) | 940,226 | 940,226 |
| 1501. | Management fees | | 113,866 |
| 1502. | | | 0 |
| 1503. | | | 0 |
| 1598. | Summary of remaining write-ins for Line 15 from overflow page | | 0 |
| 1599. | Totals (Lines 1501 through 1503 plus 1598) (Line 15 above) | | 113,866 |

(a) Includes $.....9,657,669 accrual of discount less $.....63,958,330 amortization of premium and less $.....10,092,884 paid for accrued interest on purchases.
(b) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued dividends on purchases.
(c) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(d) Includes $.....56,088,243 for company's occupancy of its own buildings; and excludes $.....0 interest on encumbrances.
(e) Includes $.....0 accrual of discount less $.....120,891 amortization of premium and less $.....0 paid for accrued interest on purchases.
(f) Includes $.....0 accrual of discount less $.....0 amortization of premium.
(g) Includes $.....0 investment expenses and $.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $.....0 interest on surplus notes and $.....0 interest on capital notes.
(i) Includes $.....13,373,343 depreciation on real estate and $.....0 depreciation on other invested assets.

# EXHIBIT OF CAPITAL GAINS (LOSSES)

| | | 1<br>Realized<br>Gain (Loss)<br>on Sales<br>or Maturity | 2<br>Other<br>Realized<br>Adjustments | 3<br>Total Realized<br>Capital Gain (Loss)<br>(Columns 1 + 2) | 4<br>Change in<br>Unrealized<br>Capital Gain (Loss) | 5<br>Change in<br>Unrealized<br>Foreign Exchange<br>Capital Gain (Loss) |
|---|---|---|---|---|---|---|
| 1. | U.S. government bonds | 3,128,550 | 0 | 3,128,550 | (2,386,230) | 0 |
| 1.1 | Bonds exempt from U.S. tax | 670,913 | (90,379) | 580,534 | (219,010) | 0 |
| 1.2 | Other bonds (unaffiliated) | 10,696,171 | (277,393) | 10,418,778 | (14,573,396) | 0 |
| 1.3 | Bonds of affiliates | 0 | 0 | 0 | 0 | 0 |
| 2.1 | Preferred stocks (unaffiliated) | 0 | 0 | 0 | 549,294 | 0 |
| 2.11 | Preferred stocks of affiliates | 0 | 0 | 0 | 0 | 0 |
| 2.2 | Common stocks (unaffiliated) | 204,399 | (889,533) | (685,134) | (7,913) | 0 |
| 2.21 | Common stocks of affiliates | 0 | 0 | 0 | (20,414,899) | 0 |
| 3. | Mortgage loans | 0 | 0 | 0 | 0 | 0 |
| 4. | Real estate | 0 | 0 | 0 | 0 | 0 |
| 5. | Contract loans | 0 | 0 | 0 | 0 | 0 |
| 6. | Cash, cash equivalents and short-term investments | 0 | (10) | (10) | 0 | 0 |
| 7. | Derivative instruments | 0 | 0 | 0 | 0 | 0 |
| 8. | Other invested assets | 63,238,676 | 592,895 | 63,831,570 | 21,592,816 | (1,849,468) |
| 9. | Aggregate write-ins for capital gains (losses) | 0 | 48,303 | 48,303 | 528,937 | (2,892) |
| 10. | Total capital gains (losses) | 77,938,709 | (616,118) | 77,322,590 | (14,930,402) | (1,852,360) |
| | **DETAILS OF WRITE-INS** | | | | | |
| 0901. | Real gain LTBD impair recovery | 0 | 59,189 | 59,189 | 0 | 0 |
| 0902. | Foreign exchange | 0 | (10,886) | (10,886) | 0 | (2,892) |
| 0903. | Deferred gain | 0 | 0 | 0 | 528,937 | 0 |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 | 0 | 0 | 0 |
| 0999. | Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) | 0 | 48,303 | 48,303 | 528,937 | (2,892) |

# EXHIBIT OF NONADMITTED ASSETS

| | 1<br>Current Year<br>Total<br>Nonadmitted Assets | 2<br>Prior Year<br>Total<br>Nonadmitted Assets | 3<br>Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
|---|---|---|---|
| 1. Bonds (Schedule D) | 0 | 0 | 0 |
| 2. Stocks (Schedule D): | | | |
| 2.1 Preferred stocks | 0 | 0 | 0 |
| 2.2 Common stocks | 821,360 | 1,396,490 | 575,130 |
| 3. Mortgage loans on real estate (Schedule B): | | | |
| 3.1 First liens | 0 | 0 | 0 |
| 3.2 Other than first liens | 0 | 0 | 0 |
| 4. Real estate (Schedule A): | | | |
| 4.1 Properties occupied by the company | 0 | 0 | 0 |
| 4.2 Properties held for the production of income | 0 | 0 | 0 |
| 4.3 Properties held for sale | 0 | 0 | 0 |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) | 0 | 0 | 0 |
| 6. Contract loans | 2,504,651 | 2,722,698 | 218,047 |
| 7. Derivatives (Schedule DB) | 0 | 0 | 0 |
| 8. Other invested assets (Schedule BA) | 160,464,110 | 170,866,901 | 10,402,791 |
| 9. Receivables for securities | 0 | 0 | 0 |
| 10. Securities lending reinvested collateral assets (Schedule DL) | 0 | 0 | 0 |
| 11. Aggregate write-ins for invested assets | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 163,790,122 | 174,986,089 | 11,195,968 |
| 13. Title plants (for Title insurers only) | 0 | 0 | 0 |
| 14. Investment income due and accrued | 0 | 0 | 0 |
| 15. Premiums and considerations: | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 39,587,733 | 39,931,273 | 343,540 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due | 6,238,439 | 6,109,689 | (128,750) |
| 15.3 Accrued retrospective premiums and contracts subject to redetermination | 2,196,424 | 1,592,353 | (604,071) |
| 16. Reinsurance: | | | |
| 16.1 Amounts recoverable from reinsurers | 0 | 0 | 0 |
| 16.2 Funds held by or deposited with reinsured companies | 0 | 0 | 0 |
| 16.3 Other amounts receivable under reinsurance contracts | 0 | 0 | 0 |
| 17. Amounts receivable relating to uninsured plans | 0 | 0 | 0 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | 0 | 0 | 0 |
| 18.2 Net deferred tax asset | 41,570,755 | 25,876,699 | (15,694,056) |
| 19. Guaranty funds receivable or on deposit | 0 | 0 | 0 |
| 20. Electronic data processing equipment and software | 0 | 0 | 0 |
| 21. Furniture and equipment, including health care delivery assets | 179,989,410 | 176,521,101 | (3,468,310) |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | 0 | 0 | 0 |
| 23. Receivables from parent, subsidiaries and affiliates | 0 | 0 | 0 |
| 24. Health care and other amounts receivable | 0 | 0 | 0 |
| 25. Aggregate write-ins for other-than-invested assets | 825,122,696 | 832,515,887 | 7,393,191 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25) | 1,258,495,579 | 1,257,533,091 | (962,488) |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | 0 | 0 | 0 |
| 28. TOTALS (Lines 26 and 27) | 1,258,495,579 | 1,257,533,091 | (962,488) |

**DETAILS OF WRITE-INS**

| | | | |
|---|---|---|---|
| 1101. | 0 | 0 | 0 |
| 1102. | 0 | 0 | 0 |
| 1103. | 0 | 0 | 0 |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) | 0 | 0 | 0 |
| 2501. Other assets nonadmitted | 807,179,158 | 822,799,357 | 15,620,199 |
| 2502. Miscellaneous ledger balances | 16,386,841 | 8,437,881 | (7,948,960) |
| 2503. Amounts receivable under high deductible policies | 1,556,697 | 1,278,649 | (278,048) |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 825,122,696 | 832,515,887 | 7,393,191 |

# *NOTES TO FINANCIAL STATEMENTS*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN

A. Accounting Practices:

The Travelers Indemnity Company (the Company) prepares its statutory financial statements in conformity with the accounting practices prescribed or permitted by the State of Connecticut. The State of Connecticut requires that insurance companies domiciled in Connecticut prepare their statutory basis financial statements in accordance with the National Association of Insurance Commissioners (NAIC) *Accounting Practices and Procedures Manual*, subject to any deviations prescribed or permitted by the Connecticut Insurance Commissioner. The Company does not apply any statutory accounting practices that would be considered a permitted practice in its financial statements.

| Net Income | SSAP # | F/S Page | F/S Line # | 2018 | 2017 |
|---|---|---|---|---|---|
| 1. The Travelers Indemnity Company state basis | XXX | XXX | XXX | $ 785,501,778 | $ 947,114,902 |
| 2. State Prescribed Practices that are an increase/(decrease) from NAIC SAP | | | | — | — |
| 3. State Permitted Practices that are an increase/(decrease) from NAIC SAP | | | | — | — |
| 4. NAIC SAP (1-2-3=4) | XXX | XXX | XXX | $ 785,501,778 | $ 947,114,902 |
| Surplus | | | | | |
| 5. The Travelers Indemnity Company state basis | XXX | XXX | XXX | $ 6,633,300,461 | $ 6,820,222,495 |
| 6. State Prescribed Practices that are an increase/(decrease) from NAIC SAP | | | | — | — |
| 7. State Permitted Practices that are an increase/(decrease) from NAIC SAP | | | | — | — |
| 8. NAIC SAP (5-6-7=8) | XXX | XXX | XXX | $ 6,633,300,461 | $ 6,820,222,495 |

B. Use of Estimates in the Preparation of the Financial Statements:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and losses and expenses during the reporting period. Actual results could differ from those estimates.

C. Accounting Policy:

Certain assets designated as nonadmitted are excluded from the statutory balance sheet and changes in such amounts are charged or credited directly to unassigned funds, a component of surplus as regards policyholders (policyholders' surplus). The costs of acquiring both new and renewal insurance business are charged to income as incurred. Premiums are recognized as revenues pro rata over the policy period. Unearned premium reserves represent the unexpired portion of policy premiums, net of reinsurance. Reserves for losses, loss adjustment expenses (LAE) and unearned premiums ceded to reinsurers have been reported as reductions of the related reserves. Amounts recoverable from reinsurers are estimated in a manner consistent with the loss liability associated with the reinsured business. A liability is established for unsecured, unauthorized reinsurance and overdue authorized reinsurance recoverables.

The provision for federal income taxes is comprised of two components: current income taxes and deferred income taxes. Deferred federal income taxes arise from changes during the year in cumulative temporary differences between the statutory basis and tax basis of assets and liabilities. Gross deferred tax assets are reduced by a statutory valuation allowance adjustment if, based on the weight of available evidence, it is more likely than not that some portion or all of the gross deferred tax assets will not be realized.

Invested assets are valued according to statutory requirements and the bases of valuation adopted by the NAIC.

Short-term investments are stated at amortized cost and consist of investments with remaining maturities of one year or less at the time of acquisition, excluding those investments classified as cash equivalents.

Bonds generally are stated at amortized cost, except bonds that are defined by the NAIC as non-investment grade (NAIC Class 3-6) which are stated at the lower of amortized cost or fair value. Amortization is calculated using the constant yield method.

Common stocks of non-affiliates are stated at fair value based on fair values received from the Securities Valuation Office (SVO) or by a third party organization.

NAIC Class 1 and 2 redeemable preferred stocks generally are stated at amortized cost, whereas NAIC Class 3-6 redeemable preferred stocks are stated at the lower of cost, amortized cost, or fair value. NAIC Class 1 and 2 non-redeemable preferred stocks generally are stated at fair value, while NAIC Class 3-6 non-redeemable preferred stocks are stated at the lower of cost or NAIC fair value.

Real estate is stated at depreciated cost, net of encumbrances and specific impairments.

For a discussion of the valuation basis and adjustment methodology for loan-backed securities, see Note 5D.

Common stock investments in subsidiaries are based on the net worth of the entity, determined in accordance with statutory accounting valuation methods. Dividends received from subsidiaries are recorded as net investment income and undistributed net income is recorded as net unrealized capital gains or (losses).

The Company also exercises 100% control over The Travelers Lloyds Insurance Company, an unincorporated association, reported on Schedule BA based on the underlying statutory equity of its financial statements.

The Company's investments in partnerships, joint ventures and limited liability companies are reported using the equity method of accounting, determined in accordance with statutory accounting valuation methods. Distributions of accumulated earnings received from these investments are recorded as net investment income earned and undistributed net income is recorded as net unrealized capital gains or (losses).

The Company has investments in limited partnerships that generate certain federal and state tax credits which are used to offset federal taxes and state premium taxes. These investments are amortized as the tax credits are utilized. See Note 5K for additional detail.

The Company utilizes anticipated investment income as a factor in the premium deficiency calculation.

Property-casualty reserves are established for loss and LAE and represent management's estimate of the ultimate cost of all unpaid reported and unreported claims incurred and related expenses. In establishing loss and LAE reserves, the Company also takes into account estimated recoveries, reinsurance, salvage and subrogation. The loss and LAE reserves are reviewed regularly by qualified actuaries employed by the Company. The Company continually refines its loss and LAE reserve estimates in a regular ongoing process as historical loss experience develops and additional claims are reported and settled. Because establishment of loss and LAE reserves

# NOTES TO FINANCIAL STATEMENTS

is an inherently uncertain process involving estimates, currently established reserves may change. The Company reflects adjustments to loss and LAE reserves in the period in which the estimates change. Such changes in estimates could occur in a future period and may be material to the Company's net income in such period. For a discussion of loss and LAE reserving methodology related to asbestos and environmental reserves, see Note 33.

The Company has not modified its accounting policy regarding the capitalization of fixed assets from the prior period.

D. Going Concern:

Not applicable.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

The Company had no material changes in accounting principles or material corrections of errors during 2018.

3. BUSINESS COMBINATIONS AND GOODWILL

A. Statutory Purchase Method:

Not applicable.

B. Statutory Merger:

On January 1, 2018, the Company's subsidiary, The Premier Insurance Company of Massachusetts (Premier), a Connecticut domiciled insurance entity was merged with and into the Company. In accordance with SSAP No. 68, *Business Combinations and Goodwill,* the statutory merger method was utilized in merging the two entities, of which the Company was the surviving entity. The Company canceled and retired all of the issued and outstanding common stock of Premier.

Details of the results of operations for the previously separate entities for the year ending December 31, 2017 were as follows:

| | The Company | Premier |
|---|---|---|
| Net underwriting gain (loss) | $ 31,930,575 | $ (1,033,105) |
| Net investment gain | 866,416,073 | 7,626,747 |
| Other income | 49,753,966 | (28,332) |
| Net income before dividends to policyholders, after capital gains tax and before federal and foreign income taxes | 948,100,614 | 6,565,310 |
| Dividends to policyholders | 10,568,835 | — |
| Federal and foreign income taxes incurred | (12,802,009) | 484,197 |
| Net income | $ 950,333,788 | $ 6,081,113 |

No adjustments were made to the Company's policyholders' surplus as a result of the merger.

C. Impairment Loss:

Not applicable.

4. DISCONTINUED OPERATIONS

Not applicable.

5. INVESTMENTS

A. Mortgage Loans, including Mezzanine Real Estate Loans:

Not applicable.

B. Debt Restructuring:

Not applicable.

C. Reverse Mortgages:

Not applicable.

D. Loan-Backed Securities:

1. The Company applies the retrospective method of revaluing loan-backed securities. The Company's loan-backed securities are revalued quarterly using the constant effective yield method which includes an adjustment for estimated principal prepayments, if any. The effective yield used to determine amortization for these securities is recalculated and adjusted periodically based upon actual historical and/or projected future cash flows. The Company changes from the retrospective to prospective method for valuing the securities when an other-than-temporary impairment has been recorded.

   For collateralized mortgage obligations, asset-backed securities and pass-through certificates prepayment assumptions are adjusted periodically.

   When unit prices published by the SVO are not available, the Company uses a nationally recognized pricing service, as well as broker quotes in determining the fair value of its loan-backed securities.

# NOTES TO FINANCIAL STATEMENTS

2. The following table provides aggregated information on structured securities classified on the basis used for the recognized 2018 other-than-temporary impairments:

| | Amortized cost basis before other-than-temporary impairment | Other-than-temporary impairment recognized in loss | Fair value |
|---|---|---|---|
| OTTI recognized in the quarter ending March 31, 2018 | | | |
| Present value of cash flows is less than amortized cost | $ 4,326 | $ 735 | $ 4,317 |
| OTTI recognized in the quarter ending June 30, 2018 | | | |
| Present value of cash flows is less than amortized cost | $ 270,219 | $ 18,061 | $ 227,484 |
| OTTI recognized in the quarter ending September 30, 2018 | | | |
| Present value of cash flows is less than amortized cost | $ — | $ — | $ — |
| OTTI recognized in the quarter ending December 31, 2018 | | | |
| Present value of cash flows is less than amortized cost | $ — | $ — | $ — |
| Annual Aggregate Total | | $ 18,796 | |

3. Loan-backed and structured securities with other-than-temporary impairments recognized in 2018 are as follows:

| CUSIP | Amortized cost basis before other-than-temporary impairment | Present value of projected cash flows | Other-than-temporary impairment recognized in loss | Amortized cost basis after other-than-temporary impairment | Fair Value | Impairment Quarter |
|---|---|---|---|---|---|---|
| 939336UE1 | $ 4,326 | $ 3,591 | $ 735 | $ 3,591 | $ 4,317 | Q1 - 2018 |
| 12669EEJ1 | 270,219 | 252,158 | 18,061 | 252,158 | 227,484 | Q2 - 2018 |
| Total: | | | $ 18,796 | | | |

4. The gross unrealized investment losses and related fair value for impaired securities for which an other-than-temporary impairment has not been recognized as a realized loss were as follows:

   a. The aggregate amount of unrealized losses:

      1. Less than 12 Months $ 11,514,280
      2. 12 Months or Longer $ 22,706,650

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

      1. Less than 12 Months $ 734,625,831
      2. 12 Months or Longer $ 722,173,402

5. The Company determines an other-than-temporary impairment by utilizing discounted cash flow modeling to determine the present value of the security and comparing the present value with the amortized cost of the security. If the amortized cost is greater than the present value of the expected cash flows, the difference is considered a credit loss and recognized in net realized capital gains (losses). The Company estimates the present value of the security by projecting future cash flows of the assets underlying the securitization, allocating the flows to the various tranches based on the structure of the securitization, and determining the present value of the cash flows using the effective yield of the security at the date of acquisition (or the most recent implied rate used to accrete the security if the implied rate has changed as a result of changes in expected cash flows). The Company incorporates levels of delinquencies, defaults and severities as well as credit attributes of the remaining assets in the securitization, along with other economic data, to arrive at its best estimate of the parameters applied to the assets underlying the securitization.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions:

1. The Company requires collateral equal to at least 102% of the market value of the loaned security plus accrued interest. The Company accepts only cash as collateral for securities on loan and restricts the manner in which that cash is invested to U.S. Treasury securities and U.S. Treasury repurchase agreements.

2. Not applicable.

3. Not applicable.

4. Not applicable.

5. Collateral Reinvestment

   Aggregate Cash Collateral Reinvested

| Securities Lending | Amortized Cost | Fair Value |
|---|---|---|
| 30 Days or Less | $ 32,388,007 | $ 32,388,007 |

6. Not applicable.

# *NOTES TO FINANCIAL STATEMENTS*

7. Not applicable.

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing:

Not applicable.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing:

Not applicable.

H. Repurchase Agreements Transactions Accounted for as a Sale:

Not applicable.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale:

Not applicable.

J. Real Estate:

Not applicable.

K. Low-Income Housing Tax Credits (LIHTC):

The Company has investments in certain federal and state sponsored LIHTC properties. The federally sponsored LIHTC property investments primarily generate federal tax credits which allow the Company to offset federal taxes and are projected to be available through 2029. The state sponsored LIHTC property investments primarily generate premium tax credits which allow the Company to offset premium taxes in Georgia and are projected to be available through 2028. At December 31, 2018, the Company had unfunded commitments of $8,498,441 related to LIHTC investments.

During the years ended December 31, 2018 and 2017, $6,708,078 and $6,114,539, respectively, of tax benefits related to LIHTC were recognized. The balance of the investments in LIHTC at December 31, 2018 and 2017 was $40,867,036 and $38,997,504, respectively.

Management of the Company is not aware of any of the LIHTC investments and related properties being the subject of any state regulatory reviews.

Current LIHTC investments do not exceed 10% of the Company's total net admitted assets.

L. Restricted Assets:

1. Restricted Assets (Including Pledged)

| Restricted Asset Category | Gross (Admitted & Nonadmitted) Restricted | | | | | | | Current Year | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current Year | | | | | 6 | 7 | 8 | 9 | Percentage | |
| | 1<br>Total General Account (G/A) | 2<br>G/A Supporting Protected Cell Account Activity (a) | 3<br>Total Protected Cell Account Restricted Assets | 4<br>Protected Cell Account Assets Supporting G/A Activity (b) | 5<br>Total (1 plus 3) | Total From Prior Year | Increase / (Decrease) (5 minus 6) | Total Nonadmitted Restricted | Total Admitted Restricted (5 minus 8) | 10<br>Gross (Admitted & Nonadmitted) Restricted to Total Assets (c) | 11<br>Admitted Restricted to Total Admitted Assets (d) |
| a. Subject to contractual obligation for which liability is not shown | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — | —% | —% |
| b. Collateral held under security lending agreements | 32,388,007 | — | — | — | 32,388,007 | 46,564,397 | (14,176,390) | — | 32,388,007 | 0.1% | 0.1% |
| c. Subject to repurchase agreements | — | — | — | — | — | — | — | — | — | —% | —% |
| d. Subject to reverse repurchase agreements | — | — | — | — | — | — | — | — | — | —% | —% |
| e. Subject to dollar repurchase agreements | — | — | — | — | — | — | — | — | — | —% | —% |
| f. Subject to dollar reverse repurchase agreements | — | — | — | — | — | — | — | — | — | —% | —% |
| g. Placed under option contracts | — | — | — | — | — | — | — | — | — | —% | —% |
| h. Letter stock or securities restricted as to sale - excluding FHLB capital stock | — | — | — | — | — | — | — | — | — | —% | —% |
| i. FHLB capital stock | — | — | — | — | — | — | — | — | — | —% | —% |
| j. On deposit with states | 1,217,042,960 | — | — | — | 1,217,042,960 | 1,233,578,578 | (16,535,618) | — | 1,217,042,960 | 5.3% | 5.6% |
| k. On deposit with other regulatory bodies | 37,095,990 | — | — | — | 37,095,990 | 36,860,859 | 235,131 | — | 37,095,990 | 0.2% | 0.2% |
| l. Pledged as collateral to FHLB (including assets backing funding agreements) | — | — | — | — | — | — | — | — | — | —% | —% |
| m. Pledged as collateral not captured in other categories | 15,147,264 | — | — | — | 15,147,264 | 15,291,237 | (143,973) | — | 15,147,264 | 0.1% | 0.1% |
| n. Other restricted assets | — | — | — | — | — | — | — | — | — | —% | —% |
| o. Total Restricted Assets | $ 1,301,674,221 | $ — | $ — | $ — | $ 1,301,674,221 | $ 1,332,295,071 | $ (30,620,850) | $ — | $ 1,301,674,221 | 5.7% | 6.0% |

(a) Subset of Column 1
(b) Subset of Column 3
(c) Column 5 divided by Asset Page, Column 1, Line 28
(d) Column 9 divided by Asset Page, Column 3, Line 28

# *NOTES TO FINANCIAL STATEMENTS*

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

| | Gross (Admitted & Nonadmitted) Restricted | | | | | | | 8 | Percentage | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Current Year | | | | | 6 | 7 | | 9 | 10 |
| | 1 | 2 | 3 | 4 | 5 | | | | | |
| Description of Assets | Total General Account (G/A) | G/A Supporting Protected Cell Account Activity (a) | Total Protected Cell Account Restricted Assets | Protected Cell Account Assets Supporting G/A Activity (b) | Total (1 plus 3) | Total From Prior Year | Increase / (Decrease) (5 minus 6) | Total Current Year Admitted Restricted | Gross (Admitted & Nonadmitted) Restricted to Total Assets | Admitted Restricted to Total Admitted Assets |
| Bonds - Reinsurance | $ 15,147,264 | $ — | $ — | $ — | $ 15,147,264 | $ 15,291,237 | $ (143,973) | $ 15,147,264 | 0.1% | 0.1% |
| Total (c) | $ 15,147,264 | $ — | $ — | $ — | $ 15,147,264 | $ 15,291,237 | $ (143,973) | $ 15,147,264 | 0.1% | 0.1% |

(a) Subset of Column 1

(b) Subset of Column 3

(c) Total line for columns 1 through 7 should equal 5L(1)m columns 1 through 7 respectively and total line for columns 8 through 10 should equal 5L(1)m columns 9 through 11 respectively

3. Not applicable.

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

| Collateral Assets | 1 Book/Adjusted Carrying Value (BACV) | 2 Fair Value | 3 % of BACV to Total Assets (Admitted and Nonadmitted) * | 4 % of BACV to Total Admitted Assets ** |
|---|---|---|---|---|
| a. Cash, Cash Equivalents, and Short-Term Investments | $ 32,388,007 | $ 32,388,007 | 0.1% | 0.1% |
| b. Schedule D, Part 1 | — | — | —% | —% |
| c. Schedule D, Part 2, Section 1 | — | — | —% | —% |
| d. Schedule D, Part 2, Section 2 | — | — | —% | —% |
| e. Schedule B | — | — | —% | —% |
| f. Schedule A | — | — | —% | —% |
| g. Schedule BA, Part 1 | — | — | —% | —% |
| h. Schedule DL, Part 1 | — | — | —% | —% |
| i. Other | — | — | —% | —% |
| j. Total Collateral Assets | $ 32,388,007 | $ 32,388,007 | 0.1% | 0.1% |

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

** Column 1 divided by Asset Page, Line 26 (Column 3)

| | 1 Amount | 2 % of Liability to Total Liabilities * |
|---|---|---|
| k. Recognized Obligation to Return Collateral Asset | $ 32,388,007 | 0.2% |

* Column 1 divided by Liability Page, Line 26 (Column 1)

M. Working Capital Finance Investments:

Not applicable.

N. Offsetting and Netting of Assets and Liabilities:

Not applicable.

O. Structured Notes:

Not applicable.

P. 5GI Securities:

| Investment | Number of 5GI Securities | | Aggregate BACV | | Aggregate Fair Value | |
|---|---|---|---|---|---|---|
| | Current Year | Prior Year | Current Year | Prior Year | Current Year | Prior Year |
| (1) Bonds - AC | 1 | — | $ 7,181,762 | $ — | $ 7,536,890 | $ — |
| (2) Bonds - FV | 4 | — | 22,357,460 | — | 22,357,460 | — |
| (3) LB&SS - AC | — | — | — | — | — | — |
| (4) LB&SS - FV | — | — | — | — | — | — |
| (5) Preferred Stock - AC | — | — | — | — | — | — |
| (6) Preferred Stock - FV | — | — | — | — | — | — |
| (7) Total | 5 | — | $ 29,539,222 | $ — | $ 29,894,350 | $ — |

AC - Amortized Cost FV - Fair Value

# NOTES TO FINANCIAL STATEMENTS

Q. Short Sales:

Not applicable.

R. Prepayment Penalty and Acceleration Fees:

| | | General Account | Protected Cell |
|---|---|---|---|
| 1. | Number of CUSIPs | 63 | — |
| 2. | Aggregate Amount of Investment Income | $ 4,134,177 | $ — |

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

A. Not applicable.

B. Joint ventures, partnerships, and limited liability companies are recorded on a lag basis with changes in the Company's proportional share of equity recorded as an unrealized gain (loss), subject to testing for possible impairment. As part of the impairment testing process, the Company evaluates those assets for other-than-temporary impairments using financial information that is received from the respective joint venture, partnership, or limited liability company. The Company concluded that some of the aforementioned assets, as a result of deteriorating economic conditions, had other-than-temporary impairments and recorded a realized loss of $58,867 with an offsetting entry to change in net unrealized capital gains or (losses). There was no impact to policyholders' surplus as the change in net unrealized capital gains or (losses) was offset by the realized loss of the same amount.

7. INVESTMENT INCOME

A. Policyholders' surplus excludes due and accrued investment income if amounts are over 90 days past due.

B. At December 31, 2018, the Company had no accrued investment income over 90 days past due.

8. DERIVATIVE INSTRUMENTS

Not applicable.

9. INCOME TAXES

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

| | | December 31, 2018 | | |
|---|---|---|---|---|
| | | Ordinary | Capital | Total |
| 1. a. | Gross deferred tax assets | $ 505,681,075 | $ 46,410,100 | $ 552,091,175 |
| b. | Statutory valuation allowance adjustment | — | — | — |
| c. | Adjusted gross deferred tax assets | 505,681,075 | 46,410,100 | 552,091,175 |
| d. | Deferred tax assets nonadmitted | 18,583,851 | 22,986,904 | 41,570,755 |
| e. | Subtotal net admitted deferred tax assets | 487,097,224 | 23,423,196 | 510,520,420 |
| f. | Deferred tax liabilities | 195,255,185 | 21,339,667 | 216,594,852 |
| g. | Net admitted deferred tax asset/(liability) | $ 291,842,039 | $ 2,083,529 | $ 293,925,568 |

| | | December 31, 2017 | | |
|---|---|---|---|---|
| | | Ordinary | Capital | Total |
| a. | Gross deferred tax assets | $ 537,510,215 | $ 43,586,918 | $ 581,097,133 |
| b. | Statutory valuation allowance adjustment | — | — | — |
| c. | Adjusted gross deferred tax assets | 537,510,215 | 43,586,918 | 581,097,133 |
| d. | Deferred tax assets nonadmitted | — | 25,876,699 | 25,876,699 |
| e. | Subtotal net admitted deferred tax assets | 537,510,215 | 17,710,219 | 555,220,434 |
| f. | Deferred tax liabilities | 272,665,266 | 16,764,637 | 289,429,903 |
| g. | Net admitted deferred tax asset/(liability) | $ 264,844,949 | $ 945,582 | $ 265,790,531 |

| | | Change | | |
|---|---|---|---|---|
| | | Ordinary | Capital | Total |
| a. | Gross deferred tax assets | $ (31,829,140) | $ 2,823,182 | $ (29,005,958) |
| b. | Statutory valuation allowance adjustment | — | — | — |
| c. | Adjusted gross deferred tax assets | (31,829,140) | 2,823,182 | (29,005,958) |
| d. | Deferred tax assets nonadmitted | 18,583,851 | (2,889,795) | 15,694,056 |
| e. | Subtotal net admitted deferred tax assets | (50,412,991) | 5,712,977 | (44,700,014) |
| f. | Deferred tax liabilities | (77,410,081) | 4,575,030 | (72,835,051) |
| g. | Net admitted deferred tax asset/(liability) | $ 26,997,090 | $ 1,137,947 | $ 28,135,037 |

# NOTES TO FINANCIAL STATEMENTS

2. Admission Calculation Components SSAP No. 101:

| | December 31, 2018 | | |
|---|---|---|---|
| | Ordinary | Capital | Total |
| a. Federal income taxes paid in prior years recoverable through loss carrybacks. | $ 177,651,107 | $ 2,083,529 | $ 179,734,636 |
| b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (the lesser of 2(b)1 and 2(b)2 below) | 114,190,932 | — | 114,190,932 |
| 1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date. | 114,190,932 | — | 114,190,932 |
| 2. Adjusted gross deferred tax assets allowed per limitation threshold. | xxxx | xxxx | 939,738,973 |
| c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities. | 195,255,185 | 21,339,667 | 216,594,852 |
| d. Deferred tax assets admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c)) | 487,097,224 | 23,423,196 | 510,520,420 |
| Deferred tax liabilities netted against deferred tax assets | 195,255,185 | 21,339,667 | 216,594,852 |
| Total | $ 291,842,039 | $ 2,083,529 | $ 293,925,568 |

| | December 31, 2017 | | |
|---|---|---|---|
| | Ordinary | Capital | Total |
| a. Federal income taxes paid in prior years recoverable through loss carrybacks. | $ 179,930,334 | $ 945,582 | $ 180,875,916 |
| b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (the lesser of 2(b)1 and 2(b)2 below) | 113,900,434 | — | 113,900,434 |
| 1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date. | 113,900,434 | — | 113,900,434 |
| 2. Adjusted gross deferred tax assets allowed per limitation threshold. | xxxx | xxxx | 975,316,745 |
| c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities. | 243,679,447 | 16,764,637 | 260,444,084 |
| d. Deferred tax assets admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c)) | 537,510,215 | 17,710,219 | 555,220,434 |
| Deferred tax liabilities netted against deferred tax assets | 272,665,266 | 16,764,637 | 289,429,903 |
| Total | $ 264,844,949 | $ 945,582 | $ 265,790,531 |

| | Change | | |
|---|---|---|---|
| | Ordinary | Capital | Total |
| a. Federal income taxes paid in prior years recoverable through loss carrybacks. | $ (2,279,227) | $ 1,137,947 | $ (1,141,280) |
| b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (the lesser of 2(b)1 and 2(b)2 below) | 290,498 | — | 290,498 |
| 1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date. | 290,498 | — | 290,498 |
| 2. Adjusted gross deferred tax assets allowed per limitation threshold. | xxxx | xxxx | (35,577,772) |

# NOTES TO FINANCIAL STATEMENTS

| | | | |
|---|---|---|---|
| c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities. | (48,424,262) | 4,575,030 | (43,849,232) |
| d. Deferred tax assets admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c)) | (50,412,991) | 5,712,977 | (44,700,014) |
| Deferred tax liabilities netted against deferred tax assets | (77,410,081) | 4,575,030 | (72,835,051) |
| Total | $ 26,997,090 | $ 1,137,947 | $ 28,135,037 |

| | 2018 | 2017 |
|---|---|---|
| 3. a. Ratio percentage used to determine recovery period and threshold limitation amount. | 479% | 504% |
| b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above. | $ 6,264,926,489 | $ 6,502,111,631 |

4. Impact of Tax-Planning Strategies:

December 31, 2018

| | Ordinary | Capital |
|---|---|---|
| a. Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character, as a percentage. | | |
| 1. Adjusted gross deferred tax assets amounts from Note 9A1(c). | $ 505,681,075 | $ 46,410,100 |
| 2. Percentage of adjusted gross deferred tax assets by tax character attributable to the impact of tax-planning strategies. | —% | —% |
| 3. Net admitted adjusted gross deferred tax assets amounts from Note 9A1(e). | $ 487,097,224 | $ 23,423,196 |
| 4. Percentage of net admitted adjusted gross deferred tax assets by tax character attributable to the impact of tax-planning strategies. | —% | —% |

December 31, 2017

| | Ordinary | Capital |
|---|---|---|
| a. Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character, as a percentage. | | |
| 1. Adjusted gross deferred tax assets amounts from Note 9A1(c). | $ 537,510,215 | $ 43,586,918 |
| 2. Percentage of adjusted gross deferred tax assets by tax character attributable to the impact of tax-planning strategies. | —% | —% |
| 3. Net admitted adjusted gross deferred tax assets amounts from Note 9A1(e). | $ 537,510,215 | $ 17,710,219 |
| 4. Percentage of net admitted adjusted gross deferred tax assets by tax character attributable to the impact of tax-planning strategies. | —% | —% |

Change

| | Ordinary | Capital |
|---|---|---|
| a. Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character, as a percentage. | | |
| 1. Adjusted gross deferred tax assets amounts from Note 9A1(c). | $ (31,829,140) | $ 2,823,182 |
| 2. Percentage of adjusted gross deferred tax assets by tax character attributable to the impact of tax-planning strategies. | —% | —% |
| 3. Net admitted adjusted gross deferred tax assets amounts from Note 9A1(e). | $ (50,412,991) | $ 5,712,977 |
| 4. Percentage of net admitted adjusted gross deferred tax assets by tax character attributable to the impact of tax-planning strategies. | —% | —% |

# NOTES TO FINANCIAL STATEMENTS

b. Does the Company's tax-planning strategies include the use of reinsurance? Yes ____ No X

B. Deferred tax liabilities not recognized for the following amounts:

Not applicable.

C. The provisions for incurred tax on earnings are as follows:

| | December 31, 2018 | December 31, 2017 | Change |
|---|---|---|---|
| 1. Current Income Tax: | | | |
| Federal | $ 141,352,929 | $ (12,322,621) | $ 153,675,550 |
| Foreign | (5,829) | 4,808 | (10,637) |
| Subtotal | 141,347,100 | (12,317,813) | 153,664,913 |
| Federal income taxes on net capital gains | 19,709,479 | 1,476,428 | 18,233,051 |
| Federal and foreign income taxes incurred | $ 161,056,579 | $ (10,841,385) | $ 171,897,964 |

2. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets are as follows:

| | December 31, 2018 | December 31, 2017 | Change |
|---|---|---|---|
| Ordinary: | | | |
| Discounting of unpaid losses | $ 125,288,462 | $ 209,365,593 | $ (84,077,131) |
| Unearned premium reserve | 109,857,414 | 104,369,992 | 5,487,422 |
| Fixed assets | 14,051,287 | 29,797,177 | (15,745,890) |
| Compensation and benefits accrual | 172,277,377 | 117,018,359 | 55,259,018 |
| Nonadmitted assets | 55,515,173 | 55,574,657 | (59,484) |
| Other | 28,691,362 | 21,384,437 | 7,306,925 |
| Total ordinary deferred tax assets | $ 505,681,075 | $ 537,510,215 | $ (31,829,140) |
| Statutory valuation allowance adjustment | — | — | — |
| Nonadmitted deferred tax assets | 18,583,851 | — | 18,583,851 |
| Admitted ordinary deferred tax assets | $ 487,097,224 | $ 537,510,215 | $ (50,412,991) |
| Capital: | | | |
| Investments | $ 46,410,100 | $ 43,586,918 | $ 2,823,182 |
| Total capital deferred tax assets | $ 46,410,100 | $ 43,586,918 | $ 2,823,182 |
| Statutory valuation allowance adjustment | — | — | — |
| Nonadmitted deferred tax assets | 22,986,904 | 25,876,699 | (2,889,795) |
| Admitted capital deferred tax assets | $ 23,423,196 | $ 17,710,219 | $ 5,712,977 |
| Total admitted deferred tax assets | $ 510,520,420 | $ 555,220,434 | $ (44,700,014) |

3. The tax effects of temporary differences that give rise to significant portions of the deferred tax liabilities are as follows:

| | December 31, 2018 | December 31, 2017 | Change |
|---|---|---|---|
| Ordinary: | | | |
| Investments | $ 88,815,806 | $ 78,798,772 | $ 10,017,034 |
| Loss and LAE reserve discounting (transition rule) | 35,544,467 | 127,009,903 | (91,465,436) |
| Compensation and benefits accrual | 67,165,760 | 63,586,062 | 3,579,698 |
| Other | 3,729,152 | 3,270,529 | 458,623 |
| Total ordinary deferred tax liabilities | $ 195,255,185 | $ 272,665,266 | $ (77,410,081) |
| Capital: | | | |
| Investments | $ 21,339,667 | $ 16,764,637 | $ 4,575,030 |
| Total capital deferred tax liabilities | $ 21,339,667 | $ 16,764,637 | $ 4,575,030 |
| Total deferred tax liabilities | $ 216,594,852 | $ 289,429,903 | $ (72,835,051) |
| 4. Net admitted deferred tax asset/(liability) | $ 293,925,568 | $ 265,790,531 | $ 28,135,037 |

5. Deferred income taxes do not include any benefit from investment tax credits.

# NOTES TO FINANCIAL STATEMENTS

6. Deferred income taxes do not include a benefit from net operating losses.

7. During the fourth quarter of 2017, the Company recorded provisional amounts for the tax imposed on accumulated foreign earnings and partnership investments, as well as the amount due under the transition rule relating to the change in discounting of incurred losses, based on information available at December 31, 2017. In 2018, the Company made minor adjustments to the provisional amounts for taxes related to accumulated foreign earnings based upon final earnings from its foreign operations and the proposed regulations issued by the U.S. Treasury. These minor adjustments were consistent with final regulations issued by the U.S. Treasury in January 2019. The Company also made minor adjustments to the provisional amount for taxes related to partnership investments based upon the latest available information associated with those investments (Form K-1's) that were received in 2018.

   In November 2018, the U.S. Treasury issued proposed regulations which would establish the interest rate and discounting methodology to be used in determining the tax discount on loss and loss adjustment reserves under the Tax Cuts and Jobs Act of 2017. The proposed regulations significantly reduce the gross deferred tax assets and liabilities related to the transition rule for discounting of reserves and reduced the estimated additional tax payments associated with the transition rule over the eight years beginning in 2018 as discussed above.

   The Company estimated the amounts payable related to the transition rules for discounting of loss reserves using the regulations proposed by the U.S. Treasury during 2018. These amounts are subject to change once the final regulations are issued, which is expected to occur in 2019.

8. There are no adjustments to gross deferred tax assets because of a change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset.

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

| | December 31, 2018 | December 31, 2017 | Change |
|---|---|---|---|
| Total deferred tax assets | $ 552,091,175 | $ 581,097,133 | $ (29,005,958) |
| Total deferred tax liabilities | 216,594,852 | 289,429,903 | (72,835,051) |
| Net deferred tax asset/(liability) | $ 335,496,323 | $ 291,667,230 | 43,829,093 |
| Tax effect of unrealized gains (losses) | | | 2,217,178 |
| Change in net deferred income tax | | | $ 46,046,271 |

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

Rate Reconciliation:

| | December 31, 2018 |
|---|---|
| Pretax net income (loss) | $ 946,558,356 |
| Taxes at statutory rate | 198,777,255 |
| Increase (decrease) attributable to: | |
| Nontaxable investment income | (98,008,712) |
| Other | 14,241,765 |
| | $ 115,010,308 |
| Federal and foreign taxes incurred | $ 161,056,579 |
| Change in net deferred taxes | (46,046,271) |
| Total statutory income tax | $ 115,010,308 |
| Effective tax rate | 12.2% |

E. 1. The Company has no net operating loss carry-forward available for tax purposes.

2. Current and prior year federal income taxes available for recoupment in the event of future net losses are as follows:

| | |
|---|---|
| 2018 Total | $ 167,365,580 |
| 2017 Total | 22,746,451 |
| 2016 Capital Gains | 13,100,823 |

3. The Company has no protective tax deposits with the Internal Revenue Service (IRS) under Section 6603 of the IRS Code.

F. 1. The Company is included in a consolidated federal income tax return with its ultimate parent company, The Travelers Companies, Inc. (TRV). A list of the entities included with the Company in a consolidated federal income tax return filing is attached.

2. The Company is a party to a tax allocation agreement that sets forth the manner in which total consolidated federal income tax is allocated among companies included in the consolidated return. Member companies included in the TRV consolidated return are allocated taxes annually based upon their separate taxable income. Companies with a current federal income tax receivable from TRV will receive settlement to the extent that such receivables are for tax benefits that have been utilized in the consolidated federal income tax return. Member companies are reimbursed by TRV in the event the IRS levies upon a member's assets for unpaid taxes in excess of the amount specifically allocated to a member.

   In the event that the consolidated group develops an Alternative Minimum Tax (AMT), each company with an AMT on a separate company basis will be allocated a portion of the consolidated AMT. Settlement of the AMT will be made in the same manner and timing as the regular federal income tax. For 2017, the consolidated group is not in an AMT position. For 2018 and forward, the Tax Cuts and Jobs Act of 2017 repealed the AMT.

# NOTES TO FINANCIAL STATEMENTS

G. The Company does not believe it is reasonably possible that the liability related to any federal or foreign tax loss contingencies may significantly increase within the next 12 months.

H. Repatriation Transition Tax (RTT):

The estimated RTT owed under the Tax Cuts and Jobs Act of 2017 is $372,335. The estimated RTT has been fully remitted to the IRS. There are no future payments due.

I. The Company does not have an AMT credit.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES

A-C. Schedule Y - Part 2 summarizes the net flow of funds among affiliates for various types of transactions between affiliates. Regulatory prior approval and/or prior notification has been provided for any transaction requiring such action.

The following are general business arrangements that result in or are used for transactions with affiliates in the normal course of business:

(1) The principal banking functions for the property-casualty operations of TRV and some or all of its affiliated property-casualty insurance companies are handled by the Company. Settlements between the companies are made at least monthly.

(2) TRV maintains a private short-term investment pool, known as the Travelers Money Market Liquidity Pool (TRVMMLP), in which affiliated companies may participate. The TRVMMLP is managed by the Company. Each company may convert its position in the TRVMMLP into cash at any time and may also use its position in the TRVMMLP to settle transactions with other affiliated participants in the TRVMMLP. The position of each company in the TRVMMLP is calculated and adjusted daily. Each participating insurance company carries its share of the TRVMMLP as a short-term investment in Schedule DA. At December 31, 2018 and 2017, the TRVMMLP totaled $4.14 billion and $5.20 billion, respectively.

D. (1) At December 31, 2018 and 2017, the Company had $41,504,600 receivable from and $8,299,421 payable to affiliates, respectively. Substantially all of the accounts between and among the Company and its affiliates are settled at least monthly through the TRVMMLP or in cash.

(2) The Company participates in an intercompany reinsurance pooling agreement as described in Note 26. The following represents the unsettled balances resulting from affiliated reinsurance that are reported in the respective balance sheet accounts:

| | December 31, 2018 | December 31, 2017 |
|---|---|---|
| Uncollected premiums and agents' balances in course of collection | $ 82,219,705 | $ 15,184,675 |
| Amounts recoverable from reinsurers | 1,125,427,319 | 1,065,835,721 |
| Reinsurance payable on paid losses and LAE | 1,366,878,786 | 1,256,389,605 |

These balances were settled net through the intercompany settlement process during January 2019 and January 2018, respectively.

E. The Company has not provided any guarantees for the benefit of an affiliate which would result in a material contingent exposure for the Company or any affiliated insurer's assets or liabilities.

F. Material management or service contracts and cost sharing arrangements, involving the Company or any affiliate, other than cost allocation arrangements, are as follows:

| Type of Contract and Description | Servicing Company | Other Party |
|---|---|---|
| Amended and Restated Service Expense Reimbursement | The Travelers Companies, Inc. | The Travelers Indemnity Company |
| Amended and Restated Expense Allocation | The Travelers Indemnity Company | Travelers P&C[1] |
| Reinsurance Allocation | The Travelers Indemnity Company | Travelers P&C[1] |
| Corporate Services | The Travelers Indemnity Company | First Floridian Auto and Home Insurance Company |
| Service Agreement | The Travelers Indemnity Company | 8527512 Canada Inc. |
| Amended and Restated Service and Reimbursement Agreement | The Travelers Indemnity Company | The Dominion of Canada General Insurance Company |
| Service Agreement | The Travelers Indemnity Company | Travelers Management Limited |
| Investment Management Services Agreement | The Travelers Indemnity Company | Travelers Casualty and Surety Company of Europe Limited |
| Investment Management Services Agreement | The Travelers Indemnity Company | Travelers Syndicate Management Limited |
| Investment Management Services Agreement | The Travelers Indemnity Company | Travelers Insurance Company Limited |
| Amended and Restated Service and Reimbursement Agreement | The Travelers Indemnity Company | Travelers Insurance Company of Canada |
| Claims Handling Agreement | The Travelers Indemnity Company | Travelers Syndicate Management Limited |
| Payment Agreement | The Travelers Indemnity Company | Travelers Management Limited |
| Research and Development Service Agreement | The Travelers Indemnity Company | Travelers Management Limited |

[1] "Travelers P&C" includes The Travelers Indemnity Company and some or all of its insurance subsidiaries and affiliates.

# NOTES TO FINANCIAL STATEMENTS

G. All of the issued and outstanding common stock of the Company is owned by Travelers Insurance Group Holdings Inc. (TIGHI), an indirect subsidiary of TRV, a publicly traded insurance holding company, the organization of which is shown in Schedule Y - Part 1.

H. Not applicable.

I. Not applicable.

J. Not applicable.

K. Not applicable.

L. 1. The Company directly owns Jupiter Holdings, Inc. (Jupiter), a downstream noninsurance holding company. Jupiter directly owns American Equity Insurance Company (AEQ), an Arizona domiciled insurer, and Northland Insurance Company (NLI), a Connecticut domiciled insurer. AEQ directly owns American Equity Specialty Insurance Company, a Connecticut domiciled insurer. NLI directly owns Northfield Insurance Company, an Iowa domiciled insurer, and Northland Casualty Company, a Connecticut domiciled insurer.

2. The carrying value of the Company's investment in Jupiter was $629,940,285 at December 31, 2018.

3. The Company has not obtained an audit of Jupiter's financial statements.

4. The Company has limited the carrying value of its investment in Jupiter to the value contained in the statutory audited financial statements of AEQ and NLI, including any adjustments required by SSAP No. 97, *Investments in Subsidiary, Controlled and Affiliated Entities*.

5. Jupiter does not have any material assets other than the ownership of its insurance subsidiaries. Jupiter does not have any material direct liabilities, commitments, contingencies, guarantees or obligations that are required to be reported.

M. The tables below provide information on subsidiary, controlled and affiliated (SCA) investments, excluding investments in U.S. insurance SCA entities.

1. Balance sheet value (admitted and nonadmitted) all SCAs (except 8bi entities):

| SCA Entity | Percentage of SCA Ownership | 12/31/2018 Gross Amount | 12/31/2018 Admitted Amount | 12/31/2018 Nonadmitted Amount |
|---|---|---|---|---|
| a. SSAP No. 97 8a Entities | | | | |
| Total SSAP No. 97 8a Entities | XXX | $ — | $ — | $ — |
| b. SSAP No. 97 8b(ii) Entities | | | | |
| Travelers Distribution Alliance, Inc. | 100.00% | $ 520,401 | $ — | $ 520,401 |
| Total SSAP No. 97 8b(ii) Entities | XXX | $ 520,401 | $ — | $ 520,401 |
| c. SSAP No. 97 8b(iii) Entities | | | | |
| Jupiter Holdings, Inc. | 100.00% | $ 629,940,285 | $ 629,940,285 | $ — |
| TINDY Foreign, Inc. | 100.00% | 92,012,397 | 91,711,438 | 300,959 |
| Total SSAP No. 97 8b(iii) Entities | XXX | $ 721,952,682 | $ 721,651,723 | $ 300,959 |
| d. SSAP No. 97 8b(iv) Entities | | | | |
| Travelers Casualty and Surety Company of Europe Limited | 100.00% | $ 22,875,810 | $ 22,875,810 | $ — |
| Total SSAP No. 97 8b(iv) Entities | XXX | $ 22,875,810 | $ 22,875,810 | $ — |
| e. Total SSAP No. 97 8b Entities (except 8b(i) entities) | XXX | $ 745,348,893 | $ 744,527,533 | $ 821,360 |
| f. Aggregate Total | XXX | $ 745,348,893 | $ 744,527,533 | $ 821,360 |

2. NAIC filing response information:

| SCA Entity | Type of NAIC Filing | Date of Filing to the NAIC | 12/31/2017 NAIC Valuation Amount | NAIC Response Received Y/N | NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N | Code |
|---|---|---|---|---|---|---|
| a. SSAP No. 97 8a Entities | | | | | | |
| Total SSAP No. 97 8a Entities | XXX | XXX | $ — | XXX | XXX | XXX |
| b. SSAP No. 97 8b(ii) Entities | | | | | | |
| Travelers Distribution Alliance, Inc. | | | | | | |
| Total SSAP No. 97 8b(ii) Entities | XXX | XXX | $ — | XXX | XXX | XXX |

# NOTES TO FINANCIAL STATEMENTS

| SCA Entity | Type of NAIC Filing | Date of Filing to the NAIC | 12/31/2017 NAIC Valuation Amount | NAIC Response Received Y/N | NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N | Code |
|---|---|---|---|---|---|---|
| c. SSAP No. 97 8b(iii) Entities | | | | | | |
| Jupiter Holdings, Inc. | S2 | 5/3/2018 | $ 624,836,866 | Y | N | |
| TINDY Foreign, Inc. | S2 | 12/3/2018 | 89,766,368 | Y | N | |
| Total SSAP No. 97 8b(iii) Entities | XXX | XXX | $ 714,603,234 | XXX | XXX | XXX |
| d. SSAP No. 97 8b(iv) Entities | | | | | | |
| Travelers Casualty and Surety Company of Europe Limited | S2 | 6/12/2018 | $ 20,012,642 | Y | N | |
| Total SSAP No. 97 8b(iv) Entities | XXX | XXX | $ 20,012,642 | XXX | XXX | XXX |
| e. Total SSAP No. 97 8b Entities (except 8b(i) entities) | XXX | XXX | $ 734,615,876 | XXX | XXX | XXX |
| f. Aggregate Total | XXX | XXX | $ 734,615,876 | XXX | XXX | XXX |

For additional information on downstream holding companies valued utilizing the look-through approach, see Part L above.

N. Not applicable.

O. Not applicable.

11. DEBT

Not applicable.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

A-D. Defined Benefit Plans:

Not applicable.

E. Defined Contribution Plans:

Not applicable.

F. Multiemployer Plans:

Not applicable.

G. Consolidated/Holding Company Plans:

1. Employee Retirement Plans:

The Company participates in a qualified noncontributory defined benefit pension plan sponsored by TRV that provides benefits, primarily under a cash balance formula, for substantially all employees of the Company and its property-casualty affiliates. In addition the Company participates in nonqualified defined benefit pension plans sponsored by TRV which cover certain highly-compensated employees of the Company and its property-casualty affiliates. The Company has no legal obligation for benefits under these plans. The Company is charged for its allocable share of pension expense for these plans based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the pension expense was $18,313,866 and $19,706,720 for 2018 and 2017, respectively.

2. Postretirement Benefit Plan:

The Company participates in a postretirement health and life insurance benefit plan sponsored by TRV for employees of the Company and its property-casualty affiliates that satisfy certain age and service requirements and for certain retirees. The Company has no legal obligation for benefits under this plan. The Company is charged for its allocable share of postretirement benefit expense for this plan based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the postretirement benefit expense was $516,508 and $542,925 for 2018 and 2017, respectively.

3. 401(k) Savings Plan:

The Company participates in a 401(k) savings plan sponsored by TRV for substantially all employees of the Company and its property-casualty affiliates. The Company has no legal obligation for benefits under this plan. The Company is charged for its allocable share of expense for this plan based on its allocated and/or direct salary costs in accordance with an expense allocation agreement. The Company's allocated share of the 401(k) savings plan expense was $23,772,007 and $24,039,704 for 2018 and 2017, respectively.

H. Postemployment Benefits and Compensated Absences:

Not applicable.

I. Impact of Medicare Modernization Act on Postretirement Benefits:

Not applicable.

# NOTES TO FINANCIAL STATEMENTS

13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

The Company has 150,000 shares of common capital stock authorized and 107,907 shares issued and outstanding with a par value of $100 per share.

The Company paid ordinary dividends of $881 million and extraordinary dividends of $119 million for a total of $1 billion in 2018, to its parent company, TIGHI. In 2017, the Company paid ordinary dividends of $794 million to TIGHI.

Dividends to the shareholder and the proportion of the profits of the Company that may be paid to the shareholder is not limited by charter. The maximum amount of dividends which can be paid by the Company to the shareholder without prior approval of the Insurance Commissioner of the State of Connecticut is subject to restrictions relating to statutory surplus or net income. The maximum amount of dividends to the shareholder that can be made during 2019 without prior approval is $785,501,778.

There are no restrictions on the use of the Company's unassigned funds and such funds are held for the benefit of the shareholder, except for the dividend restrictions indicated above.

The change in the balance of special surplus from retroactive reinsurance is a result of ongoing activity occurring in 2018. See Note 23F for additional detail.

Unassigned funds have been increased by cumulative net unrealized gains of $1,619,257,909.

14. LIABILITIES, CONTINGENCIES AND ASSESSMENTS

A. Contingent Commitments:

At December 31, 2018, the Company had commitments to fund investments of $165.9 million.

B. Assessments:

1. The Company has accrued liabilities of $50.6 million for guaranty fund and other insurance-related assessments and related recoverables of $1.6 million at December 31, 2018. The assessments are expected to be paid over a period ranging from one year to the life expectancy of certain workers' compensation claimants and the recoverables are expected to occur over the same period of time.

| | | |
|---|---|---|
| 2. a. | Assets recognized from paid and accrued premium tax offsets December 31, 2017 | $ 984,546 |
| b. | Decreases current year: | |
| | Premium tax offset charged off | — |
| | Premium tax offset applied | 309,856 |
| | Premium tax offset refund | — |
| c. | Increases current year: | |
| | Premium tax offset accrued | 163,961 |
| d. | Assets recognized from paid and accrued premium tax offsets December 31, 2018 | $ 838,651 |

3. Not applicable.

C. Gain Contingencies:

Not applicable.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits:

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

| | Direct |
|---|---|
| Claims related ECO and bad faith losses paid during the reporting period | $2,868,660 |

Number of claims where amounts were paid to settle claims related ECO or bad faith claims resulting from lawsuits during the reporting period:

| 0-25 Claims |
|---|
| X |

Claim count information provided herein is disclosed on a per claim basis.

E. Product Warranties:

Not applicable.

F. Joint and Several Liabilities:

Not applicable.

G. All Other Contingencies:

1. In the ordinary course of selling businesses to third parties, the Company has agreed to indemnify purchasers for losses arising out of breaches of representations and warranties with respect to the business being sold, covenants and obligations of the Company and, in certain cases, obligations arising from certain liabilities and the imposition of additional taxes due to either a change in the tax law or an adverse interpretation of the tax law. Such indemnification provisions generally are applicable from the closing date to the expiration of the relevant statutes of limitations, although, in some cases, there may be agreed upon term limitations or no term

# NOTES TO FINANCIAL STATEMENTS

limitations. Certain of these contingent obligations are subject to deductibles which have to be incurred by the obligee before the Company is obligated to make payments.

| Nature and circumstances of guarantee and key attributes, including date and duration of agreement | Liability recognition of guarantee. (include amount recognized at inception. If no initial recognition, document exception allowed under SSAP No. 5R) | Ultimate financial statement impact if action under the guarantee is required | Maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee. If unable to develop an estimate, this should be noted specifically | Current status of payment or performance risk of guarantee. Also provide additional discussion as warranted |
|---|---|---|---|---|
| Sale of businesses | The fair value of guarantee liabilities as described are minimal and immaterial to the financial statements taken as a whole | Expense - Statement of Income - Line 14. Aggregate write-ins for miscellaneous income | $ 2,000,000 | The Company has assessed the performance risk as remote under these guarantees |

| | |
|---|---|
| Aggregate maximum potential of future payments of all guarantees (undiscounted) the guarantor could be required to make under guarantees | $ 2,000,000 |
| Current liability recognized in financial statements: | |
| Noncontingent liabilities | — |
| Contingent liabilities | — |
| Ultimate financial statement impact if action under the guarantee is required: | |
| Expense | 2,000,000 |
| Total | $ 2,000,000 |

2. The Company has purchased annuities from life insurance companies to fund structured settlements. For a discussion of the Company's contingent liabilities for structured settlements, see Note 27.

3. In the ordinary course of business, the Company is a defendant or codefendant in various litigation matters. Although there can be no assurances, as of December 31, 2018, the Company believes, based on information currently available, that the ultimate resolution of these legal proceedings would not be likely to have a material adverse effect on its net income, financial condition or liquidity.

4. For a discussion of contingencies related to asbestos and environmental reserves, see Note 33.

15. LEASES

A. Lessee Leasing Arrangements:

1. At December 31, 2018, the Company is a party to various lease agreements for office space, office equipment, data processing equipment, automobiles, and other equipment. The office space and data processing equipment leases are for various periods of time. The other leases generally do not exceed five years. Total rental expense under operating leases for the Company for 2018 and 2017 was $162,763,149 and $168,827,395, respectively. Rental expenses incurred by the Company are subject to an intercompany expense allocation agreement. Total rental income from subleases for 2018 and 2017 was $0 and $61,310, respectively.

   There are numerous leases with renewal terms, none of which are material to the Company.

2. Aggregate future minimum rental payments for leases having initial or remaining noncancelable lease terms in excess of one year for the Company totaled $420,065,349 at December 31, 2018.

   At December 31, 2018, the minimum aggregate future rental commitments are as follows:

| Year Ending December 31, | Operating Leases |
|---|---|
| 2019 | $ 110,664,252 |
| 2020 | 90,673,207 |
| 2021 | 76,806,868 |
| 2022 | 51,842,023 |
| 2023 | 34,419,819 |
| 2024 and later years | 55,659,180 |
| Total | $ 420,065,349 |

   As of December 31, 2018, the Company does not have any future minimum rental payments to be received under subleases.

3. Sale-Leaseback Transactions:

   Not applicable.

B. Lessor Leases:

   Not applicable.

# NOTES TO FINANCIAL STATEMENTS

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Company has unfunded commitments to private equity limited partnerships and/or real estate partnerships in which it invests. The off-balance-sheet risk of these financial instruments was $165.9 million at December 31, 2018.

In prior years, the Company underwrote insurance guaranteeing the structured settlements of certain life insurers. See Note 36 for additional discussion.

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

A. Transfers of Receivables Reported as Sales:

Not applicable.

B. Transfer and Servicing of Financial Assets:

The Company engages in securities lending activities from which it generates net investment income from the lending of certain of its investments to other institutions for short periods of time. Borrowers of these securities provide collateral equal to at least 102% of the market value of the loaned securities plus accrued interest. This collateral is held by a third party custodian, and the Company has the right to access the collateral only in the event that the institution borrowing the Company's securities is in default under the lending agreement. The loaned securities remain a recorded asset of the Company. The Company accepts only cash as collateral for securities on loan and restricts the manner in which that cash is invested to U.S. Treasury securities and U.S. Treasury repurchase agreements. These securities typically have a duration of 1 day. See Schedule D – Part 1 for identification and description of securities on loan.

C. Wash Sales:

The Company does not engage in the practice of wash sales, however, in isolated cases in the course of the Company's asset management activities, a security may be sold and repurchased within thirty days of the sale when an opportunity to significantly enhance the Company's total return on the investment is present.

For the year ended December 31, 2018, the Company's wash sales for securities with a NAIC designation 3 or below were as follows:

| Description | NAIC Designation | Number of Transactions | Book Value of Securities Sold | Cost of Securities Repurchased | Gain/(Loss) |
|---|---|---|---|---|---|
| Bonds | 3 | 1 | $1,000,000 | $2,937,500 | $(5,000) |

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

Not applicable.

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

The Company did not have any direct premiums written through managing general agents (as defined in Appendix A-225 of the NAIC *Accounting Practices and Procedures Manual*) or third party administrators.

20. FAIR VALUE MEASUREMENTS

The Company's estimates of fair value for financial assets and financial liabilities are based on the framework established in the fair value accounting guidance. The framework is based on the inputs used in valuation, gives the highest priority to quoted prices in active markets, and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the fair value accounting guidance hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Company's significant market assumptions. The level in the fair value hierarchy within which the fair value measurement is reported is based on the lowest level input that is significant to the measurement in its entirety. The three levels of the hierarchy are as follows:

- Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets that the Company has the ability to access.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.
- Level 3 - Valuations based on models where significant inputs are not observable. The unobservable inputs reflect the Company's own assumptions about the inputs that market participants would use.

A. 1. Securities measured and reported at fair value as of December 31, 2018:

| Description | Level 1 | Level 2 | Level 3 | Net Asset Value (NAV) | Total |
|---|---|---|---|---|---|
| Bonds | | | | | |
| U.S. special revenue | $ — | $ — | $ 9,780,990 | $ — | $ 9,780,990 |
| Industrial and miscellaneous | — | 326,998,470 | — | — | 326,998,470 |
| Total bonds | — | 326,998,470 | 9,780,990 | — | 336,779,460 |
| Preferred stock | | | | | |
| Non-redeemable | 5,936,774 | 18,053,886 | — | — | 23,990,660 |

# NOTES TO FINANCIAL STATEMENTS

| Description | Level 1 | Level 2 | Level 3 | Net Asset Value (NAV) | Total |
|---|---|---|---|---|---|
| Common stock | | | | | |
| Industrial and miscellaneous | 3,407,632 | 6,065 | — | — | 3,413,697 |
| Total securities at fair value | $ 9,344,406 | $ 345,058,421 | $ 9,780,990 | $ — | $ 364,183,817 |

At December 31, 2018, the Company also holds Level 3 non-redeemable preferred stock and Level 3 industrial and miscellaneous common stock, both measured and reported at their fair value of zero.

During the year, $749,924 of preferred stock transferred from Level 2 to Level 1 due to the presence of a quoted market price at year end.

2. Securities measured and reported at fair value using significant unobservable inputs (Level 3):

| Description | Beginning Balance at 1/1/2018 | Transfers into Level 3 | Transfers out of Level 3 | Total gains & (losses) included in Net Income | Total gains & (losses) included in Surplus | Purchases | Issuances | Sales | Settlements | Ending Balance at 12/31/2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| Bonds | $ — | $ — | $ — | $ (219,010) | $ — | $10,000,000 | $ — | $ — | $ — | $ 9,780,990 |

During the year, the Company disposed of a portion of its Level 3 common and preferred stock measured and reported in the previous year at their fair value of zero.

3. Policy on transfers into and out of Level 3:

Market fluctuations cause securities to change from being held at cost to fair value or vice versa. In addition, securities transfer between levels based on the availability of observable market data. The Company recognizes these transfers at the end of the period.

4. Level 2 and Level 3 valuation techniques:

The fair values of bonds and preferred stock are determined by the Company in accordance with NAIC guidelines. These securities are generally priced by the SVO or by a third party organization.

The Company holds unaffiliated common stock where fair value is based on observable market information rather than market quotes. Accordingly, the estimates of fair value for such common stock are included in the amount disclosed in Level 2 of the hierarchy.

5. Not applicable.

B. Not applicable.

C. The following tables provide the aggregate fair value and reported aggregate admitted asset value by type of financial instrument; and the hierarchy level in which the fair values fall:

(At December 31, 2018)

| Description | Aggregate Fair Value | Admitted Assets | Level 1 | Level 2 | Level 3 | Net Asset Value (NAV) | Not Practicable (Carrying Value) |
|---|---|---|---|---|---|---|---|
| Short-term bonds | $ 649,810,265 | $ 649,812,254 | $ 91,811,024 | $ 557,999,241 | $ — | $ — | $ — |
| Long-term bonds | 13,335,847,227 | 13,363,627,135 | 292,561,853 | 13,013,414,568 | 29,870,806 | — | — |
| Preferred stock | 24,950,225 | 24,931,410 | 6,896,339 | 18,053,886 | — | — | — |
| Common stock | 3,413,697 | 3,413,697 | 3,407,632 | 6,065 | — | — | — |

(At December 31, 2017)

| Description | Aggregate Fair Value | Admitted Assets | Level 1 | Level 2 | Level 3 | Net Asset Value (NAV) | Not Practicable (Carrying Value) |
|---|---|---|---|---|---|---|---|
| Short-term bonds | $ 1,225,502,608 | $ 1,225,502,608 | $ 284,084,671 | $ 941,417,937 | $ — | $ — | $ — |
| Long-term bonds | 12,797,780,508 | 12,512,531,773 | 323,467,158 | 12,433,020,933 | 41,292,417 | — | — |
| Preferred stock | 29,077,092 | 25,441,367 | 10,575,005 | 18,502,087 | — | — | — |
| Common stock | 13,979 | 13,979 | — | 13,979 | — | — | — |

D. Not applicable.

E. Not applicable.

21. OTHER ITEMS

A. Unusual or Infrequent Items:

Not applicable.

B. Troubled Debt Restructuring – Debtors:

Not applicable.

C. Other Disclosures:

The Company elected to use rounding in reporting amounts in this statement.

# NOTES TO FINANCIAL STATEMENTS

The Company is the owner and beneficiary of life insurance policies included in Aggregate write-ins for other-than-invested assets at their cash surrender values. At December 31, 2018, the cash surrender value in an investment vehicle is $128,354,442 and is allocated between bonds (74%) and equities (26%) based on underlying investment characteristics.

2018 Schedule P:

The 2008 and prior "Total Net Losses and Expenses Unpaid" (Schedule P - Part 1, Column 24, Line 1) is separately reported to accident year as follows (in thousands):

| | Accident Years | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Schedule P | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 & Prior |
| Part 1A | $ 106 | $ 107 | $ 92 | $ 20 | $ 20 | $ 32 | $ 86 | $ 34 | $ 8 | $ 907 |
| Part 1B | 133 | 189 | 78 | 77 | 43 | 17 | 18 | 21 | 16 | 47,619 |
| Part 1C | 1,411 | 1,388 | 651 | 1,489 | 1,003 | 1,541 | 356 | 488 | 775 | 9,072 |
| Part 1D | 87,912 | 77,568 | 67,585 | 58,203 | 69,395 | 62,069 | 57,656 | 69,008 | 64,398 | 643,590 |
| Part 1E | 9,025 | 11,874 | 8,280 | 2,224 | 2,251 | 1,975 | 2,245 | 1,918 | 1,918 | 60,655 |
| Part 1F - Section 1 | — | — | 2 | 57 | 129 | 537 | 462 | 50 | 296 | 867 |
| Part 1F - Section 2 | 21 | 2,701 | (6) | 154 | 147 | 327 | 342 | 461 | 847 | 4,232 |
| Part 1G | 473 | 106 | 259 | 22 | 234 | 546 | 336 | 622 | 1,067 | 9,611 |
| Part 1H - Section 1 | 18,174 | 6,634 | 10,217 | 6,488 | 6,022 | 9,273 | 10,036 | 15,164 | 13,110 | 392,114 |
| Part 1H - Section 2 | 5,127 | 3,246 | 6,224 | 767 | 1,617 | 6,426 | 4,360 | 7,999 | 349 | 23,984 |
| Part 1R - Section 1 | 4,450 | 1,773 | 3,244 | 3,374 | 2,080 | 3,565 | 2,753 | 3,014 | 2,610 | 168,765 |
| Part 1R - Section 2 | (47) | 35 | 875 | 139 | 113 | 87 | 130 | 198 | 13 | 2,531 |

The following loss and/or LAE reserves have been assumed / (ceded) under retroactive reinsurance agreements. They are reported here by line of business and accident year to facilitate loss discounting under Internal Revenue Code Section 846 (in thousands):

| | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|
| Commercial auto | (4) | — | — | — | — | — |
| Workers' compensation | (783) | (729) | (141) | (7,436) | — | (231) |
| Commercial multiple peril | — | — | — | — | — | — |
| Medical professional liability - claims-made | — | — | — | — | — | — |
| Special liability | — | — | — | — | — | — |
| Other liability - occurrence | (458) | — | — | — | — | — |
| Other liability - claims-made | — | (1,413) | — | — | — | — |
| Special property | — | — | — | — | — | — |
| Other | — | — | — | — | — | — |
| Reinsurance A | (137) | — | — | — | — | — |
| Reinsurance B | (344) | — | — | — | — | — |

D. Business Interruption Insurance Recoveries:

Not applicable.

E. State Transferable and Non-transferable Tax Credits:

1. Description of State Transferable and Non-transferable Tax Credits

| Description of State Transferable and Non-transferable Tax Credits | State | Carrying Value | Unused Amount |
|---|---|---|---|
| Innovatepa | PA | $ 1,077,194 | $ 1,056,627 |
| Enhanced Capital Tennessee Tax Credit | TN | 716,592 | 710,486 |
| Petros - Pacesetter Arkansas Fund I | AR | 319,155 | 316,212 |
| Heartland Arkansas Equity fund I LLC | AR | 316,872 | 314,497 |
| Petros Pacesetter Oregon Fund I S2016-1 | OR | 144,490 | 143,858 |
| Petros Wyoming Fund Series 2014 | WY | 63,892 | 60,865 |

2. These credits are utilized per a set schedule as outlined in the respective purchase agreement.

3. Not applicable.

4. State Tax Credits Admitted and Nonadmitted:

| | Total Admitted | Total Nonadmitted |
|---|---|---|
| Transferable | $ 2,638,195 | $ — |
| Non-transferable | — | — |

F. Subprime Mortgage Related Risk Exposure:

The Company defines subprime mortgage-backed securities as investments which generally contain a majority of loans to borrowers that exhibit one or more of the following characteristics at the time of issuance:

- Low FICO scores,
- Above prime interest rates,
- High loan-to-value ratios,
- High debt-to-income ratios,

# NOTES TO FINANCIAL STATEMENTS

- Low loan documentation (e.g. limited or no verification of income and assets), or
- Other characteristics that are inconsistent with conventional underwriting standards employed by government sponsored mortgage entities.

In addition, because of their high loan-to-value ratios, the Company has categorized second-lien mortgage-backed securities as subprime, regardless of the credit characteristics of the borrower on the underlying mortgage.

The Company reviews the credit characteristics of the loans that back these mortgage-backed securities when making the determination to categorize them as subprime exposure. Since the primary purpose of the investment portfolio is to fund future claim payments, the Company employs a conservative investment philosophy. In applying this philosophy to structured securities, including subprime mortgage-backed securities, the Company favors the purchase of senior credit tranches over junior or leveraged credit tranches.

Overall exposure to subprime mortgage-backed securities is sufficiently small in that the Company would likely have other securities available for liquidity needs. The Company utilizes discounted cash flow valuation analysis in its regular, ongoing review of its existing subprime mortgage portfolio, as well as in its analysis of subprime mortgage-backed bonds for purchase. Based upon the credit performance of mortgages within each securitization, the Company projects voluntary prepayments, defaults and loss severity to estimate any expected losses.

Direct exposure through other investments:

| | Actual Cost | Book/Adjusted Carrying Value (excluding interest) | Fair Value | Other-Than-Temporary Impairment Losses Recognized |
|---|---|---|---|---|
| Residential mortgage-backed securities | $ 20,183,027 | $ 19,525,247 | $ 25,954,790 | $ 6,883,192 |
| Structured securities | 7,849,379 | 5,961,764 | 9,174,866 | 1,219,691 |
| Total | $ 28,032,406 | $ 25,487,011 | $ 35,129,656 | $ 8,102,883 |

G. Insurance-Linked Securities (ILS) Contracts:

| | Number of Outstanding ILS Contracts | Aggregate Maximum Proceeds |
|---|---|---|
| Management of Risk Related to: | | |
| ILS Contracts as Ceding Insurer | 1 | $500 Million |

The Company has catastrophe protection through an indemnity reinsurance agreement with Long Point Re III Ltd. (Long Point Re III), an independent Cayman Islands company licensed as a Class C insurer in the Cayman Islands. The reinsurance agreement meets the requirements to be accounted for as reinsurance in accordance with the guidance for reinsurance contracts. In connection with the reinsurance agreement, Long Point Re III issued notes (generally referred to as “catastrophe bonds”) to investors in amounts equal to the full coverage provided under the reinsurance agreement as described below. The proceeds were deposited in a reinsurance trust account. The businesses covered by this reinsurance agreement are subsets of the Company’s overall insurance portfolio, comprising specified property coverages spread across the following geographic locations: Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Virginia and Vermont.

The reinsurance agreement was entered into in May 2018 and provides coverage of up to $500 million to the Company through May 24, 2022 for certain losses from tropical cyclones, earthquakes, severe thunderstorms or winter storms in the locations listed above. The attachment point and maximum limit under this agreement are reset annually to adjust the expected loss of the layer within a predetermined range. Until and including May 24, 2019, the Company is entitled to begin recovering amounts under this reinsurance agreement if the covered losses in the covered area for a single occurrence reach an initial attachment amount of $1.9 billion. The full $500 million coverage amount is available until such covered losses reach a maximum $2.4 billion.

The Company has not incurred any losses that have resulted or are expected to result in a recovery under the Long Point Re III agreement since its inception.

22. EVENTS SUBSEQUENT

(1) On January 1, 2019, Jupiter, a subsidiary of the Company, has been dissolved in accordance with Minnesota Statutes and its corporate existence terminated. Following this dissolution, AEQ and NLI became the direct subsidiaries of the Company.

(2) On January 28, 2019, the New York Senate and Assembly passed a bill known as the Child Victims Act (CVA). The New York Governor signed the bill into law on February 14th.

Under prior New York law, a claimant had 5 years from the date of abuse to file a civil action, or if the claimant was a minor at the time of the abuse, before the claimant reached the age of 23. Civil actions against defendants other than the perpetrator (e.g., churches, schools, employers or enablers of the perpetrator) were limited to a 3-year statute of limitations from the date of abuse to file a civil action against those entities, or if the claimant was a minor at the time of the abuse, the civil action was required to be filed before the claimant reached age 21.

Under CVA, claimants asserting childhood sexual molestation may file a civil claim any time prior to the date the claimant reaches the age of 55. Additionally, the new law includes a “reviver” component that allows claimants of any age who allege they were abused as a minor to file a civil claim in court that was time barred under the prior New York law against any allegedly culpable person or entity during a one year “reviver” window that begins six months after CVA takes effect.

The Company is currently evaluating the potential impact of the new law and the likelihood of claims being brought against the Company’s policyholders and does not currently have an estimate of the possible loss or range of losses.

(3) The Company had no additional material subsequent events through February 21, 2019.

# NOTES TO FINANCIAL STATEMENTS

23. REINSURANCE

A. Unsecured Reinsurance Recoverables:

1. Affiliated Company Recoverables:

The Company participates in the TRV Reinsurance Pool and/or other reinsurance programs with affiliates and takes credit for reinsurance ceded directly and indirectly to these companies. The unsecured aggregate recoverables for ceded losses, LAE and unearned premiums at December 31, 2018, in connection with reinsurance agreements among affiliated insurers, were as follows:

Reinsurance balances ceded to pool participants and recoverable by The Travelers Indemnity Company (06-0566050):

| Company | F.E.I.N | Amount |
|---|---|---|
| St. Paul Fire and Marine Insurance Company | 41-0406690 | $ 12,627,722,108 |
| Travelers Casualty and Surety Company | 06-6033504 | 10,373,037,611 |
| The Phoenix Insurance Company | 06-0303275 | 2,547,177,049 |
| The Standard Fire Insurance Company | 06-6033509 | 2,465,592,895 |
| United States Fidelity and Guaranty Company | 52-0515280 | 2,248,159,473 |
| Travelers Casualty Insurance Company of America | 06-0876835 | 1,390,736,648 |
| Farmington Casualty Company | 06-1067463 | 753,920,590 |
| The Travelers Indemnity Company of Connecticut | 06-0336212 | 700,540,284 |
| The Automobile Insurance Company of Hartford, Connecticut | 06-0848755 | 697,799,191 |
| The Charter Oak Fire Insurance Company | 06-0291290 | 648,166,110 |
| Northland Insurance Company | 41-6009967 | 621,500,908 |
| St. Paul Surplus Lines Insurance Company | 41-1230819 | 448,221,373 |
| The Travelers Indemnity Company of America | 58-6020487 | 394,728,252 |
| St. Paul Protective Insurance Company | 36-2542404 | 295,499,329 |
| Northfield Insurance Company | 41-0983992 | 264,858,078 |
| Travelers Commercial Casualty Company | 95-3634110 | 239,399,895 |
| Travelers Casualty Company of Connecticut | 06-1286266 | 239,390,953 |
| Travelers Commercial Insurance Company | 06-1286268 | 239,390,953 |
| St. Paul Mercury Insurance Company | 41-0881659 | 203,736,979 |
| Travelers Property Casualty Company of America | 36-2719165 | 201,465,871 |
| Travelers Property Casualty Insurance Company | 06-1286274 | 152,802,732 |
| Travelers Constitution State Insurance Company | 41-1435766 | 147,709,307 |
| The Travelers Casualty Company | 41-1435765 | 147,709,307 |
| Travelers Personal Insurance Company | 36-3703200 | 137,522,456 |
| Travelers Excess and Surplus Lines Company | 06-1203698 | 137,522,456 |
| The Travelers Home and Marine Insurance Company | 35-1838079 | 137,522,456 |
| TravCo Insurance Company | 35-1838077 | 137,522,456 |
| Travelers Personal Security Insurance Company | 06-1286264 | 137,522,456 |
| Discover Property & Casualty Insurance Company | 36-2999370 | 71,478,908 |
| Discover Specialty Insurance Company | 52-1925132 | 71,307,931 |
| Northland Casualty Company | 94-6051964 | 71,307,931 |
| Fidelity and Guaranty Insurance Underwriters, Inc. | 52-0616768 | 51,038,697 |
| St. Paul Guardian Insurance Company | 41-0963301 | 50,934,233 |
| American Equity Specialty Insurance Company | 86-0868106 | 50,934,233 |
| Total | | $ 39,103,880,109 |

Reinsurance balances assumed by The Travelers Indemnity Company and recoverable by the following pool participants:

| Company | F.E.I.N | Amount |
|---|---|---|
| Travelers Property Casualty Company of America | 36-2719165 | $ 12,961,021,024 |
| The Charter Oak Fire Insurance Company | 06-0291290 | 3,391,327,732 |
| The Standard Fire Insurance Company | 06-6033509 | 3,318,474,875 |
| The Travelers Indemnity Company of America | 58-6020487 | 3,295,489,774 |
| The Travelers Indemnity Company of Connecticut | 06-0336212 | 3,137,170,281 |
| Travelers Casualty and Surety Company | 06-6033504 | 2,917,001,176 |
| St. Paul Fire and Marine Insurance Company | 41-0406690 | 2,877,993,901 |
| The Phoenix Insurance Company | 06-0303275 | 2,706,105,072 |
| The Travelers Home and Marine Insurance Company | 35-1838079 | 2,240,630,773 |
| Travelers Casualty Insurance Company of America | 06-0876835 | 1,981,452,686 |
| United States Fidelity and Guaranty Company | 52-0515280 | 1,437,864,433 |
| Travelers Commercial Insurance Company | 06-1286268 | 1,185,650,765 |
| Travelers Property Casualty Insurance Company | 06-1286274 | 792,146,811 |
| Northland Insurance Company | 41-6009967 | 702,167,378 |
| Farmington Casualty Company | 06-1067463 | 700,222,545 |
| The Automobile Insurance Company of Hartford, Connecticut | 06-0848755 | 632,570,226 |
| St. Paul Mercury Insurance Company | 41-0881659 | 559,816,863 |
| Travelers Personal Insurance Company | 36-3703200 | 407,533,810 |
| Travelers Excess and Surplus Lines Company | 06-1203698 | 356,753,431 |
| Fidelity and Guaranty Insurance Underwriters, Inc. | 52-0616768 | 350,627,364 |
| St. Paul Protective Insurance Company | 36-2542404 | 326,302,048 |

# *NOTES TO FINANCIAL STATEMENTS*

| Company | F.E.I.N | Amount |
|---|---|---|
| TravCo Insurance Company | 35-1838077 | 309,082,044 |
| Northfield Insurance Company | 41-0983992 | 272,725,358 |
| Travelers Personal Security Insurance Company | 06-1286264 | 229,531,868 |
| Discover Property & Casualty Insurance Company | 36-2999370 | 162,422,827 |
| St. Paul Surplus Lines Insurance Company | 41-1230819 | 154,097,912 |
| St. Paul Guardian Insurance Company | 41-0963301 | 96,047,229 |
| Travelers Commercial Casualty Company | 95-3634110 | 77,828,557 |
| Travelers Casualty Company of Connecticut | 06-1286266 | 67,587,885 |
| Northland Casualty Company | 94-6051964 | 11,273,775 |
| The Travelers Casualty Company | 41-1435765 | 4,975,158 |
| Travelers Constitution State Insurance Company | 41-1435766 | 2,438,720 |
| Discover Specialty Insurance Company | 52-1925132 | 2,116,366 |
| Total | | $ 47,668,450,667 |

2. Unaffiliated Company Recoverables:

The unsecured aggregate recoverables for ceded losses, LAE and unearned premiums recoverable from any unaffiliated reinsurer at December 31, 2018 that exceeded 3% of the Company's policyholders' surplus, were as follows:

| | Group Code | F.E.I.N | Amount |
|---|---|---|---|
| National Workers Compensation Reinsurance Pool | 0000 | AA-9992118 | $ 1,658,218,000 |
| Swiss Reinsurance America Corporation | 0181 | 13-1675535 | 440,656,898 |
| Michigan Catastrophe Claim Association | 0000 | AA-9991159 | 432,093,924 |
| Munich Reinsurance America Inc. | 0361 | 13-4924125 | 286,117,456 |

Additional detail on reinsurance recoverable balances by reinsurer is shown in Schedule F - Part 3.

B. Reinsurance Recoverable in Dispute:

There are no reinsurance recoverables with individual reinsurers, on paid and unpaid (including IBNR) losses, in dispute which exceed 5% of the Company's policyholders' surplus. In addition, the aggregate of all disputed items does not exceed 10% of the Company's policyholders' surplus.

C. Reinsurance Assumed and Ceded:

1.

| | Assumed Reinsurance | | Ceded Reinsurance | | Net | |
|---|---|---|---|---|---|---|
| | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity |
| Affiliates | $10,461,991,545 | $1,164,477,432 | $ 8,382,333,726 | $ 933,000,033 | $ 2,079,657,819 | $ 231,477,399 |
| All Other | 109,550,508 | 12,193,576 | 451,273,300 | 50,229,210 | (341,722,792) | (38,035,634) |
| Total | $10,571,542,053 | $1,176,671,008 | $ 8,833,607,026 | $ 983,229,243 | $ 1,737,935,027 | $ 193,441,765 |

Direct Unearned Premium Reserve $ 806,438,325

2. Accruals for contingent, sliding scale adjustment and other profit sharing commissions, net of reinsurance assumed and ceded, amounted to $51,909,554 at December 31, 2018. This balance represents the Company's 23.29% pro rata share of the net amount of the TRV Reinsurance Pool (see Note 26):

| | Direct | Assumed | Ceded | Net |
|---|---|---|---|---|
| a. Contingent Commission | $ 12,415,963 | $ 210,468,464 | $ 170,974,873 | $ 51,909,554 |
| b. Sliding Scale Adjustments | — | — | — | — |
| c. Other Profit Commission Arrangements | — | — | — | — |
| d. Total | $ 12,415,963 | $ 210,468,464 | $ 170,974,873 | $ 51,909,554 |

D. Uncollectible Reinsurance:

The Company has written off as uncollectible/(recovered) in the current year, certain reinsurance balances due (from the companies listed below) in the amount of $(4,999,554) which is reflected as:

| | |
|---|---|
| a. Losses incurred | $ (4,999,554) |
| b. Loss adjustment expenses incurred | — |
| c. Premiums earned | — |
| d. Other | — |

| e. Company | Amount |
|---|---|
| Mission Reinsurance Corporation | $ 315,426 |
| Restaurant Reinsurance Limited | 254,266 |
| The London and Overseas Insurance Company Limited | (2,294,413) |
| OIC Run-Off Limited | (3,462,802) |
| All Others (less than $100,000) | 187,969 |
| Total | $ (4,999,554) |

# NOTES TO FINANCIAL STATEMENTS

E. Commutation of Ceded Reinsurance:

The Company has reported in the current year as a result of commutation of reinsurance with the companies listed below, amounts that are reflected as:

| | | |
|---|---|---|
| a. | Losses incurred | $ 216,132 |
| b. | Loss adjustment expenses incurred | — |
| c. | Premiums earned | — |
| d. | Other gain/(loss) | 823,284 |

| e. Company | Amount |
|---|---|
| Becare Designated Activity Company | $ 488,246 |
| Safe Truck Insurance | 103,906 |
| New Sky Limited | 15,000 |
| Total gain/(loss) | $ 607,152 |

F. Retroactive Reinsurance:

| | Assumed | Ceded |
|---|---|---|
| a. Reserves Transferred: | | |
| (1) Initial Reserves | $ 2,189,260 | $ 43,163,968 |
| (2) Adjustments - Prior Year(s) | (931,600) | 33,963,419 |
| (3) Adjustments - Current Year | — | (1,342,004) |
| (4) Current Total | $ 1,257,660 | $ 75,785,383 |
| b. Consideration Paid or Received: | | |
| (1) Initial Consideration | $ 2,434,990 | $ 44,032,142 |
| (2) Adjustments - Prior Year(s) | — | 3,244,888 |
| (3) Adjustments - Current Year | — | — |
| (4) Current Total | $ 2,434,990 | $ 47,277,030 |
| c. Paid Losses Reimbursed or Recovered: | | |
| (1) Prior Year(s) | $ 977,279 | $ 63,500,522 |
| (2) Current Year | 5,390 | 481,724 |
| (3) Current Total | $ 982,669 | $ 63,982,246 |
| d. Special Surplus From Retroactive Reinsurance: | | |
| (1) Initial Surplus Gain or Loss | $ 245,730 | $ (868,174) |
| (2) Adjustments - Prior Year(s) | 931,600 | 30,718,531 |
| (3) Adjustments - Current Year | — | (1,342,004) |
| (4) Current Year Restricted Surplus | 1,177,330 | 10,838,439 |
| (5) Cumulative Total Transferred to Unassigned Funds | $ — | $ 17,669,914 |

e. Other insurers included in the above transactions:

| Company | Assumed | Ceded |
|---|---|---|
| Munich Reinsurance America, Inc. (10227) | $ 1,257,660 | $ — |
| Renaissance Reinsurance U.S. Inc. (10357) | — | 21,114,029 |
| XL Reinsurance America Inc. (20583) | — | 16,932,113 |
| TIG Insurance Company (25534) | — | 16,878,914 |
| Swiss Reinsurance America Corporation (25364) | — | 4,161,977 |
| Westport Insurance Corporation (39845) | — | 3,590,522 |
| Commercial Risk Reinsurance Co. Ltd. (AA-3190433) | — | 3,120,860 |
| Excalibur Reinsurance Corp. (39675) | — | 2,198,713 |
| Various | — | 7,788,255 |
| Total | $ 1,257,660 | $ 75,785,383 |

f. Paid Loss/LAE Recoverable:

1. Authorized Reinsurers

| Company | Total Paid Loss/LAE Recoverable | Amount Over 90 Days Past Due |
|---|---|---|
| Renaissance Reinsurance U.S. Inc. (10357) | $ 4,009 | $ — |
| XL Reinsurance America Inc. (20583) | 95,503 | — |
| Westport Insurance Corporation (39845) | (990) | — |
| Various | 19,924 | — |
| Total | $ 118,446 | $ — |

# NOTES TO FINANCIAL STATEMENTS

G. Reinsurance Accounted for as a Deposit:

Not applicable.

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

Not applicable.

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation:

Not applicable.

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation:

Not applicable.

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

A. Accrued retrospective premiums (Page 2, Line 15.3) have been determined based upon loss experience on business subject to such experience rating adjustment. Accrued retrospectively rated premiums, including all of those relating to bulk IBNR, have been determined by or allocated to individual policyholder accounts. Ten percent of the amount not offset by retrospective return premiums, other liabilities to the same party (other than loss and LAE reserves), or collateral as permitted by SSAP No. 66, *Retrospectively Rated Contracts*, has been nonadmitted. The amount shown in Part E below is the Company's proportionate share of the accrued retrospective premiums of the TRV Reinsurance Pool (see Note 26).

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

C. See Schedule P - Part 7A.

D. Not applicable.

E. Calculation of nonadmitted retrospective premium:

| | | |
|---|---|---|
| 1. | Total accrued retrospective premium | $ 21,606,174 |
| 2. | Unsecured amount | 8,133,672 |
| 3. | Less: Nonadmitted amount | 1,817,845 |
| 4. | Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted | 378,579 |
| 5. | Admitted amount (1) - (3) - (4) | $ 19,409,750 |

F. Not applicable.

25. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

In 2018, the prior year-end total loss and LAE reserves developed favorably by $95,051,000, resulting from better than expected loss and defense and cost containment (DCC) experience across multiple Schedule P lines, primarily workers' compensation, other liability - claims-made, special property, and private passenger auto liability. Multiple other lines also contributed to the total favorable development. This favorable development was partially offset by funding of asbestos and environmental reserves, primarily in the other liability - occurrence and products liability - occurrence lines and by unfavorable development in the commercial auto liability line. Lower estimates for adjusting and other expenses also contributed to the total favorable development.

The improvement in workers' compensation was driven by better than expected loss experience for multiple accident years. The improvement in other liability - claims-made was driven primarily by better than expected loss experience for accident years 2015 and prior. The improvement in special property and private passenger auto liability was driven primarily by better than expected loss experience for recent accident years. Additional favorable loss and DCC development was spread across multiple lines and accident years and not concentrated in any particular line or accident year. Unfavorable development in the other liability - occurrence and products liability - occurrence lines was driven primarily by asbestos and environmental funding in "Prior" accident years. Higher than expected loss experience in commercial auto liability was primarily for recent accident years.

The improvement in adjusting and other expense reserves was driven primarily by the favorable underlying loss and DCC experience as well as the allocation of adjusting and other expense reserves by year.

The remaining changes are generally the result of ongoing analyses of recent loss data and trends. A portion of the change from prior year effects relates to retrospectively rated policies which are subject to premium adjustments.

26. INTERCOMPANY POOLING ARRANGEMENTS

The Company is a participant in the TRV Reinsurance Pool, an intercompany pooling arrangement. The lead company of the TRV Reinsurance Pool is the Company. Under the terms of the arrangement, the property-casualty underwriting risks for substantially all lines of business of the intercompany pool participants are reinsured with the Company. The pool of net underwriting risks remaining after reinsurance is transacted with third parties by the Company is then retroceded to the pool participants based on pool participation percentages. The provision for reinsurance and the write-off of uncollectible reinsurance are reported in the statutory financial statements of the Company and are not allocated to the other pool participants.

The names, NAIC company codes and intercompany pool percentages of the companies participating in the TRV Reinsurance Pool are as follows:

| TRV Reinsurance Pool Participant | NAIC Company Code | Pool Participation % |
|---|---|---|
| St. Paul Fire and Marine Insurance Company | 24767 | 24.79 |
| The Travelers Indemnity Company | 25658 | 23.29 |
| Travelers Casualty and Surety Company | 19038 | 20.36 |
| The Phoenix Insurance Company | 25623 | 5.00 |
| The Standard Fire Insurance Company | 19070 | 4.84 |

# NOTES TO FINANCIAL STATEMENTS

| TRV Reinsurance Pool Participant | NAIC Company Code | Pool Participation % |
|---|---|---|
| United States Fidelity and Guaranty Company | 25887 | 4.41 |
| Travelers Casualty Insurance Company of America | 19046 | 2.73 |
| Farmington Casualty Company | 41483 | 1.48 |
| The Automobile Insurance Company of Hartford, Connecticut | 19062 | 1.37 |
| The Travelers Indemnity Company of Connecticut | 25682 | 1.37 |
| The Charter Oak Fire Insurance Company | 25615 | 1.27 |
| Northland Insurance Company | 24015 | 1.22 |
| St. Paul Surplus Lines Insurance Company | 30481 | 0.88 |
| The Travelers Indemnity Company of America | 25666 | 0.77 |
| St. Paul Protective Insurance Company | 19224 | 0.58 |
| Northfield Insurance Company | 27987 | 0.52 |
| Travelers Casualty Company of Connecticut | 36170 | 0.47 |
| Travelers Commercial Casualty Company | 40282 | 0.47 |
| Travelers Commercial Insurance Company | 36137 | 0.47 |
| St. Paul Mercury Insurance Company | 24791 | 0.40 |
| Travelers Property Casualty Company of America | 25674 | 0.36 |
| Travelers Property Casualty Insurance Company | 36161 | 0.30 |
| The Travelers Casualty Company | 41769 | 0.29 |
| Travelers Constitution State Insurance Company | 41750 | 0.29 |
| TravCo Insurance Company | 28188 | 0.27 |
| Travelers Excess and Surplus Lines Company | 29696 | 0.27 |
| The Travelers Home and Marine Insurance Company | 27998 | 0.27 |
| Travelers Personal Insurance Company | 38130 | 0.27 |
| Travelers Personal Security Insurance Company | 36145 | 0.27 |
| Discover Property & Casualty Insurance Company | 36463 | 0.14 |
| Discover Specialty Insurance Company | 10213 | 0.14 |
| Northland Casualty Company | 24031 | 0.14 |
| American Equity Specialty Insurance Company | 10819 | 0.10 |
| Fidelity and Guaranty Insurance Underwriters, Inc. | 25879 | 0.10 |
| St. Paul Guardian Insurance Company | 24775 | 0.10 |

All of the above TRV Reinsurance Pool companies are party to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and have contractual rights of direct recovery from the non-affiliated reinsurers under the terms of such reinsurance agreements.

As of December 31, 2018, the Company had a net payable of $159,231,763 to affiliates as a result of its intercompany reinsurance transactions which settled in January 2019.

27. STRUCTURED SETTLEMENTS

The Company has purchased annuities from life insurance companies, under which the claimant is the payee and the Company is contingently liable as the owner of the annuity contract, to fund structured settlements. These annuity contracts are now the direct responsibility of the life insurance companies from whom they have been purchased and claims settled by the purchase of such annuity contracts are treated as closed claims. In the event that the life insurance company fails to make the required annuity payments, the Company would be required to make such payments if and to the extent the purchased annuities are not covered by state guaranty associations.

The following data represents the Company's proportionate share of structured settlement annuities purchased by members of the TRV Reinsurance Pool (see Note 26):

A.

| Loss Reserves Eliminated by Annuities | Unrecorded Loss Contingencies |
|---|---|
| $630,859,905 | $630,859,905 |

B.

| Life Insurance Company and Location | Licensed in Company's State of Domicile | Statement Value of Annuities |
|---|---|---|
| Fidelity & Guaranty Life Insurance Company, Baltimore, MD | Yes | $ 179,465,299 |
| Brighthouse Life Insurance Company, Charlotte, NC | Yes | 61,981,019 |
| All other companies | | 389,413,587 |

28. HEALTH CARE RECEIVABLES

Not applicable.

29. PARTICIPATING POLICIES

Not applicable.

# *NOTES TO FINANCIAL STATEMENTS*

30. PREMIUM DEFICIENCY RESERVES

| | | |
|---|---|---|
| 1. | Liability carried for premium deficiency reserves | $0 |
| 2. | Date of the most recent evaluation of this liability | December 31, 2018 |
| 3. | Was anticipated investment income utilized in the calculation? | Yes |

31. HIGH DEDUCTIBLES

A. Reserve Credit Recorded on Unpaid Claims and Amount Billed and Recoverable on Paid Claims for High Deductibles:

1. Counterparty exposure recorded on unpaid claims and billed recoverables on paid claims:

| Annual Statement Line of Business | | Gross (of High Deductible) Loss Reserves | Reserve Credit for High Deductibles | Billed Recoverables on Paid Claims | Total High Deductibles and Billed Recoverables |
|---|---|---|---|---|---|
| 16 | Workers' compensation | $ 2,265,733,605 | $ 1,104,292,568 | $ 11,424,675 | $ 1,115,717,243 |
| 19.3, 19.4 | Commercial auto liability | 236,077,729 | 147,329,374 | 1,143,804 | 148,473,178 |
| 21 | Auto physical damage | 2,421,348 | 1,644,202 | 11,732 | 1,655,934 |
| 17.1, 17.2 | Other liability | 275,919,345 | 78,861,475 | 1,336,837 | 80,198,312 |
| 18.1, 18.2 | Products liability | 116,162,759 | 27,270,914 | 562,812 | 27,833,726 |
| 5 | Commercial multiple peril | 2,324,573 | 65,496 | 11,263 | 76,759 |
| | Total | $ 2,898,639,359 | $ 1,359,464,029 | $ 14,491,123 | $ 1,373,955,152 |

2. Unsecured amounts of high deductibles:

| | | |
|---|---|---|
| a. | Total high deductibles and billed recoverables on paid claims | $ 1,373,955,152 |
| b. | Collateral on balance sheet | $ 202,657,855 |
| c. | Collateral off balance sheet | $ 1,131,953,007 |
| d. | Total unsecured deductibles and billed recoverables on paid claims | $ 39,344,290 |
| e. | Percentage unsecured | 2.86% |

3. High deductible recoverable amounts on paid claims:

| | | |
|---|---|---|
| a. | Amount of overdue nonadmitted (either due to aging or collateral) | $ 1,556,697 |
| b. | Amount over 90 days overdue admitted | $ 976,573 |
| c. | Total overdue (a+b) | $ 2,533,270 |

4. The deductible amounts for the highest ten unsecured high deductible policies:

| Counterparty Ranking | Top Ten Unsecured High Deductibles Amounts |
|---|---|
| Counterparty 1 | $ 13,598,809 |
| Counterparty 2 | 11,165,369 |
| Counterparty 3 | 8,439,712 |
| Counterparty 4 | 7,877,976 |
| Counterparty 5 | 7,424,808 |
| Counterparty 6 | 5,872,968 |
| Counterparty 7 | 5,577,512 |
| Counterparty 8 | 5,244,723 |
| Counterparty 9 | 4,115,859 |
| Counterparty 10 | 3,503,551 |

B. Unsecured High Deductible Recoverables for Individual Obligors Part of a Group under the Same Management or Control which are Greater than 1% of Capital and Surplus:

Not applicable.

32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES

A. The Company establishes and reports tabular workers' compensation case reserves consistent with statistical reporting requirements, as described below. The total reserve (case plus IBNR/Bulk) for these claims is consistent with the Company's own evaluation of the ultimate payout and a 5% discount rate.

Except for certain third party administered claims, tabular workers' compensation case reserves have been discounted in accordance with state approved workers' compensation statistical plans. The tabular case reserves, as included in Schedule P, reflect a discount rate of 3.5% or as specified by state requirements, generally using the following United States Life Tables:

Non-Fatal Cases:
United States Life Tables Total Population 2007 – FL
United States Life Tables Total Male or Total Female 2009 – MN
United States Life Tables Total Male or Total Female 2011 – MA
United States Life Tables Total Male or Total Female Population 1999 – MA(USL)
United States Life Tables Total Male or Total Female 2007 – all other states

# *NOTES TO FINANCIAL STATEMENTS*

Fatal Cases: New York Mandated Mortality & Remarriage Table – NY
United States Life Tables Total Female 2009 – MN **
United States Life Tables Total Female 2011 – MA **
United States Life Tables Total Female 1999 – MA(USL) *
* and the 1980 Railroad Retirement Board Remarriage Table
United States Life Tables Total Female 2007 – all other states **
** and the 1997 Railroad Retirement Board Remarriage Table

Other liability reserves related to annuity obligations from structured settlements are discounted using a discount rate of 5% and reflect the 1983 Individual Annuity Mortality table adjusted for impairment and future mortality improvement.

The Company develops loss reserve estimates for workers' compensation tabular claims that are expectations of what the ultimate settlement costs for these claims will be upon final resolution in the future. These estimates are based on the Company's assessment of facts and circumstances currently known and, using Company experience, multiple actuarial estimation methods. This includes estimates of payment patterns reflecting actual mortality, morbidity and settlement history that relate both to claims currently identified as tabular as well as claims not yet identified as tabular ("IBNR" tabular).

The total reserves and the corresponding discount that the Company has established for these claims reflects these multiple estimation methods, payment patterns and a discount rate of 5%. The liabilities and discount amounts shown below reflect estimates of the ultimate liability for tabular claims. Furthermore, the case vs. IBNR discount amounts shown below each reflects estimates of the ultimate resolution costs for these claims: case amounts for claims already identified as tabular; IBNR amounts for claims yet to be identified as tabular.

The December 31, 2018 liabilities of the Company included $494,938,392 and $33,171,998 of such discounted liabilities related to workers' compensation and other liability - occurrence reserves, respectively. The amount of discount for case and IBNR reserves at December 31, 2018 is as follows:

Tabular Discount

| | | Tabular Discount Included in Schedule P, Part 1 * | |
|---|---|---|---|
| | Schedule P Lines of Business | Case | IBNR |
| 1. | Workers' compensation | $ 67,902,927 | $ 144,977,834 |
| 2. | Other liability - occurrence | 2,883,069 | 37,659,231 |
| 3. | Total | $ 70,785,996 | $ 182,637,065 |

* Excludes medical loss reserves and all loss adjustment expense reserves

In 2018, the accretion of discount reported as part of losses incurred in the Statement of Income totaled $11,508,375.

B. Non-tabular reserves have not been discounted.

C. No changes in the rates or other key assumptions used to discount prior accident year reserves have been made.

33. ASBESTOS/ENVIRONMENTAL RESERVES

The following represents the Company's allocable share of the pooled property-casualty business of the TRV Reinsurance Pool, based on its pro rata participation percentage of 23.29%.

A. Does the Company have on the books or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses? Yes (X) No ( )

Exposure for asbestos losses arises from liability coverage written many years ago.

Because each policyholder presents different liability and coverage issues, the Company generally reviews the exposure presented by each policyholder at least annually. Among the factors which the Company may consider in the course of this review are: available insurance coverage, including the role of any umbrella or excess insurance the Company has issued to the policyholder; limits and deductibles; an analysis of the policyholder's potential liability; the jurisdictions involved; past and anticipated future claim activity and loss development on pending claims; past settlement values of similar claims; allocated claim adjustment expense; the potential role of other insurance; the role, if any, of non-asbestos claims or potential non-asbestos claims in any resolution process; and applicable coverage defenses or determinations, if any, including the determination as to whether or not an asbestos claim is a products/completed operation claim subject to an aggregate limit and the available coverage, if any, for that claim.

The Company continues to be involved in disputes, including litigation, with a number of policyholders, some of whom are in bankruptcy over coverage for asbestos-related claims. Many coverage disputes with policyholders are only resolved through settlement agreements. Because many policyholders make exaggerated demands, it is difficult to predict the outcome of settlement negotiations. Settlements involving bankrupt policyholders may include extensive releases which are favorable to the Company, but which could result in settlements for larger amounts than originally anticipated. Although the Company has seen a reduction in the overall risk associated with these disputes, it remains difficult to predict the ultimate cost of these claims. As in the past, the Company will continue to pursue settlement opportunities.

The Company's quarterly asbestos reserve reviews include an analysis of exposure and claim payment patterns by policyholder category, as well as recent settlements, policyholder bankruptcies, judicial rulings and legislative actions. The Company also analyzes developing payment patterns among policyholders as well as projected reinsurance billings and recoveries. In addition, the Company reviews its historical gross and net loss and expense paid experience, year-by-year, to assess any emerging trends, fluctuations, or characteristics suggested by the aggregate paid activity. Conventional actuarial methods are not utilized to establish asbestos reserves and the Company's evaluations have not resulted in a reliable method to determine a meaningful average asbestos defense or indemnity payment.

In January 2015, pursuant to an order issued by a federal bankruptcy court, Travelers Property Casualty Corp. (TPC) made a payment in the amount of $579 million for the settlement of litigation that had commenced in 2001 and 2002 related to the handling and settlement of asbestos claims and the alleged violation of purported common law duties to third parties. The payment was comprised of the $502 million settlement amount, plus pre-judgment and post-judgment interest totaling $77 million. The Company's allocable share of the 2015 payment of the settlement amount resulted in a $117.0 million direct payment and a $111.2 million net payment for asbestos.

On January 29, 2009, TPC and PPG Industries, Inc. (PPG), along with approximately 30 other insurers of PPG, agreed in principle to settle asbestos-related coverage litigation under insurance policies issued to PPG (the Agreement). The Agreement was incorporated into the Modified Third Amended Plan of Reorganization (Amended Plan) proposed as part of the Pittsburgh Corning Corp. (which is 50% owned by PPG) bankruptcy proceeding. On April 27, 2016, the Amended Plan became effective and all the remaining conditions of the

# NOTES TO FINANCIAL STATEMENTS

Agreement were satisfied. TPC fully satisfied its obligation under the Agreement by making a discounted payment in the second quarter of 2016. The payment totaled $524 million, of which $518 million was related to asbestos reserves. The Company's allocable share of the 2016 payments resulted in a $120.6 million direct payment and a $106.7 million net payment for asbestos.

| 1. Direct Basis - Asbestos: | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| a. Beginning reserves: | $ 554,427,278 | $ 541,275,658 | $ 421,825,167 | $ 303,949,036 | $ 314,855,107 |
| b. Incurred losses and LAE: | 58,855,926 | 70,242,640 | 67,146,001 | 72,525,060 | 74,760,900 |
| c. Calendar year payments for losses and LAE: | 72,007,546 | 189,693,131 | 185,022,132 | 61,618,989 | 58,587,194 |
| d. Ending reserves: | $ 541,275,658 | $ 421,825,167 | $ 303,949,036 | $ 314,855,107 | $ 331,028,813 |

| 2. Assumed Reinsurance Basis - Asbestos: | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| a. Beginning reserves: | $ 50,190,955 | $ 43,377,615 | $ 38,562,546 | $ 45,716,341 | $ 40,729,947 |
| b. Incurred losses and LAE: | 1,232,274 | 1,723,460 | 15,441,270 | 6,521,200 | 4,751,160 |
| c. Calendar year payments for losses and LAE: | 8,045,614 | 6,538,529 | 8,287,475 | 11,507,594 | 4,748,107 |
| d. Ending reserves: | $ 43,377,615 | $ 38,562,546 | $ 45,716,341 | $ 40,729,947 | $ 40,733,000 |

| 3. Net of Ceded Reinsurance Basis - Asbestos: | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| a. Beginning reserves: | $ 544,899,947 | $ 546,589,737 | $ 418,642,199 | $ 306,290,337 | $ 295,737,357 |
| b. Incurred losses and LAE: | 58,225,000 | 51,238,000 | 52,309,340 | 52,262,760 | 52,029,860 |
| c. Calendar year payments for losses and LAE: | 56,535,210 | 179,185,538 | 164,661,202 | 62,815,740 | 52,094,880 |
| d. Ending reserves: | $ 546,589,737 | $ 418,642,199 | $ 306,290,337 | $ 295,737,357 | $ 295,672,337 |

B. Bulk and IBNR loss and LAE reserves at December 31, 2018 included in Part A above:

| | |
|---|---|
| 1. Direct Basis: | $ 237,452,835 |
| 2. Assumed Reinsurance Basis: | $ 16,442,167 |
| 3. Net of Ceded Reinsurance Basis: | $ 194,114,905 |

C. Case, bulk and IBNR LAE reserves at December 31, 2018 included in Part A above:

| | |
|---|---|
| 1. Direct Basis: | $ 174,666,804 |
| 2. Assumed Reinsurance Basis: | $ 2,491,433 |
| 3. Net of Ceded Reinsurance Basis: | $ 149,858,460 |

D. Does the Company have on the books or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses? Yes (X) No ( )

Exposure for environmental losses arises from liability coverage written many years ago. The exposures include bodily injury and property damage losses.

The resolution of environmental exposures by the Company generally occurs through settlements with policyholders as opposed to claimants. Generally, the Company strives to extinguish any obligations it may have under any policy issued to the policyholder for past, present and future environmental liabilities and extinguish any pending coverage litigation dispute with the policyholder. This form of settlement is commonly referred to as a "buy-back" of policies for future environmental liability. In addition, many of the agreements have also extinguished any insurance obligation which the Company may have for other claims, including, but not limited to, asbestos and other cumulative injury claims. The Company and its policyholders may also agree to settlements which only extinguish any liability arising from known specified sites or claims. In many instances, these agreements also include indemnities and hold harmless provisions to protect the Company. The Company's general purpose in executing these agreements is to reduce the Company's potential environmental exposure and eliminate the risks presented by coverage litigation with the policyholder and related costs.

In establishing environmental reserves, the Company evaluates the exposure presented by each policyholder and the anticipated cost of resolution, if any. In the course of this analysis, the Company generally considers the probable liability, available coverage and relevant judicial interpretations. In addition, the Company considers the many variables presented, such as: the nature of the alleged activities of the policyholder at each site; the number of sites; the total number of potentially responsible parties at each site; the nature of the alleged environmental harm and the corresponding remedy at each site; the nature of government enforcement activities at each site; the ownership and general use of each site; the overall nature of the insurance relationship between the Company and the policyholder, including the role of any umbrella or excess insurance the Company has issued to the policyholder; the involvement of other insurers; the potential for other available coverage, including the number of years of coverage; the role, if any, of non-environmental claims or potential non-environmental claims in any resolution process; and the applicable law in each jurisdiction. Conventional actuarial methods are not used to estimate these reserves.

The majority of the net environmental reserve is carried in a bulk reserve and includes unresolved environmental claims, incurred but not reported environmental claims and the anticipated cost of coverage litigation disputes relating to these claims. The bulk reserve the Company carries is established and adjusted based upon the aggregate volume of in-process environmental claims and the Company's experience in resolving those claims. The balance of the net environmental reserve consists of case reserves.

| 1. Direct Basis - Environmental: | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| a. Beginning reserves: | $ 63,688,310 | $ 63,980,605 | $ 71,011,122 | $ 76,878,109 | $ 75,161,154 |
| b. Incurred losses and LAE: | 21,147,320 | 18,829,965 | 20,215,721 | 16,301,940 | 15,475,480 |
| c. Calendar year payments for losses and LAE: | 20,855,025 | 11,799,448 | 14,348,734 | 18,018,895 | 18,849,028 |
| d. Ending reserves: | $ 63,980,605 | $ 71,011,122 | $ 76,878,109 | $ 75,161,154 | $ 71,787,606 |

| 2. Assumed Reinsurance Basis - Environmental: | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| a. Beginning reserves: | $ 14,927,457 | $ 14,364,907 | $ 13,217,254 | $ 12,260,401 | $ 9,662,757 |
| b. Incurred losses and LAE: | 745,280 | 34,935 | 46,580 | 931,600 | 1,059,695 |
| c. Calendar year payments for losses and LAE: | 1,307,830 | 1,182,588 | 1,003,433 | 3,529,244 | 1,134,110 |
| d. Ending reserves: | $ 14,364,907 | $ 13,217,254 | $ 12,260,401 | $ 9,662,757 | $ 9,588,342 |

# *NOTES TO FINANCIAL STATEMENTS*

| 3. Net of Ceded Reinsurance Basis - Environmental: | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| a. Beginning reserves: | $ 76,637,591 | $ 77,311,346 | $ 81,324,369 | $ 86,458,529 | $ 82,144,765 |
| b. Incurred losses and LAE: | 20,262,300 | 16,768,800 | 19,097,801 | 15,137,440 | 12,808,775 |
| c. Calendar year payments for losses and LAE: | 19,588,545 | 12,755,777 | 13,963,641 | 19,451,204 | 18,631,229 |
| d. Ending reserves: | $ 77,311,346 | $ 81,324,369 | $ 86,458,529 | $ 82,144,765 | $ 76,322,311 |

E. Bulk and IBNR loss and LAE reserves at December 31, 2018 included in Part D above:

| | |
|---|---|
| 1. Direct Basis: | $ 71,310,524 |
| 2. Assumed Reinsurance Basis: | $ 5,367,299 |
| 3. Net of Ceded Reinsurance Basis: | $ 72,114,892 |

F. Case, bulk and IBNR LAE reserves at December 31, 2018 included in Part D above:

| | |
|---|---|
| 1. Direct Basis: | $ 25,357,701 |
| 2. Assumed Reinsurance Basis: | $ 16,084 |
| 3. Net of Ceded Reinsurance Basis: | $ 23,612,182 |

G. As a result of the processes and procedures discussed above, management believes that the reserves carried for asbestos and environmental claims are appropriately established based upon known facts, current law and management's judgment. However, the uncertainties surrounding the final resolution of these claims continue, and it is difficult to determine the ultimate exposure for asbestos and environmental claims and related litigation. As a result, these reserves are subject to revision as new information becomes available and as claims develop. Changes in the legal, regulatory and legislative environment may impact the resolution of asbestos and environmental claims and result in adverse loss reserve development. The emergence of a greater number of asbestos or environmental claims beyond that which is anticipated may result in adverse loss reserve development. Changes in applicable legislation and future court and regulatory decisions and interpretations, including the outcome of legal challenges to legislative and/or judicial reforms establishing medical criteria for the pursuit of asbestos claims could affect the settlement of asbestos and environmental claims. It is also difficult to predict the ultimate outcome of complex coverage disputes until settlement negotiations near completion and significant legal questions are resolved or, failing settlement, until the dispute is adjudicated. This is particularly the case with policyholders in bankruptcy where negotiations often involve a large number of claimants and other parties and require court approval to be effective. As part of its continuing analysis of asbestos and environmental reserves, the Company continues to study the implications of these and other developments.

Because of the uncertainties set forth above, additional liabilities may arise for amounts in excess of the Company's current insurance reserves. In addition, the Company's estimate of claims and claim adjustment expenses may change. These additional liabilities or increases in estimates, or a range of either, cannot now be reasonably estimated and could result in income statement charges that could be material to the Company's operating results in future periods.

34. SUBSCRIBER SAVINGS ACCOUNTS

Not applicable.

35. MULTIPLE PERIL CROP INSURANCE

Not applicable.

36. FINANCIAL GUARANTY INSURANCE

In prior years, the Company underwrote insurance guaranteeing the structured settlements of certain life insurers. The Company no longer writes such guarantees. At December 31, 2018 and 2017, the Company's aggregate net amount of guarantees of principal and interest for such structured settlements was approximately $7.4 million and $8.0 million, respectively.

# *NOTES TO FINANCIAL STATEMENTS*

Attachment to the 2018 Annual Statement – Notes to Financial Statements, Note 9 – Part F:
Names of the companies included with TRV in the December 31, 2018, consolidated Federal income tax return filing

The Travelers Companies, Inc. (TRV) & Subsidiaries

| Company Name | EIN | Company Name | EIN |
|---|---|---|---|
| American Equity Insurance Company | 86-0703220 | The Travelers Casualty Company | 41-1435765 |
| American Equity Specialty Insurance Company | 86-0868106 | The Travelers Home and Marine Insurance Company | 35-1838079 |
| BMR Sports Properties, Inc. | 52-1852190 | The Travelers Indemnity Company | 06-0566050 |
| Camperdown Corporation | 41-1762781 | The Travelers Indemnity Company of America | 58-6020487 |
| Discover Property & Casualty Insurance Company | 36-2999370 | The Travelers Indemnity Company of Connecticut | 06-0336212 |
| Discover Specialty Insurance Company | 52-1925132 | The Travelers Lloyds Insurance Company | 76-0002592 |
| English Turn Fidelity Realty, Inc. | 52-1466734 | TINDY Foreign, Inc. | 20-4403403 |
| English Turn Realty Management, Inc. | 52-1715225 | TPC Investments, Inc. | 06-1534005 |
| Farmington Casualty Company | 06-1067463 | TravCo Insurance Company | 35-1838077 |
| Fidelity and Guaranty Insurance Company | 42-1091525 | Travelers (Bermuda) Limited | 98-0190863 |
| Fidelity and Guaranty Insurance Underwriters, Inc. | 52-0616768 | Travelers Casualty and Surety Company | 06-6033504 |
| First Floridian Auto and Home Insurance Company | 59-3372141 | Travelers Casualty and Surety Company of America | 06-0907370 |
| Gulf Underwriters Insurance Company | 56-1371361 | Travelers Casualty Company of Connecticut | 06-1286266 |
| Jupiter Holdings, Inc. | 41-1769846 | Travelers Casualty Insurance Company of America | 06-0876835 |
| Laurel Village Fidelity Realty, Inc. | 52-1551225 | Travelers Commercial Casualty Company | 95-3634110 |
| Northbrook Holdings, Inc. | 51-0375653 | Travelers Commercial Insurance Company | 06-1286268 |
| Northfield Insurance Company | 41-0983992 | Travelers Constitution State Insurance Company | 41-1435766 |
| Northland Casualty Company | 94-6051964 | Travelers Distribution Alliance, Inc. | 62-1657094 |
| Northland Insurance Company | 41-6009967 | Travelers Excess and Surplus Lines Company | 06-1203698 |
| Select Insurance Company | 75-6013697 | Travelers Global, Inc. | 47-2215437 |
| Simply Business Holdings, Inc. | 37-1839380 | Travelers Insurance Group Holdings Inc. | 06-1445591 |
| Simply Business, Inc. | 30-0956205 | Travelers Lloyds Management Company | 20-4312440 |
| SPC Insurance Agency, Inc. | 41-1888760 | Travelers Lloyds of Texas Insurance Company | 75-1732040 |
| St. Paul Fire and Marine Insurance Company | 41-0406690 | Travelers MGA, Inc. | 75-2676034 |
| St. Paul Guardian Insurance Company | 41-0963301 | Travelers Personal Insurance Company | 36-3703200 |
| St. Paul Mercury Insurance Company | 41-0881659 | Travelers Personal Security Insurance Company | 06-1286264 |
| St. Paul Protective Insurance Company | 36-2542404 | Travelers Property Casualty Company of America | 36-2719165 |
| St. Paul Surplus Lines Insurance Company | 41-1230819 | Travelers Property Casualty Corp. | 06-1008174 |
| TCI Global Services, Inc. | 52-1965525 | Travelers Property Casualty Insurance Company | 06-1286274 |
| The Automobile Insurance Company of Hartford, Connecticut | 06-0848755 | Travelers Texas MGA, Inc. | 27-4469564 |
| | | United States Fidelity and Guaranty Company | 52-0515280 |
| The Charter Oak Fire Insurance Company | 06-0291290 | USF&G Retail Associates GP, Inc. | 52-1704255 |
| The Phoenix Insurance Company | 06-0303275 | Yonkers Financing Corporation | 20-3033027 |
| The Standard Fire Insurance Company | 06-6033509 | | |

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? If yes, complete Schedule Y, Parts 1, 1A and 2. Yes [ X ] No [ ]

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

1.3 State regulating? Connecticut

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

1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. 86312

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [ X ]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2014

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2014

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/26/2016

3.4 By what department or departments?
Connecticut

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

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

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [ ] No [ X ]

4.12 renewals? Yes [ ] No [ X ]

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

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

4.22 renewals? Yes [ ] No [ X ]

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

If the answer is YES, complete and file the merger history data file with the NAIC.

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

| 1<br>Name of Entity | 2<br>NAIC Company Code | 3<br>State of Domicile |
|---|---|---|
| The Premier Insurance Company of Massachusetts | 12850 | CT |

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

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control 0.0%

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

| 1<br>Nationality | 2<br>Type of Entity |
|---|---|
| | |

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

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

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

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

| 1<br>Affiliate Name | 2<br>Location (City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>SEC |
|---|---|---|---|---|---|
| | | | | | |

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
KPMG LLP, One Financial Plaza, 755 Main St., Hartford, CT 06103

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

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

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

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

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

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Julie M. Joyce, FCAS, MAAA (Vice President and Chief Corporate Actuary), 385 Washington Street, St. Paul, MN 55102

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

12.11 Name of real estate holding company

12.12 Number of parcels involved 0

12.13 Total book/adjusted carrying value $ 0

12.2 If yes, provide explanation

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

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

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

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

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

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [ X ] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

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

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

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

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

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

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

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

| 1<br>American Bankers Association (ABA) Routing Number | 2<br>Issuing or Confirming Bank Name | 3<br>Circumstances That Can Trigger the Letter of Credit | 4<br>Amount |
|---|---|---|---|
| 071212128 | 1st Source Bank | Failure to comply with contract. | $ 2,589,200 |
| 221371709 | Adirondack Bank | Failure to comply with contract. | $ 825,000 |
| 111300958 | Amarillo National Bank | Failure to comply with contract. | $ 3,765,000 |
| 103100616 | American Heritage Bank | Failure to comply with contract. | $ 165,000 |
| 104000854 | American National Bank | Failure to comply with contract. | $ 645,000 |
| 061201754 | Ameris Bank | Failure to comply with contract. | $ 744,000 |
| 082900872 | Arvest Bank | Failure to comply with contract. | $ 3,455,000 |
| 026002794 | Bank Leumi USA | Failure to comply with contract. | $ 950,000 |
| 107002448 | Bank of Colorado | Failure to comply with contract. | $ 1,200,000 |
| 122041235 | Bank of Hope | Failure to comply with contract. | $ 1,510,000 |
| 121141877 | Bank of Marin | Failure to comply with contract. | $ 321,377 |
| 121101037 | Bank of Stockton | Failure to comply with contract. | $ 1,755,000 |
| 075903446 | Bank of Sun Prairie | Failure to comply with contract. | $ 205,000 |
| 112206297 | Bank of the Southwest | Failure to comply with contract. | $ 92,500 |
| 082907273 | Bank OZK | Failure to comply with contract. | $ 525,000 |
| 084202264 | BankPlus | Failure to comply with contract. | $ 175,000 |
| 267090594 | BankUnited, National Association | Failure to comply with contract. | $ 5,191,500 |
| 081222593 | Banterra Bank | Failure to comply with contract. | $ 225,000 |
| 021406667 | BNB Bank | Failure to comply with contract. | $ 1,950,000 |
| 091914464 | Bremer Bank, National Association | Failure to comply with contract. | $ 1,000,000 |
| 026004802 | Brown Brothers Harriman Trust Company, National Association | Failure to comply with contract. | $ 4,150,000 |
| 071001533 | Byline Bank | Failure to comply with contract. | $ 104,651 |
| 062206295 | Cadence Bank, N.A. | Failure to comply with contract. | $ 1,231,000 |
| 121144696 | California Bank of Commerce | Failure to comply with contract. | $ 60,000 |
| 064009380 | CapStar Bank | Failure to comply with contract. | $ 3,400,000 |
| 081000605 | Cass Commercial Bank | Failure to comply with contract. | $ 1,034,895 |
| 122203950 | Cathay Bank | Failure to comply with contract. | $ 2,866,000 |
| 063114030 | CenterState Bank, National Association | Failure to comply with contract. | $ 2,625,000 |
| 081500859 | Central Bank of Boone County | Failure to comply with contract. | $ 28,214 |
| 081004601 | Central Bank of St. Louis | Failure to comply with contract. | $ 1,103,000 |

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

| | | | |
|---|---|---|---|
| 101005483 | Central Bank of the Midwest | Failure to comply with contract. | $ 1,230,650 |
| 111907199 | Central National Bank | Failure to comply with contract. | $ 50,000 |
| 072410013 | Chemical Bank | Failure to comply with contract. | $ 70,000 |
| 322270288 | CIT Bank, National Association | Failure to comply with contract. | $ 2,100,000 |
| 122234149 | Citizens Business Bank | Failure to comply with contract. | $ 4,642,000 |
| 065300211 | Citizens National Bank of Meridian | Failure to comply with contract. | $ 600,000 |
| 051904524 | City National Bank of West Virginia | Failure to comply with contract. | $ 10,000 |
| 051502599 | Clear Mountain Bank | Failure to comply with contract. | $ 1,150,000 |
| 125108272 | Columbia State Bank | Failure to comply with contract. | $ 545,000 |
| 021305386 | Community Bank, National Association | Failure to comply with contract. | $ 3,558,000 |
| 122241802 | Community West Bank, National Association | Failure to comply with contract. | $ 350,000 |
| 0 | Compeer Financial, ACA | Failure to comply with contract. | $ 4,675,000 |
| 101001306 | Country Club Bank | Failure to comply with contract. | $ 927,400 |
| 243074385 | Dollar Bank, Federal Savings Bank | Failure to comply with contract. | $ 865,000 |
| 055003298 | EagleBank | Failure to comply with contract. | $ 96,935 |
| 011301798 | Eastern Bank | Failure to comply with contract. | $ 7,983,405 |
| 0 | Farm Credit East, ACA | Failure to comply with contract. | $ 200,000 |
| 0 | Farm Credit Services of America, ACA | Failure to comply with contract. | $ 2,920,000 |
| 0 | Farm Credit West | Failure to comply with contract. | $ 4,750,000 |
| 121108441 | Farmers & Merchants Bank of Central California | Failure to comply with contract. | $ 303,000 |
| 073903244 | Farmers & Merchants Savings Bank | Failure to comply with contract. | $ 1,750,000 |
| 0 | Federal Home Loan Bank of Des Moines | Failure to comply with contract. | $ 77,119 |
| 301171353 | Fidelity Bank | Failure to comply with contract. | $ 124,000 |
| 122243994 | First Choice Bank | Failure to comply with contract. | $ 155,000 |
| 122242377 | First Commercial Bank (USA) | Failure to comply with contract. | $ 350,000 |
| 074911578 | First Farmers Bank & Trust | Failure to comply with contract. | $ 65,500 |
| 092901683 | First Interstate Bank | Failure to comply with contract. | $ 40,000 |
| 071102076 | First Mid Bank & Trust, National Association | Failure to comply with contract. | $ 349,006 |
| 081501227 | First Midwest Bank of Poplar Bluff | Failure to comply with contract. | $ 409,000 |
| 103101107 | First National Bank and Trust Company of Okmulgee | Failure to comply with contract. | $ 152,000 |
| 064102371 | First National Bank of Manchester | Failure to comply with contract. | $ 1,515,000 |
| 121045106 | First Republic Bank | Failure to comply with contract. | $ 1,695,000 |
| 073902151 | First Whitney Bank and Trust | Failure to comply with contract. | $ 80,000 |
| 111308057 | FirstBank Southwest | Failure to comply with contract. | $ 300,000 |
| 236073801 | Firstrust Savings Bank | Failure to comply with contract. | $ 570,000 |
| 042108397 | Forcht Bank, National Association | Failure to comply with contract. | $ 50,000 |
| 091408734 | Great Western Bank | Failure to comply with contract. | $ 2,390,235 |
| 122039399 | Hanmi Bank | Failure to comply with contract. | $ 7,657,864 |
| 121142287 | Heritage Bank of Commerce | Failure to comply with contract. | $ 700,000 |
| 071925402 | Hinsdale Bank & Trust Company | Failure to comply with contract. | $ 200,000 |
| 265270413 | IBERIABANK | Failure to comply with contract. | $ 263,000 |
| 084008426 | Independent Bank | Failure to comply with contract. | $ 50,000 |
| 122240706 | International City Bank | Failure to comply with contract. | $ 150,000 |
| 0 | Intesa Sanpaolo SpA | Failure to comply with contract. | $ 26,024,227 |
| 221272031 | Investors Bank | Failure to comply with contract. | $ 1,850,000 |
| 111001040 | Inwood National Bank | Failure to comply with contract. | $ 50,000 |
| 114000763 | Jefferson Bank | Failure to comply with contract. | $ 40,000 |
| 101101536 | KS StateBank | Failure to comply with contract. | $ 1,850,000 |
| 071925334 | Lake Forest Bank & Trust Company, National Association | Failure to comply with contract. | $ 2,750,000 |
| 081200531 | Mercantile Bank | Failure to comply with contract. | $ 3,400,000 |
| 081514748 | Mid America Bank | Failure to comply with contract. | $ 418,000 |
| 303087995 | MidFirst Bank | Failure to comply with contract. | $ 2,397,000 |
| 091018302 | Minnesota Bank & Trust | Failure to comply with contract. | $ 100,000 |
| 021272778 | Morgan Stanley Private Bank, National Association | Failure to comply with contract. | $ 200,000 |
| 101101950 | Morrill and Janes Bank and Trust Company | Failure to comply with contract. | $ 325,000 |
| 104002894 | Mutual of Omaha Bank | Failure to comply with contract. | $ 1,400,000 |
| 0 | NatWest Markets Plc | Failure to comply with contract. | $ 55,607,369 |
| 021303618 | NBT Bank, National Association | Failure to comply with contract. | $ 41,000 |
| 075917937 | Nicolet National Bank | Failure to comply with contract. | $ 70,000 |
| 042000550 | North Side Bank and Trust Company | Failure to comply with contract. | $ 444,000 |
| 011303097 | Northern Bank & Trust Company | Failure to comply with contract. | $ 750,000 |
| 226071457 | Northfield Bank | Failure to comply with contract. | $ 456,400 |
| 211672683 | Northfield Savings Bank | Failure to comply with contract. | $ 1,400,000 |

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

| | | | |
|---|---|---|---|
| 041212637 | Old Fort Banking Company | Failure to comply with contract. | $ 200,000 |
| 122238200 | Pacific Western Bank | Failure to comply with contract. | $ 5,950,000 |
| 111322994 | PlainsCapital Bank | Failure to comply with contract. | $ 184,000 |
| 113122655 | Prosperity Bank | Failure to comply with contract. | $ 250,000 |
| 221272303 | Provident Bank | Failure to comply with contract. | $ 132,000 |
| 065205264 | Red River Bank | Failure to comply with contract. | $ 3,850,000 |
| 083001314 | Republic Bank & Trust Company | Failure to comply with contract. | $ 250,000 |
| 0 | Riyad Bank | Failure to comply with contract. | $ 268,000 |
| 043306855 | S&T Bank | Failure to comply with contract. | $ 135,500 |
| 055001096 | Sandy Spring Bank | Failure to comply with contract. | $ 169,000 |
| 073900085 | Security National Bank of Sioux City, Iowa | Failure to comply with contract. | $ 205,000 |
| 026013576 | Signature Bank | Failure to comply with contract. | $ 9,301,847 |
| 082900432 | Simmons Bank | Failure to comply with contract. | $ 883,629 |
| 053200983 | South State Bank | Failure to comply with contract. | $ 150,000 |
| 221970443 | Sterling National Bank | Failure to comply with contract. | $ 972,000 |
| 0 | Swedbank AB (publ) | Failure to comply with contract. | $ 900,000 |
| 061100606 | Synovus Bank | Failure to comply with contract. | $ 3,128,000 |
| 111923238 | Texas Bank and Trust Company | Failure to comply with contract. | $ 245,000 |
| 075917843 | Town Bank | Failure to comply with contract. | $ 45,500 |
| 121135045 | Tri Counties Bank | Failure to comply with contract. | $ 150,000 |
| 0 | UniCredit SpA | Failure to comply with contract. | $ 75,123,668 |
| 104910795 | Union Bank and Trust Company | Failure to comply with contract. | $ 750,000 |
| 021210057 | Unity Bank | Failure to comply with contract. | $ 1,075,000 |
| 031913438 | Univest Bank and Trust Co. | Failure to comply with contract. | $ 222,000 |
| 021201383 | Valley National Bank | Failure to comply with contract. | $ 1,312,000 |
| 091017196 | Venture Bank | Failure to comply with contract. | $ 100,000 |
| 111024865 | Veritex Community Bank | Failure to comply with contract. | $ 583,000 |
| 071925460 | Village Bank & Trust | Failure to comply with contract. | $ 325,000 |
| 243374221 | Washington Financial Bank | Failure to comply with contract. | $ 119,000 |
| 125100089 | Washington Trust Bank | Failure to comply with contract. | $ 219,000 |
| 043400036 | WesBanco Bank, Inc. | Failure to comply with contract. | $ 160,000 |
| 071925389 | Wheaton Bank & Trust Company | Failure to comply with contract. | $ 808,431 |
| 031100102 | Wilmington Savings Fund Society, FSB | Failure to comply with contract. | $ 1,150,000 |
| 071925444 | Wintrust Bank | Failure to comply with contract. | $ 5,420,000 |
| 075907594 | Wisconsin Bank & Trust | Failure to comply with contract. | $ 1,015,000 |
| 026007443 | Woori America Bank | Failure to comply with contract. | $ 350,000 |

## BOARD OF DIRECTORS

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

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

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

## FINANCIAL

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

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

| | | |
|---|---|---|
| 20.11 | To directors or other officers | $ 0 |
| 20.12 | To stockholders not officers | $ 0 |
| 20.13 | Trustees, supreme or grand (Fraternal only) | $ 0 |

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

| | | |
|---|---|---|
| 20.21 | To directors or other officers | $ 0 |
| 20.22 | To stockholders not officers | 0 |
| 20.23 | Trustees, supreme or grand (Fraternal only) | 0 |

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

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

| | | |
|---|---|---|
| 21.21 | Rented from others | $ 0 |
| 21.22 | Borrowed from others | $ 0 |
| 21.23 | Leased from others | $ 0 |
| 21.24 | Other | $ 0 |

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

22.2 If answer is yes:

| | | |
|---|---|---|
| 22.21 | Amount paid as losses or risk adjustment | $ 0 |
| 22.22 | Amount paid as expenses | $ 0 |
| 22.23 | Other amounts paid | $ 0 |

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

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 0

## INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [ X ] No [ ]

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

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
This company is a party to a security lending agreement. See Note 17.

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

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. $ 32,388,007

24.06 If answer to 24.04 is no, report amount of collateral for other programs $ 0

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

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

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

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

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: $ 32,388,007

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: $ 32,388,007

24.103 Total payable for securities lending reported on the liability page: $ 32,388,007

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

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

| | | |
|---|---|---|
| 25.21 | Subject to repurchase agreements | $ 0 |
| 25.22 | Subject to reverse repurchase agreements | $ 0 |
| 25.23 | Subject to dollar repurchase agreements | $ 0 |
| 25.24 | Subject to reverse dollar repurchase agreements | $ 0 |
| 25.25 | Placed under option agreements | $ 0 |
| 25.26 | Letter stock or securities restricted as sale – excluding FHLB Capital Stock | $ 0 |
| 25.27 | FHLB Capital Stock | $ 0 |
| 25.28 | On deposit with states | $ 1,217,042,960 |
| 25.29 | On deposit with other regulatory bodies | $ 37,095,990 |
| 25.30 | Pledged as collateral – excluding collateral pledged to an FHLB | $ 15,147,264 |
| 25.31 | Pledged as collateral to FHLB – including assets backing funding agreements | $ 0 |
| 25.32 | Other | $ 0 |

25.3 For category (25.26) provide the following:

| 1<br>Nature of Restriction | 2<br>Description | 3<br>Amount |
|---|---|---|
| | | $ 0 |

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

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

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

27.2 If yes, state the amount thereof at December 31 of the current year: $ 0

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

28.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

| 1<br>Name of Custodian(s) | 2<br>Custodian's Address |
|---|---|
| JPMorgan Chase | 270 Park Avenue, New York, NY 10017-2070 |

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

| 1<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|---|---|---|
| Citigroup Inc. | Special Equity Transactions Group, 390 Greenwich Street, 1st Fl, New York, NY 10013 | Brokerage account |

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

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

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|---|---|---|---|
| | | | |

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

| 1 | 2 |
|---|---|
| | |

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

| Name of Firm or Individual | Affiliation |
|---|---|
| Assets are internally managed by the reporting entity | I |

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

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

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

| 1<br>Central Registration Depository Number | 2<br>Name of Firm or Individual | 3<br>Legal Entity Identifier (LEI) | 4<br>Registered With | 5<br>Investment Management Agreement (IMA) Filed |
|---|---|---|---|---|
| | | | | |

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

29.2 If yes, complete the following schedule:

| 1<br>CUSIP | 2<br>Name of Mutual Fund | 3<br>Book/Adjusted Carrying Value |
|---|---|---|
| | | $ 0 |
| 29.2999 TOTAL | | $ 0 |

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

| 1<br>Name of Mutual Fund (from above table) | 2<br>Name of Significant Holding of the Mutual Fund | 3<br>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding | 4<br>Date of Valuation |
|---|---|---|---|
| | | $ 0 | |

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

| | | 1<br>Statement (Admitted) Value | 2<br>Fair Value | 3<br>Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
|---|---|---|---|---|
| 30.1 | Bonds | $ 14,013,439,388 | $ 13,985,657,491 | $ (27,781,897) |
| 30.2 | Preferred Stocks | $ 24,931,410 | $ 24,950,225 | $ 18,815 |
| 30.3 | Totals | $ 14,038,370,798 | $ 14,010,607,716 | $ (27,763,082) |

30.4 Describe the sources or methods utilized in determining the fair values:

Fair values of bonds and preferred stocks are based on prices published in the NAIC Valuations of Securities. If this unit price is not available, the fair value is based upon quoted market prices or dealer quotes, or if prices are unavailable, based on valuation determined, in good faith, by The Travelers Companies, Inc.

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

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

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

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

32.2 If no, list exceptions:

33. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designation 5GI security:

a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
b. Issuer or obligor is current on all contracted interest and principal payments.
c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

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

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

a. The security was purchased prior to January 1, 2018.
b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

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

## OTHER

35.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 11,164,364

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

| 1<br>Name | 2<br>Amount Paid |
|---|---|
| INSURANCE SERVICES OFFICE, INC | $ 5,685,659 |

36.1 Amount of payments for legal expenses, if any? $ 17,097,014

36.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

| 1 | 2 |
|---|---|

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

| Name | Amount Paid |
|---|---|
| | $ 0 |

37.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 531,207

37.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

| 1<br>Name | 2<br>Amount Paid |
|---|---|
| | $ 0 |

# GENERAL INTERROGATORIES

## PART 2 – PROPERTY & CASUALTY INTERROGATORIES

| | | | |
|---|---|---|---|
| 1.1 | Does the reporting entity have any direct Medicare Supplement Insurance in force? | | Yes [ ] No [ X ] |
| 1.2 | If yes, indicate premium earned on U.S. business only. | | $ 0 |
| 1.3 | What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? | | $ 0 |
| | 1.31 Reason for excluding: | | |
| 1.4 | Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. | | $ 0 |
| 1.5 | Indicate total incurred claims on all Medicare Supplement insurance. | | $ 0 |
| 1.6 | Individual policies: | | |
| | Most current three years: | | |
| | 1.61 Total premium earned | | $ 0 |
| | 1.62 Total incurred claims | | $ 0 |
| | 1.63 Number of covered lives | | 0 |
| | All years prior to most current three years: | | |
| | 1.64 Total premium earned | | $ 0 |
| | 1.65 Total incurred claims | | $ 0 |
| | 1.66 Number of covered lives | | 0 |
| 1.7 | Group policies: | | |
| | Most current three years: | | |
| | 1.71 Total premium earned | | $ 0 |
| | 1.72 Total incurred claims | | $ 0 |
| | 1.73 Number of covered lives | | 0 |
| | All years prior to most current three years: | | |
| | 1.74 Total premium earned | | $ 0 |
| | 1.75 Total incurred claims | | $ 0 |
| | 1.76 Number of covered lives | | 0 |

2. Health Test:

| | | 1<br>Current Year | 2<br>Prior Year |
|---|---|---|---|
| 2.1 | Premium Numerator | $ 0 | $ 0 |
| 2.2 | Premium Denominator | $ 5,483,138,291 | $ 5,211,733,518 |
| 2.3 | Premium Ratio (2.1/2.2) | 0.0% | 0.0% |
| 2.4 | Reserve Numerator | $ 7,092,625 | $ 8,209,188 |
| 2.5 | Reserve Denominator | $ 12,905,470,878 | $ 12,397,680,460 |
| 2.6 | Reserve Ratio (2.4/2.5) | 0.1% | 0.1% |

| | | | |
|---|---|---|---|
| 3.1 | Does the reporting entity issue both participating and non-participating policies? | | Yes [ X ] No [ ] |
| 3.2 | If yes, state the amount of calendar year premiums written on: | | |
| | 3.21 Participating policies | | $ 65,123,909 |
| | 3.22 Non-participating policies | | $ 5,538,726,937 |
| 4. | FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY: | | |
| | 4.1 Does the reporting entity issue assessable policies? | | Yes [ ] No [ ] |
| | 4.2 Does the reporting entity issue non-assessable policies? | | Yes [ ] No [ ] |
| | 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? | | 0.0% |
| | 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. | | $ 0 |
| 5. | FOR RECIPROCAL EXCHANGES ONLY: | | |
| | 5.1 Does the exchange appoint local agents? | | Yes [ ] No [ ] |
| | 5.2 If yes, is the commission paid: | | |
| | 5.21 Out of Attorney's-in-fact compensation | | Yes [ ] No [ ] N/A [ ] |
| | 5.22 As a direct expense of the exchange | | Yes [ ] No [ ] N/A [ ] |
| | 5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact? | | |
| | 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? | | Yes [ ] No [ ] |
| | 5.5 If yes, give full information: | | |

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

The Company's risk managemnt practices include active monitoring of insured employee local-based concentrations. Although the Company currently has no significant workers' compensation treaty reinsurance, the Company reviews available treaty reinsurance coverages periodically and makes purchase decisions as it deems appropriate. Facultative reinsurance purchases are also made as deemed appropriate.

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:

The Company uses various analyses and methods, including proprietary and third-party computer modeling processes, to make underwriting and reinsurance decisions designed to manage its exposure to catastrophic events. The Company's hurricane loss estimates for U.S. exposures include property exposures, property residual market exposures and an adjustment for certain non-property exposures. The Company's loss estimates are based on the Company's catastrophe risk model estimates and include loss from the hurricane hazards of wind and storm surge. The Company's loss estimates for earthquakes reflect U.S. exposures and include property exposures and workers' compensation exposures. The Company's loss estimates for terrorism reflect U.S. exposures and include property exposures and workers' compensation exposures. The Company also develops conventional attack loss estimates for combined property and workers' compensation exposures for comparison and adherence with aggregate enterprise guidelines. To best assess risk, the Company conducts site engineering analyses on buildings with large exposures. Property exposures are analyzed to determine locations of concentration. Spanning the U.S., this includes California, Florida, New Madrid, the Northeast, the Gulf States and the Mid-Atlantic States.

6.3 What provision has this reporting entity made (such as catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?

# GENERAL INTERROGATORIES

## PART 2 – PROPERTY & CASUALTY INTERROGATORIES

The Company purchases both excess of loss and proportional reinsurance to protect itself from an excessive catastrophe loss.

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

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss:
The Company's all region aggregate catastrophe treaty does not contain a reinstatement provision but does allow for recoveries under multiple event loss scenarios. The Company's northeast region catastrophe treaty applies per occurrence and provides for one reinstatement. Additionally, the Company buys property catastrophe cat bonds for designated perils covering the northeast region. Those bonds apply per occurrence but do not have a reinstatement provision. The Company believes that its reinsurance programs along with the Company's surplus are adequate to cover its exposures in a catastrophic event.

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

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 6

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

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

8.2 If yes, give full information

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;

(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [ ] No [ X ]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [ X ]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;

(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and

(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 31 of *SSAP No. 62R, Property and Casualty Reinsurance*, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or

(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [ X ]

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

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:

(a) The entity does not utilize reinsurance; or, Yes [ ] No [ X ]

(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [ X ]

(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No [ X ]

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

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

11.2 If yes, give full information

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

12.11 Unpaid losses $ 17,384,799

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 3,067,906

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? $ 42,416,942

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

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

12.41 From 0.0%

# GENERAL INTERROGATORIES

## PART 2 – PROPERTY & CASUALTY INTERROGATORIES

| | | |
|---|---|---|
| | 12.42 To | 0.0% |
| 12.5 | Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? | Yes [ X ] No [ ] |
| 12.6 | If yes, state the amount thereof at December 31 of current year: | |
| | 12.61 Letters of Credit | $ 1,278,326,484 |
| | 12.62 Collateral and other funds | $ 464,304,363 |
| 13.1 | Largest net aggregate amount insured in any one risk (excluding workers' compensation): | $ 8,384,400 |
| 13.2 | Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? | Yes [ ] No [ X ] |
| 13.3 | State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. | 2 |
| 14.1 | Is the reporting entity a cedant in a multiple cedant reinsurance contract? | Yes [ X ] No [ ] |
| 14.2 | If yes, please describe the method of allocating and recording reinsurance among the cedants:<br>Per the Company's Reinsurance Allocation Agreement and Pooling Agreement. | |
| 14.3 | If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? | Yes [ ] No [ X ] |
| 14.4 | If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? | Yes [ X ] No [ ] |
| 14.5 | If the answer to 14.4 is no, please explain: | |
| 15.1 | Has the reporting entity guaranteed any financed premium accounts? | Yes [ ] No [ X ] |
| 15.2 | If yes, give full information | |
| 16.1 | Does the reporting entity write any warranty business? | Yes [ ] No [ X ] |

If yes, disclose the following information for each of the following types of warranty coverage:

| | | 1<br>Direct Losses Incurred | 2<br>Direct Losses Unpaid | 3<br>Direct Written Premium | 4<br>Direct Premium Unearned | 5<br>Direct Premium Earned |
|---|---|---|---|---|---|---|
| 16.11 | Home | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| 16.12 | Products | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| 16.13 | Automobile | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| 16.14 | Other* | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |

* Disclose type of coverage:

| | | |
|---|---|---|
| 17.1 | Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that is exempt from the statutory provision for unauthorized reinsurance? | Yes [ ] No [ X ] |
| | Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption: | |
| 17.11 | Gross amount of unauthorized reinsurance in Schedule F-Part 3 exempt from the statutory provision for unauthorized reinsurance | $ 0 |
| 17.12 | Unfunded portion of Interrogatory 17.11 | $ 0 |
| 17.13 | Paid losses and loss adjustment expenses portion of Interrogatory 17.11 | $ 0 |
| 17.14 | Case reserves portion of Interrogatory 17.11 | $ 0 |
| 17.15 | Incurred but not reported portion of Interrogatory 17.11 | $ 0 |
| 17.16 | Unearned premium portion of Interrogatory 17.11 | $ 0 |
| 17.17 | Contingent commission portion of Interrogatory 17.11 | $ 0 |
| 18.1 | Do you act as a custodian for health savings accounts? | Yes [ ] No [ X ] |
| 18.2 | If yes, please provide the amount of custodial funds held as of the reporting date. | $ 0 |
| 18.3 | Do you act as an administrator for health savings accounts? | Yes [ ] No [ X ] |
| 18.4 | If yes, please provide the balance of the funds administered as of the reporting date. | $ 0 |
| 19. | Is the reporting entity licensed or charted, registered, qualified, eligible, or writing business in at least 2 states? | Yes [ X ] No [ ] |
| 19.1 | If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? | Yes [ ] No [ ] |

# FIVE-YEAR HISTORICAL DATA

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

| | | 1<br>2018 | 2<br>2017 | 3<br>2016 | 4<br>2015 | 5<br>2014 |
|---|---|---|---|---|---|---|
| | **Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)** | | | | | |
| 1. | Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 12,588,940,169 | 12,005,975,464 | 11,544,194,926 | 11,065,007,301 | 10,637,304,953 |
| 2. | Property lines (Lines 1, 2, 9, 12, 21 & 26) | 4,781,172,338 | 4,473,143,448 | 4,230,878,824 | 3,931,508,047 | 3,786,972,513 |
| 3. | Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 7,856,326,545 | 7,450,208,564 | 7,207,228,798 | 7,111,071,308 | 7,107,994,849 |
| 4. | All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 59,392,719 | 54,476,015 | 58,721,601 | 63,600,477 | 66,441,951 |
| 5. | Nonproportional reinsurance lines (Lines 31, 32 & 33) | 46,661,711 | 43,314,206 | 50,287,569 | 55,758,246 | 65,107,412 |
| 6. | Total (Line 35) | 25,332,493,482 | 24,027,117,697 | 23,091,311,718 | 22,226,945,378 | 21,663,821,677 |
| | **Net Premiums Written (Page 8, Part 1B, Col. 6)** | | | | | |
| 7. | Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 2,774,342,023 | 2,645,913,755 | 2,512,014,836 | 2,379,479,615 | 2,283,615,363 |
| 8. | Property lines (Lines 1, 2, 9, 12, 21 & 26) | 1,043,083,509 | 977,198,346 | 917,266,525 | 843,120,631 | 812,114,020 |
| 9. | Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 1,761,776,181 | 1,671,855,336 | 1,615,879,558 | 1,588,139,674 | 1,584,285,822 |
| 10. | All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 13,824,347 | 12,634,943 | 13,689,146 | 16,266,885 | 9,692,507 |
| 11. | Nonproportional reinsurance lines (Lines 31, 32 & 33) | 10,824,786 | 10,040,875 | 11,674,193 | 12,962,281 | 14,504,525 |
| 12. | Total (Line 35) | 5,603,850,846 | 5,317,643,255 | 5,070,524,258 | 4,839,969,085 | 4,704,212,238 |
| | **Statement of Income (Page 4)** | | | | | |
| 13. | Net underwriting gain (loss) (Line 8) | 71,598,014 | 30,897,470 | 293,587,685 | 497,288,921 | 426,858,901 |
| 14. | Net investment gain (loss) (Line 11) | 854,688,315 | 864,742,820 | 869,920,776 | 887,913,157 | 766,320,225 |
| 15. | Total other income (Line 15) | 11,371,510 | 49,725,634 | 185,027,275 | 25,818,300 | 35,842,230 |
| 16. | Dividends to policyholders (Line 17) | 10,808,962 | 10,568,835 | 10,033,637 | 8,007,842 | 7,328,336 |
| 17. | Federal and foreign income taxes incurred (Line 19) | 141,347,100 | (12,317,813) | 238,355,487 | 238,882,111 | 279,508,777 |
| 18. | Net income (Line 20) | 785,501,778 | 947,114,902 | 1,100,146,611 | 1,164,130,425 | 942,184,243 |
| | **Balance Sheet Lines (Pages 2 and 3)** | | | | | |
| 19. | Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3) | 21,617,300,097 | 21,395,827,070 | 21,180,468,800 | 20,817,833,762 | 20,724,465,599 |
| 20. | Premiums and considerations (Page 2, Col. 3): | | | | | |
| | 20.1 In course of collection (Line 15.1) | 415,032,471 | 322,450,979 | 330,505,553 | 323,564,217 | 320,498,835 |
| | 20.2 Deferred and not yet due (Line 15.2) | 1,174,521,037 | 1,128,376,458 | 1,067,538,300 | 1,000,301,503 | 961,010,163 |
| | 20.3 Accrued retrospective premiums (Line 15.3) | 19,409,750 | 20,092,651 | 14,888,130 | 18,632,915 | 19,532,263 |
| 21. | Total liabilities excluding protected cell business (Page 3, Line 26) | 14,983,999,635 | 14,575,604,575 | 14,177,001,927 | 13,973,243,548 | 14,091,059,403 |
| 22. | Losses (Page 3, Line 1) | 7,314,349,190 | 7,085,754,373 | 6,818,327,023 | 6,752,243,538 | 6,803,744,952 |
| 23. | Loss adjustment expenses (Page 3, Line 3) | 1,678,729,040 | 1,646,953,175 | 1,604,381,209 | 1,556,633,166 | 1,658,228,404 |
| 24. | Unearned premiums (Page 3, Line 9) | 2,544,373,352 | 2,417,498,323 | 2,305,527,071 | 2,203,577,313 | 2,125,708,319 |
| 25. | Capital paid up (Page 3, Lines 30 & 31) | 10,790,700 | 10,790,700 | 10,790,700 | 10,790,700 | 10,790,700 |
| 26. | Surplus as regards policyholders (Page 3, Line 37) | 6,633,300,461 | 6,820,222,495 | 7,003,466,873 | 6,844,590,214 | 6,633,406,196 |
| | **Cash Flow (Page 5)** | | | | | |
| 27. | Net cash from operations (Line 11) | 1,157,191,869 | 1,387,013,327 | 1,540,019,699 | 1,038,154,757 | 1,111,608,723 |
| | **Risk-Based Capital Analysis** | | | | | |
| 28. | Total adjusted capital | 6,633,300,461 | 6,820,222,495 | 7,003,466,873 | 6,844,590,214 | 6,633,406,196 |
| 29. | Authorized control level risk-based capital | 1,324,091,706 | 1,301,903,007 | 1,166,410,162 | 1,156,999,216 | 1,166,217,225 |
| | **Percentage Distribution of Cash, Cash Equivalents and Invested Assets** | | | | | |
| | (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0 | | | | | |
| 30. | Bonds (Line 1) | 75.1 | 71.6 | 68.8 | 68.1 | 68.2 |
| 31. | Stocks (Lines 2.1 & 2.2) | 17.9 | 18.0 | 20.5 | 21.7 | 21.6 |
| 32. | Mortgage loans on real estate (Lines 3.1 & 3.2) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 33. | Real estate (Lines 4.1, 4.2 & 4.3) | 1.9 | 2.0 | 2.0 | 2.0 | 1.4 |
| 34. | Cash, cash equivalents and short-term investments (Line 5) | (0.4) | 3.2 | 3.6 | 3.1 | 4.0 |
| 35. | Contract loans (Line 6) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 36. | Derivatives (Line 7) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 37. | Other invested assets (Line 8) | 4.7 | 5.0 | 4.9 | 4.8 | 4.4 |
| 38 | Receivables for securities (Line 9) | 0.6 | 0.1 | 0.0 | 0.0 | 0.0 |
| 39. | Securities lending reinvested collateral assets (Line 10) | 0.2 | 0.3 | 0.2 | 0.3 | 0.4 |
| 40. | Aggregate write-ins for invested assets (Line 11) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) |
| 41. | Cash, cash equivalents and invested assets (Line 12) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | **Investments in Parent, Subsidiaries and Affiliates** | | | | | |
| 42. | Affiliated bonds (Sch. D, Summary, Line 12, Col. 1) | 0 | 0 | 0 | 0 | 0 |
| 43. | Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1) | 0 | 0 | 0 | 0 | 0 |
| 44. | Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1) | 3,151,764,222 | 3,172,179,121 | 3,558,736,314 | 3,651,378,395 | 3,642,514,272 |
| 45. | Affiliated short-term investments | | | | | |
| | (subtotals included in Schedule DA, Verification, Column 5, Line 10) | 0 | 0 | 0 | 0 | 0 |
| 46. | Affiliated mortgage loans on real estate | 0 | 0 | 0 | 0 | 0 |
| 47. | All other affiliated | 384,299,882 | 412,957,570 | 434,414,830 | 429,923,492 | 420,534,315 |
| 48. | Total of above lines 42 to 47 | 3,536,064,104 | 3,585,136,691 | 3,993,151,144 | 4,081,301,887 | 4,063,048,587 |
| 49. | Total investment in parent included in Lines 42 to 47 above | 0 | 0 | 0 | 0 | 0 |
| 50. | Percentage of investments in parent, subsidiaries and affiliates to surplus | | | | | |
| | as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0) | 53.3 | 52.6 | 57.0 | 59.6 | 61.3 |

# FIVE-YEAR HISTORICAL DATA

(Continued)

| | | 1<br>2018 | 2<br>2017 | 3<br>2016 | 4<br>2015 | 5<br>2014 |
|---|---|---|---|---|---|---|
| | **Capital and Surplus Accounts (Page 4)** | | | | | |
| 51. | Net unrealized capital gains (losses) (Line 24) | (17,147,580) | (143,930,614) | (20,307,164) | 7,383,916 | 204,790,254 |
| 52. | Dividends to stockholders (Line 35) | (1,000,000,000) | (794,000,000) | (933,000,000) | (1,068,000,000) | (1,242,000,000) |
| 53. | Change in surplus as regards policyholders for the year (Line 38) | (186,922,034) | (183,244,378) | 158,876,660 | 211,184,018 | (72,719,274) |
| | **Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)** | | | | | |
| 54. | Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 6,563,889,984 | 6,350,359,827 | 6,436,771,643 | 5,880,643,411 | 5,608,129,362 |
| 55. | Property lines (Lines 1, 2, 9, 12, 21 & 26) | 2,773,921,386 | 2,574,888,906 | 2,113,883,798 | 1,855,771,152 | 1,886,003,844 |
| 56. | Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 4,344,688,240 | 3,629,471,392 | 3,068,798,316 | 2,907,627,703 | 3,003,547,347 |
| 57. | All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 14,322,881 | 38,665,163 | 47,022,719 | 39,484,931 | 136,697,456 |
| 58. | Nonproportional reinsurance lines (Lines 31, 32 & 33) | 61,657,215 | 110,504,061 | 65,986,646 | 94,504,950 | 142,626,173 |
| 59. | Total (Line 35) | 13,758,479,706 | 12,703,889,351 | 11,732,463,122 | 10,778,032,147 | 10,777,004,181 |
| | **Net Losses Paid (Page 9, Part 2, Col. 4)** | | | | | |
| 60. | Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 1,404,538,486 | 1,353,207,077 | 1,318,879,911 | 1,210,957,366 | 1,143,691,557 |
| 61. | Property lines (Lines 1, 2, 9, 12, 21 & 26) | 592,457,057 | 573,945,258 | 468,574,619 | 402,514,130 | 406,150,308 |
| 62. | Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 980,896,795 | 825,494,424 | 693,224,633 | 654,877,614 | 677,458,464 |
| 63. | All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 3,931,725 | 5,793,837 | 10,343,729 | 9,845,152 | 16,372,082 |
| 64. | Nonproportional reinsurance lines (Lines 31, 32 & 33) | 12,644,492 | 22,747,930 | 12,353,139 | 16,939,367 | 28,225,648 |
| 65. | Total (Line 35) | 2,994,468,554 | 2,781,188,527 | 2,503,376,029 | 2,295,133,629 | 2,271,898,059 |
| | **Operating Percentages (Page 4)**<br>(Item divided by Page 4, Line 1) x 100.0 | | | | | |
| 66. | Premiums earned (Line 1) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 67. | Losses incurred (Line 2) | 58.8 | 58.1 | 51.7 | 47.1 | 46.1 |
| 68. | Loss expenses incurred (Line 3) | 10.6 | 11.4 | 11.7 | 11.7 | 14.3 |
| 69. | Other underwriting expenses incurred (Line 4) | 29.4 | 29.9 | 30.7 | 30.8 | 30.4 |
| 70. | Net underwriting gain (loss) (Line 8) | 1.3 | 0.6 | 5.9 | 10.4 | 9.2 |
| | **Other Percentages** | | | | | |
| 71. | Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0) | 28.5 | 28.3 | 29.9 | 29.8 | 29.3 |
| 72. | Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) | 69.3 | 69.6 | 63.4 | 58.7 | 60.5 |
| 73. | Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0) | 84.5 | 78.0 | 72.4 | 70.7 | 70.9 |
| | **One Year Loss Development ($000 omitted)** | | | | | |
| 74. | Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11) | (67,128) | (115,348) | (102,472) | (155,676) | (262,011) |
| 75. | Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year-end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100) | (1.0) | (1.7) | (1.5) | (2.3) | (3.9) |
| | **Two Year Loss Development ($000 omitted)** | | | | | |
| 76. | Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12) | (190,004) | (194,007) | (260,362) | (375,193) | (359,548) |
| 77. | Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior-year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0) | (2.7) | (2.8) | (3.9) | (5.6) | (5.1) |

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

If no, please explain:

# SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

## SCHEDULE P - PART 1 - SUMMARY

($000 Omitted)

| Years in Which Premiums Were Earned and Losses Were Incurred | Premiums Earned | | | Loss and Loss Expense Payments | | | | | | | | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Loss Payments | | Defense and Cost Containment Payments | | Adjusting and Other Payments | | 10 | 11 | Number of Claims Reported-Direct and Assumed |
| | 1 Direct and Assumed | 2 Ceded | 3 Net (Cols. 1 - 2) | 4 Direct and Assumed | 5 Ceded | 6 Direct and Assumed | 7 Ceded | 8 Direct and Assumed | 9 Ceded | Salvage and Subrogation Received | Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9) | |
| 1. Prior | XXX | XXX | XXX | 177,691 | 38,774 | 62,376 | 6,415 | 22,059 | 198 | (2,800) | 216,739 | XXX |
| 2. 2009 | 4,752,576 | 380,701 | 4,371,875 | 2,261,945 | 151,302 | 201,385 | 11,301 | 244,400 | 3,044 | 126,656 | 2,542,083 | XXX |
| 3. 2010 | 4,717,590 | 343,799 | 4,373,790 | 2,508,886 | 143,149 | 221,458 | 10,379 | 248,292 | 2,316 | 131,861 | 2,822,791 | XXX |
| 4. 2011 | 4,885,971 | 336,583 | 4,549,388 | 3,043,288 | 197,966 | 234,100 | 12,697 | 256,313 | 2,463 | 142,384 | 3,320,574 | XXX |
| 5. 2012 | 5,011,870 | 369,221 | 4,642,649 | 2,937,490 | 453,778 | 231,841 | 23,004 | 263,876 | 4,207 | 135,929 | 2,952,217 | XXX |
| 6. 2013 | 5,197,914 | 531,379 | 4,666,535 | 2,209,970 | 134,006 | 205,997 | 8,352 | 246,179 | 6,196 | 117,374 | 2,513,592 | XXX |
| 7. 2014 | 5,059,791 | 376,204 | 4,683,587 | 2,158,091 | 144,195 | 202,644 | 11,418 | 236,891 | 5,852 | 112,847 | 2,436,160 | XXX |
| 8. 2015 | 5,130,690 | 342,381 | 4,788,309 | 2,064,317 | 117,176 | 160,470 | 7,074 | 238,851 | 4,682 | 109,412 | 2,334,708 | XXX |
| 9. 2016 | 5,301,987 | 325,255 | 4,976,732 | 2,008,358 | 94,549 | 112,938 | 5,097 | 249,087 | 897 | 120,029 | 2,269,841 | XXX |
| 10. 2017 | 5,504,228 | 292,495 | 5,211,733 | 2,139,832 | 117,590 | 74,630 | 3,483 | 249,669 | 477 | 132,137 | 2,342,581 | XXX |
| 11. 2018 | 5,771,729 | 288,591 | 5,483,138 | 1,426,993 | 37,569 | 31,878 | 963 | 209,760 | 334 | 79,430 | 1,629,765 | XXX |
| 12. Totals | XXX | XXX | XXX | 22,936,860 | 1,630,055 | 1,739,717 | 100,183 | 2,465,376 | 30,665 | 1,205,259 | 25,381,051 | XXX |

| | Losses Unpaid | | | | Defense and Cost Containment Unpaid | | | | Adjusting and Other Unpaid | | 23 | 24 | 25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Case Basis | | Bulk + IBNR | | Case Basis | | Bulk + IBNR | | 21 | 22 | | Total Net Losses and Expenses Unpaid | Number of Claims Outstanding-Direct and Assumed |
| | 13 Direct and Assumed | 14 Ceded | 15 Direct and Assumed | 16 Ceded | 17 Direct and Assumed | 18 Ceded | 19 Direct and Assumed | 20 Ceded | Direct and Assumed | Ceded | Salvage and Subrogation Anticipated | | |
| 1. Prior | 1,425,519 | 426,440 | 1,000,392 | 190,979 | 139,623 | 14,077 | 275,189 | 39,470 | 139,855 | 184 | 4,066 | 2,309,427 | XXX |
| 2. 2009 | 59,962 | 6,103 | 63,967 | 5,922 | 5,205 | 147 | 9,525 | (944) | 3,361 | 19 | 1,300 | 130,774 | XXX |
| 3. 2010 | 79,772 | 10,453 | 80,730 | 3,992 | 7,365 | 182 | 13,400 | 684 | 4,185 | 36 | 1,720 | 170,105 | XXX |
| 4. 2011 | 87,127 | 5,987 | 91,976 | 5,150 | 8,709 | (174) | 18,842 | 264 | 5,077 | 19 | 2,740 | 200,485 | XXX |
| 5. 2012 | 123,370 | 11,493 | 131,644 | 15,012 | 11,674 | 338 | 34,897 | 459 | 6,713 | 84 | 3,781 | 280,911 | XXX |
| 6. 2013 | 151,911 | 17,232 | 145,757 | 22,024 | 14,955 | 655 | 52,814 | 545 | 11,131 | 34 | 4,986 | 336,078 | XXX |
| 7. 2014 | 188,449 | 25,083 | 171,591 | 15,909 | 21,139 | 1,546 | 60,154 | 1,247 | 15,737 | 167 | 8,990 | 413,118 | XXX |
| 8. 2015 | 245,669 | 25,443 | 275,152 | 28,375 | 30,267 | 914 | 56,281 | 1,253 | 25,412 | 131 | 14,431 | 576,665 | XXX |
| 9. 2016 | 404,499 | 42,405 | 411,811 | 32,163 | 45,713 | 1,119 | 93,335 | 961 | 43,450 | 264 | 24,475 | 921,896 | XXX |
| 10. 2017 | 583,992 | 84,005 | 703,227 | 47,086 | 52,130 | 1,692 | 129,909 | 1,510 | 53,053 | 222 | 40,526 | 1,387,795 | XXX |
| 11. 2018 | 780,615 | 84,880 | 1,287,728 | 74,374 | 54,776 | 2,145 | 189,259 | 3,289 | 118,420 | 283 | 100,474 | 2,265,826 | XXX |
| 12. Totals | 4,130,886 | 739,525 | 4,363,975 | 440,986 | 391,554 | 22,642 | 933,603 | 48,738 | 426,395 | 1,443 | 207,489 | 8,993,079 | XXX |

| | Total Losses and Loss Expenses Incurred | | | Loss and Loss Expense Percentage (Incurred/Premiums Earned) | | | Nontabular Discount | | 34 | Net Balance Sheet Reserves after Discount | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 26 Direct and Assumed | 27 Ceded | 28 Net | 29 Direct and Assumed | 30 Ceded | 31 Net | 32 Loss | 33 Loss Expense | Inter-Company Pooling Participation Percentage | 35 Losses Unpaid | 36 Loss Expenses Unpaid |
| 1. Prior | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 1,808,492 | 500,934 |
| 2. 2009 | 2,849,750 | 176,893 | 2,672,857 | 60.0 | 46.5 | 61.1 | 0 | 0 | 23.29 | 111,903 | 18,871 |
| 3. 2010 | 3,164,087 | 171,191 | 2,992,896 | 67.1 | 49.8 | 68.4 | 0 | 0 | 23.29 | 146,057 | 24,048 |
| 4. 2011 | 3,745,432 | 224,373 | 3,521,058 | 76.7 | 66.7 | 77.4 | 0 | 0 | 23.29 | 167,966 | 32,519 |
| 5. 2012 | 3,741,504 | 508,376 | 3,233,128 | 74.7 | 137.7 | 69.6 | 0 | 0 | 23.29 | 228,509 | 52,401 |
| 6. 2013 | 3,038,714 | 189,044 | 2,849,670 | 58.5 | 35.6 | 61.1 | 0 | 0 | 23.29 | 258,412 | 77,666 |
| 7. 2014 | 3,054,696 | 205,418 | 2,849,278 | 60.4 | 54.6 | 60.8 | 0 | 0 | 23.29 | 319,048 | 94,070 |
| 8. 2015 | 3,096,420 | 185,047 | 2,911,373 | 60.4 | 54.0 | 60.8 | 0 | 0 | 23.29 | 467,003 | 109,662 |
| 9. 2016 | 3,369,191 | 177,454 | 3,191,737 | 63.5 | 54.6 | 64.1 | 0 | 0 | 23.29 | 741,743 | 180,154 |
| 10. 2017 | 3,986,441 | 256,065 | 3,730,376 | 72.4 | 87.5 | 71.6 | 0 | 0 | 23.29 | 1,156,128 | 231,667 |
| 11. 2018 | 4,099,428 | 203,837 | 3,895,590 | 71.0 | 70.6 | 71.0 | 0 | 0 | 23.29 | 1,909,089 | 356,737 |
| 12. Totals | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 7,314,349 | 1,678,729 |

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

# SCHEDULE P - PART 2 - SUMMARY

| Years in Which Losses Were Incurred | Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted) | | | | | | | | | | DEVELOPMENT | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | One Year | Two Year |
| 1. Prior | 6,808,223 | 6,601,575 | 6,433,528 | 6,289,933 | 6,213,194 | 6,043,337 | 6,007,178 | 5,981,436 | 6,007,886 | 6,023,957 | 16,071 | 42,521 |
| 2. 2009 | 2,555,554 | 2,539,819 | 2,532,787 | 2,512,726 | 2,490,340 | 2,479,951 | 2,473,347 | 2,454,621 | 2,442,651 | 2,435,694 | (6,957) | (18,927) |
| 3. 2010 | XXX | 2,722,227 | 2,813,301 | 2,803,175 | 2,786,212 | 2,777,541 | 2,772,508 | 2,768,403 | 2,756,043 | 2,751,399 | (4,645) | (17,005) |
| 4. 2011 | XXX | XXX | 3,314,821 | 3,347,715 | 3,353,845 | 3,332,484 | 3,325,715 | 3,298,153 | 3,281,154 | 3,272,252 | (8,902) | (25,901) |
| 5. 2012 | XXX | XXX | XXX | 3,060,698 | 3,058,113 | 3,023,138 | 2,995,190 | 2,989,341 | 2,983,340 | 2,977,094 | (6,247) | (12,247) |
| 6. 2013 | XXX | XXX | XXX | XXX | 2,692,109 | 2,675,870 | 2,644,403 | 2,632,769 | 2,624,129 | 2,609,247 | (14,882) | (23,522) |
| 7. 2014 | XXX | XXX | XXX | XXX | XXX | 2,707,433 | 2,664,514 | 2,653,146 | 2,624,556 | 2,613,769 | (10,787) | (39,377) |
| 8. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | 2,700,232 | 2,702,315 | 2,670,007 | 2,663,612 | (6,395) | (38,703) |
| 9. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 2,970,480 | 2,945,246 | 2,913,637 | (31,609) | (56,843) |
| 10. 2017 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 3,435,289 | 3,442,514 | 7,225 | XXX |
| 11. 2018 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 3,583,057 | XXX | XXX |
| 12. Totals | | | | | | | | | | | (67,128) | (190,004) |

# SCHEDULE P - PART 3 - SUMMARY

| Years in Which Losses Were Incurred | Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted) | | | | | | | | | | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Number of Claims Closed With Loss Payment | Number of Claims Closed Without Loss Payment |
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | | |
| 1. Prior | 000 | 988,207 | 1,636,609 | 2,108,341 | 2,454,524 | 2,747,413 | 2,989,851 | 3,308,020 | 3,518,322 | 3,713,200 | XXX | XXX |
| 2. 2009 | 994,932 | 1,530,613 | 1,806,555 | 1,994,537 | 2,120,753 | 2,189,232 | 2,240,927 | 2,269,137 | 2,287,566 | 2,300,728 | XXX | XXX |
| 3. 2010 | XXX | 1,116,969 | 1,716,394 | 2,026,200 | 2,243,553 | 2,386,326 | 2,473,268 | 2,525,691 | 2,556,721 | 2,576,815 | XXX | XXX |
| 4. 2011 | XXX | XXX | 1,530,522 | 2,205,070 | 2,529,793 | 2,747,339 | 2,898,892 | 2,983,809 | 3,033,786 | 3,066,724 | XXX | XXX |
| 5. 2012 | XXX | XXX | XXX | 1,260,821 | 1,909,070 | 2,199,263 | 2,423,670 | 2,560,040 | 2,647,213 | 2,692,548 | XXX | XXX |
| 6. 2013 | XXX | XXX | XXX | XXX | 1,021,663 | 1,547,948 | 1,841,161 | 2,045,825 | 2,187,373 | 2,273,609 | XXX | XXX |
| 7. 2014 | XXX | XXX | XXX | XXX | XXX | 1,025,194 | 1,540,660 | 1,836,722 | 2,061,845 | 2,205,121 | XXX | XXX |
| 8. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | 1,011,278 | 1,562,605 | 1,873,602 | 2,100,539 | XXX | XXX |
| 9. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 1,099,856 | 1,703,169 | 2,021,650 | XXX | XXX |
| 10. 2017 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 1,357,567 | 2,093,388 | XXX | XXX |
| 11. 2018 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 1,420,339 | XXX | XXX |

# SCHEDULE P - PART 4 - SUMMARY

| Years in Which Losses Were Incurred | Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End ($000 omitted) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| 1. Prior | 3,878,218 | 3,148,715 | 2,623,499 | 2,264,267 | 2,035,173 | 1,714,103 | 1,545,758 | 1,304,509 | 1,204,533 | 1,128,974 |
| 2. 2009 | 1,024,524 | 594,167 | 421,535 | 292,697 | 211,265 | 163,794 | 134,197 | 105,611 | 87,581 | 75,253 |
| 3. 2010 | XXX | 992,292 | 625,020 | 409,135 | 278,503 | 198,779 | 156,809 | 128,172 | 107,870 | 96,980 |
| 4. 2011 | XXX | XXX | 1,087,167 | 639,991 | 441,974 | 300,045 | 221,904 | 165,902 | 130,369 | 114,344 |
| 5. 2012 | XXX | XXX | XXX | 1,122,590 | 671,860 | 438,835 | 301,676 | 236,772 | 190,351 | 160,389 |
| 6. 2013 | XXX | XXX | XXX | XXX | 1,064,000 | 659,414 | 435,540 | 318,392 | 249,996 | 185,020 |
| 7. 2014 | XXX | XXX | XXX | XXX | XXX | 1,125,516 | 663,414 | 454,277 | 301,154 | 224,700 |
| 8. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | 1,106,307 | 674,172 | 444,611 | 311,491 |
| 9. 2016 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 1,221,261 | 726,656 | 482,456 |
| 10. 2017 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 1,355,873 | 796,656 |
| 11. 2018 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 1,414,225 |

# SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

| States, Etc. | 1 Active Status (a) | Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written | 3 Direct Premiums Earned | 4 Dividends Paid or Credited to Policyholders on Direct Business | 5 Direct Losses Paid (Deducting Salvage) | 6 Direct Losses Incurred | 7 Direct Losses Unpaid | 8 Finance and Service Charges not Included in Premiums | 9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2) |
|---|---|---|---|---|---|---|---|---|---|
| 1. Alabama AL | L | 30,304,413 | 30,422,492 | 15,357 | 79,571,844 | 74,856,306 | 62,531,130 | 24,561 | 157 |
| 2. Alaska AK | L | 3,567,703 | 3,358,707 | 878 | 1,559,033 | 1,284,290 | 3,254,807 | 396 | 0 |
| 3. Arizona AZ | L | 53,429,559 | 55,174,487 | 4,026 | 26,269,922 | 30,310,973 | 99,285,045 | 44,070 | 0 |
| 4. Arkansas AR | L | 21,532,521 | 21,183,012 | 22,948 | 12,135,134 | 5,506,606 | 68,489,716 | 17,234 | 0 |
| 5. California CA | L | 55,923 | (10,076) | 0 | 5,267,110 | (2,038,905) | 41,361,789 | 0 | 0 |
| 6. Colorado CO | L | 45,287,053 | 45,864,327 | 20,464 | 32,395,356 | 37,244,493 | 114,559,055 | 48,711 | 0 |
| 7. Connecticut CT | L | 32,277,656 | 32,430,712 | 31,174 | 18,337,653 | 11,146,338 | 100,215,076 | 35,935 | 0 |
| 8. Delaware DE | L | 4,874,666 | 4,974,486 | 161 | 3,419,808 | 745,972 | 18,167,078 | 7,073 | 0 |
| 9. District of Columbia DC | L | 11,556,313 | 11,297,353 | 25,387 | 11,183,284 | 4,879,902 | 43,051,366 | 8,832 | 0 |
| 10. Florida FL | L | 55,800,680 | 54,766,624 | 31,967 | 37,555,113 | 27,416,997 | 181,178,584 | 25,635 | 970 |
| 11. Georgia GA | L | 40,111,152 | 41,235,102 | 26,647 | 25,573,743 | 37,879,897 | 73,466,808 | 48,445 | 0 |
| 12. Hawaii HI | L | 6,368,868 | 5,197,471 | 0 | 2,342,556 | 1,003,944 | 14,183,208 | 864 | 0 |
| 13. Idaho ID | L | 7,271,836 | 7,248,362 | 4,306 | 2,170,417 | 2,478,781 | 8,924,818 | 8,892 | 0 |
| 14. Illinois IL | L | 86,309,539 | 87,520,407 | 57,610 | 63,476,996 | 64,540,411 | 159,808,192 | 74,786 | 189 |
| 15. Indiana IN | L | 49,000,773 | 47,635,502 | 6,394 | 17,708,587 | 16,373,278 | 49,535,418 | 18,655 | 0 |
| 16. Iowa IA | L | 16,014,601 | 14,952,648 | 222 | 6,557,703 | 9,923,689 | 42,621,196 | 6,250 | 564 |
| 17. Kansas KS | L | 23,049,746 | 21,649,707 | 7,328 | 7,393,117 | 6,791,134 | 57,914,483 | 14,287 | 966 |
| 18. Kentucky KY | L | 16,412,311 | 15,967,568 | 6,704 | 7,855,861 | 7,661,881 | 68,919,418 | 10,066 | 0 |
| 19. Louisiana LA | L | 33,893,339 | 34,592,804 | 46,995 | 17,878,100 | 19,271,697 | 61,613,500 | 19,022 | 0 |
| 20. Maine ME | L | 5,507,788 | 5,884,878 | 0 | 1,676,108 | 1,898,259 | 14,151,111 | 4,609 | 0 |
| 21. Maryland MD | L | 52,406,469 | 51,687,316 | 8,525 | 24,018,279 | 46,197,232 | 109,463,411 | 71,032 | 0 |
| 22. Massachusetts MA | L | 130,675,333 | 127,766,784 | 254,259 | 61,314,260 | 59,014,107 | 297,152,434 | 291,231 | 0 |
| 23. Michigan MI | L | 60,162,845 | 60,578,365 | 22,603 | 28,119,831 | 19,462,994 | 138,081,792 | 36,059 | 0 |
| 24. Minnesota MN | L | 41,456,314 | 41,552,343 | 453,287 | 23,788,297 | 34,111,707 | 78,722,105 | 22,881 | 0 |
| 25. Mississippi MS | L | 27,420,444 | 28,044,850 | 17,617 | 12,957,144 | 18,198,626 | 60,163,286 | 22,383 | 3,912 |
| 26. Missouri MO | L | 32,111,911 | 31,751,643 | 7,330 | 18,408,960 | 10,848,766 | 57,268,223 | 28,212 | 250 |
| 27. Montana MT | L | 8,778,638 | 8,832,243 | 9,810 | 2,633,214 | 5,665,052 | 10,826,402 | 11,377 | 0 |
| 28. Nebraska NE | L | 16,937,241 | 17,383,033 | 112,014 | 10,097,719 | 9,249,432 | 64,372,709 | 9,389 | 230 |
| 29. Nevada NV | L | 23,605,018 | 24,336,299 | 2,865 | 5,911,714 | 6,320,137 | 26,447,014 | 19,336 | 0 |
| 30. New Hampshire NH | L | 8,701,769 | 9,338,562 | 4,463 | 2,642,421 | 1,932,417 | 36,266,061 | 9,298 | 0 |
| 31. New Jersey NJ | L | 101,846,204 | 105,584,466 | 3,568,888 | 55,551,877 | 47,575,441 | 302,137,018 | 109,112 | 0 |
| 32. New Mexico NM | L | 18,985,727 | 18,452,289 | 21,388 | 9,787,919 | 10,458,376 | 23,653,418 | 17,892 | 0 |
| 33. New York NY | L | 275,149,447 | 268,696,403 | 135,648 | 83,936,435 | 143,878,885 | 578,958,162 | 294,808 | 0 |
| 34. North Carolina NC | L | 59,195,612 | 55,574,969 | 12,447 | 29,690,201 | 43,699,207 | 107,033,807 | 99,281 | 0 |
| 35. North Dakota ND | L | 5,126,796 | 4,967,201 | 3,943 | 1,568,418 | 757,334 | 4,207,662 | 1,429 | 2,228 |
| 36. Ohio OH | L | 45,350,695 | 43,550,420 | 12,418 | 28,974,481 | 24,659,861 | 53,808,291 | 19,851 | 0 |
| 37. Oklahoma OK | L | 25,906,276 | 26,649,076 | 17,428 | 10,174,344 | 10,045,463 | 30,109,726 | 950 | 0 |
| 38. Oregon OR | L | 13,284,333 | 13,304,337 | 6,978 | 5,227,587 | 1,674,772 | 15,545,457 | 14,132 | 0 |
| 39. Pennsylvania PA | L | 88,580,170 | 89,127,208 | 35,469 | 39,518,907 | 36,757,002 | 198,869,535 | 244,577 | 0 |
| 40. Rhode Island RI | L | 7,587,010 | 7,519,186 | 98 | 3,203,110 | 4,337,482 | 15,295,411 | 7,450 | 0 |
| 41. South Carolina SC | L | 22,900,005 | 22,316,210 | 100,846 | 7,185,184 | 7,072,762 | 39,495,493 | 20,427 | 0 |
| 42. South Dakota SD | L | 5,950,669 | 6,238,448 | 13,665 | 4,012,977 | 712,304 | 11,890,422 | 3,991 | 0 |
| 43. Tennessee TN | L | 64,347,102 | 63,674,266 | 6,475 | 19,019,920 | 23,678,322 | 187,516,377 | 39,656 | 0 |
| 44. Texas TX | L | 118,290,641 | 117,635,890 | 80,493 | 52,116,695 | 75,521,641 | 373,023,302 | 119,051 | 0 |
| 45. Utah UT | L | 10,825,642 | 10,257,206 | 12,687 | 3,562,293 | 2,192,650 | 11,507,699 | 17,877 | 0 |
| 46. Vermont VT | L | 4,322,284 | 4,307,970 | 1,579 | 1,875,676 | 794,722 | 16,535,806 | 4,661 | 0 |
| 47. Virginia VA | L | 35,517,445 | 34,837,689 | 22,764 | 21,440,240 | 21,100,294 | 98,604,807 | 40,209 | 0 |
| 48. Washington WA | L | 28,190,171 | 27,796,489 | 1,898 | 9,939,466 | 13,523,815 | 31,581,089 | 34,574 | 0 |
| 49. West Virginia WV | L | 9,228,341 | 10,373,742 | 29,199 | 6,084,814 | 8,892,783 | 30,954,293 | 4,296 | 0 |
| 50. Wisconsin WI | L | 32,483,257 | 27,671,290 | 3,093 | 13,529,818 | 16,674,491 | 62,322,670 | 8,319 | 0 |
| 51. Wyoming WY | L | 3,386,461 | 3,564,496 | 5,682 | 1,332,553 | 2,753,906 | 3,252,452 | 2,876 | 0 |
| 52. American Samoa AS | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 53. Guam GU | L | 31,294 | 31,232 | 0 | 0 | 8,095 | 8,095 | 2 | 0 |
| 54. Puerto Rico PR | L | 254,693 | 258,058 | 0 | 32,155 | (6,108,182) | 1,900,698 | 3 | 0 |
| 55. US Virgin Islands VI | L | 265 | 265 | 0 | 0 | (1,694,243) | 0 | 0 | 0 |
| 56. Northern Mariana Islands MP | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 57. Canada CAN | N | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 58. Aggregate Other Alien OT | XXX | 11,435 | 11,181 | 0 | 241,591 | 29,786 | 581,443 | 0 | 0 |
| 59. Totals | XXX | 1,921,634,398 | 1,905,017,997 | 5,294,427 | 978,225,946 | 1,059,173,379 | 4,360,788,366 | 2,044,945 | 9,466 |
| **DETAILS OF WRITE-INS** | | | | | | | | | |
| 58001. ZZZ Other Alien | XXX | 11,434 | 11,180 | 0 | 49,270 | (1,877) | 581,298 | 0 | 0 |
| 58002. BHS Bahamas | XXX | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| 58003. SGP Singapore | XXX | 0 | 0 | 0 | 0 | (268) | 145 | 0 | 0 |
| 58998. Summary of remaining write-ins for Line 58 from overflow page | XXX | 0 | 0 | 0 | 192,321 | 31,930 | 0 | 0 | 0 |
| 58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above) | XXX | 11,435 | 11,181 | 0 | 241,591 | 29,786 | 581,443 | 0 | 0 |

**Explanation of Basis of Allocation of Premiums by States, etc.**

1 Fire - Location of property; 2 Allied Lines - Location of property; 3 Farmowners - Location of property; 4 Homeowners - Location of property; 5 CMP - Location of property; 8 Ocean Marine - Address of insured or state of principal exposure, except builders risks which are allocated on location of risk; 9 Inland Marine - Location of insured or state of principal exposure; 10 Financial guaranty - Location of risk; 11 Medical malpractice - Location of risk; 12 Earthquake - Location of property; 13 Group A&H - Location of risk; 15 Other A&H – Location of insured; 16 Workers' compensation - Location of employee's workplace; 17 Other liability - Location of risk; 18 Products Liability - Location of risk; 19 Auto liability - Location of garage; 21 Auto physical damage - Location of garage; 22 Aircraft - Location of airport from which insured's aircraft operates; 23 Fidelity - Location of insured; 24 Surety – Contract Surety: Project location; All Other Surety: Obligee location; 26 Burglary and theft - Location of property; 27 Boiler and machinery - Location of property; 28 Credit - Location of risk; With respect to international commercial insurance policies (1) for U.S. based insureds with ancillary international operations or (2) that are placed as part of a controlled master program allocation is to the situs of the contract which is typically the headquarter state or principal business location of the first named insured. Exceptions to this include monoline marine or other insurance policies that are designed to insure specifically identified international exposures.

(a) Active Status Counts:

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG..... 54

E - Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile - See DSLI)..... 0

D - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to write surplus lines in the state of domicile..... 0

R - Registered - Non-domiciled RRGs..... 0

Q - Qualified - Qualified or accredited reinsurer..... 0

N - None of the above - Not allowed to write business in the state..... 3

# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
## PART 1 - ORGANIZATIONAL CHART

| | | | | | |
|---|---|---|---|---|---|
| The Travelers Companies, Inc. | Minnesota | 41-0518860 | … … Windamere III, LLC (99%) | Minnesota | 41-2007089 |
| … St. Paul Fire and Marine Insurance Company (24767) * | Connecticut | 41-0406690 | … Camperdown Corporation | Delaware | 41-1762781 |
| … … St. Paul Mercury Insurance Company (24791) * | Connecticut | 41-0881659 | … SPC Insurance Agency, Inc. | Minnesota | 41-1888760 |
| … … St. Paul Guardian Insurance Company (24775) * | Connecticut | 41-0963301 | … Aprilgrange Limited | United Kingdom | |
| … … St. Paul Surplus Lines Insurance Company (30481) * | Delaware | 41-1230819 | … F&G U.K. Underwriters Limited | United Kingdom | |
| … … The Travelers Casualty Company (41769) * | Connecticut | 41-1435765 | … Travelers Underwriting Agency Limited | United Kingdom | |
| … … Travelers Constitution State Insurance Company (41750) * | Connecticut | 41-1435766 | … Travelers Syndicate Management Limited * | United Kingdom | |
| … … Northbrook Holdings, Inc. | Delaware | 51-0375653 | … St. Paul Surety Europe Limited | United Kingdom | |
| … … … Discover Property & Casualty Insurance Company (36463) * | Connecticut | 36-2999370 | … Travelers Corporate Trustee Ltd. | United Kingdom | |
| … … … St. Paul Protective Insurance Company (19224) * | Connecticut | 36-2542404 | … Travelers London Limited | United Kingdom | |
| … … Discover Specialty Insurance Company (10213) * | Connecticut | 52-1925132 | … TCI Global Services, Inc. | Delaware | 52-1965525 |
| … … United States Fidelity and Guaranty Company (25887) * | Connecticut | 52-0515280 | … Travelers Management Limited | United Kingdom | |
| … … … Fidelity and Guaranty Insurance Underwriters, Inc. (25879) * | Wisconsin | 52-0616768 | … Travelers Insurance Company Limited * | United Kingdom | AA-1121375 |
| … … … Fidelity and Guaranty Insurance Company (35386) * | Iowa | 42-1091525 | … … Travelers Insurance Designated Activity Company | Ireland | |
| … … … Laurel Village Fidelity Realty, Inc. | Maryland | 52-1551225 | … Simply Business Holdings Ltd | United Kingdom | |
| … … … … Laurel Village Joint Venture Partnership (50%) | Minnesota | 41-1616702 | … Simply Business Group Ltd | United Kingdom | |
| … … … … … Laurel Village I Limited Partnership (99%) | Minnesota | 41-1542260 | … Xbridge Holdings Limited | United Kingdom | |
| … … … … … Laurel Village II Limited Partnership (99%) | Minnesota | 41-1542261 | … Xbridge Acquisitions Limited | United Kingdom | |
| … … … … … Laurel Village III Limited Partnership (99%) | Minnesota | 41-1542263 | … Simply Business Holdings, Inc. | Delaware | |
| … … … … … Laurel Village IV Limited Partnership (99%) | Minnesota | 41-1542264 | … … Simply Business, Inc. | Massachusetts | |
| … … … … … Laurel Village Tower A Limited Partnership (99%) | Minnesota | 41-1542266 | … Xbridge Limited | United Kingdom | |
| … … … … … Laurel Village Tower B Limited Partnership (99%) | Minnesota | 41-1593312 | … 10762962 Canada Inc. | Canada | |
| … … … … … Laurel Village Tower C Limited Partnership (99%) | Minnesota | 41-1542267 | … … Zensurance Inc. (79.3%) | Canada | |
| … … … … … Laurel Village Swinford Limited Partnership (99%) | Minnesota | 41-1542255 | … … … Zensurance Brokers Inc. | Canada | |
| … … … USF&G Retail Associates GP, Inc. | Maryland | 52-1704255 | … Travelers Property Casualty Corp. | Connecticut | 06-1008174 |
| … … … … USF&G/Fidelity Retail Associates Limited Partnership (1%) | Maryland | 52-1704256 | … … Travelers Insurance Group Holdings Inc. | Delaware | 06-1445591 |
| … … … USF&G/Fidelity Retail Associates Limited Partnership (83.95%) | Maryland | 52-1704256 | … … … The Standard Fire Insurance Company (19070) * | Connecticut | 06-6033509 |
| … … … BMR Sports Properties, Inc. | Maryland | 52-1852190 | … … … … Standard Fire Properties, LLC | Delaware | 06-6033509 |
| … … … … Black Mountain Ranch Limited Partnership (1%) | Maryland | 52-1573778 | … … … … … Bayhill Restaurant II Associates (50%) | California | 94-3097171 |
| … … Black Mountain Ranch Limited Partnership (85%) | Maryland | 52-1573778 | … … … … Standard Fire UK Investments, LLC | Delaware | 06-6033509 |
| … … MMI Capital Trust I | Delaware | 52-2073764 | … … … … The Automobile Insurance Company of Hartford, Connecticut (19062) * | Connecticut | 06-0848755 |
| … … Promenade Partners, LLC | Delaware | 41-0406690 | … … … … … Auto Hartford Investments, LLC | Delaware | 06-0848755 |
| … … USF&G Capital I | Delaware | 52-1953822 | … … … … Travelers Personal Security Insurance Company (36145) * | Connecticut | 06-1286264 |
| … … USF&G Capital III | Delaware | 52-2044075 | … … … … Travelers Property Casualty Insurance Company (36161) * | Connecticut | 06-1286274 |
| … … 350 Market Street, LLC | Delaware | 38-4046010 | … … … … Travelers Personal Insurance Company (38130) * | Connecticut | 36-3703200 |
| … … Travelers Special Services Limited | United Kingdom | | … … … … Travelers Texas MGA, Inc. | Texas | 27-4469564 |
| … … Yonkers Financing Corp. | Delaware | 20-3033027 | … … … … Oregon Evergreen Investor I, LLC | Delaware | 06-6033509 |
| … … English Turn Fidelity Realty, Inc. | Minnesota | 52-1466734 | … … … Travelers (Bermuda) Limited * | Bermuda | AA-3194119 |
| … … … English Turn LLC (99%) | Minnesota | 59-2635727 | … … … Travelers Lloyds Management Company | Texas | 20-4312440 |
| … … … Fidelity English Turn Club LLC (99%) | Minnesota | 59-2709441 | … … … TPC Investments Inc. | Connecticut | 06-1534005 |
| … … English Turn LLC (1%) | Minnesota | 59-2635727 | … … … Travelers Casualty and Surety Company (19038) * | Connecticut | 06-6033504 |
| … … English Turn Realty Management, Inc. | Minnesota | 52-1715225 | … … … … Farmington Casualty Company (41483) * | Connecticut | 06-1067463 |
| … … … Fidelity English Turn Club LLC (1%) | Minnesota | 59-2709441 | … … … … … Travelers MGA, Inc. | Texas | 75-2676034 |
| … … 8527512 Canada Inc. (22.48%) | Canada | | … … … … 8527512 Canada Inc. (77.52%) | Canada | |
| … … … The Dominion of Canada General Insurance Company * | Canada | AA-1560270 | … … … … … The Dominion of Canada General Insurance Company * | Canada | AA-1560270 |
| … … Fog City Fund, LLC (99%) | Minnesota | 41-1985480 | … … … … Travelers Insurance Company of Canada * | Canada | AA-1560039 |
| … … Symmetry Growth Capital II, LLC | Minnesota | 76-0753165 | … … … … Travelers Casualty and Surety Company of America (31194) * | Connecticut | 06-0907370 |
| … … Upper Lake Growth Capital, LLC (99%) | Minnesota | 41-1927945 | … … … … … Travelers Global, Inc. | Delaware | 47-2215437 |
| … … Vesbridge Partners, LP (85%) | Minnesota | 20-1222630 | … … … … … … Travelers Brazil Holding LLC | Delaware | 47-2215437 |
| … … Windamere II, LLC (99%) | Minnesota | 41-1963936 | … … … … … … … Travelers Brazil Acquisition LLC | Delaware | 47-2215437 |

*Notes:*
* Denotes affiliated insurer
Unless otherwise stated, subsidiaries listed above are 100% owned by respective parent

# SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
## PART 1 - ORGANIZATIONAL CHART

| | | | | | |
|---|---|---|---|---|---|
| … … … … … … … … … Junto Holding Brasil S.A. (49.5%) | Brazil | | … … … … Tiercel, LLC | Delaware | 06-0566050 |
| … … … … … … … … … … Junto Resseguros S.A. * | Brazil | AA-2230021 | … … … … … Redstart, LLC | Delaware | 06-0566050 |
| … … … … … … … … … … … Junto Controle de Riscos Ltda. (0.01%) | Brazil | | … … … … The Travelers Home and Marine Insurance Company (27998) * | Connecticut | 35-1838079 |
| … … … … … … … … … … Junto Seguros S.A. * | Brazil | AA-2230002 | … … … … The Travelers Lloyds Insurance Company (41262) * | Texas | 76-0002592 |
| … … … … … … … … … … … Junto Controle de Riscos Ltda. (99.99%) | Brazil | | … … … … Travelers Marine, LLC | Delaware | 06-0566050 |
| … … … … … … … … … Junto Holding Latam S.A. (49.5%) | Brazil | | | | |
| … … … … … … … … … … JMalucelli Travelers Seguros S.A. (51%) * | Colombia | AA-2330036 | | | |
| … … … … … … … … … Travelers Participações em Seguros Brasil S.A. | Brazil | | | | |
| … … … … … … … … … … Travelers Seguros Brasil S.A. * | Brazil | AA-2230022 | | | |
| … … … … Travelers Casualty Insurance Company of America (19046) * | Connecticut | 06-0876835 | | | |
| … … … … Travelers Casualty Company of Connecticut (36170) * | Connecticut | 06-1286266 | | | |
| … … … … Travelers Casualty UK Investments LLC | Delaware | 06-6033504 | | | |
| … … … … Travelers Commercial Insurance Company (36137) * | Connecticut | 06-1286268 | | | |
| … … … … Travelers Excess and Surplus Lines Company (29696) * | Connecticut | 06-1203698 | | | |
| … … … … Travelers Lloyds of Texas Insurance Company (41564) * | Texas | 75-1732040 | | | |
| … … … … The Family Business Institute LLC | Delaware | 06-6033504 | | | |
| … … … … IHP Capital Partners Fund VIII, L.P. (97%) | Delaware | 82-0925474 | | | |
| … … … The Travelers Indemnity Company (25658) * | Connecticut | 06-0566050 | | | |
| … … … … Arch Street North LLC | Delaware | 06-0566050 | | | |
| … … … … The Charter Oak Fire Insurance Company (25615) * | Connecticut | 06-0291290 | | | |
| … … … … Travelers Real Estate, LLC | Delaware | 06-0566050 | | | |
| … … … … First Floridian Auto and Home Insurance Company (10647) * | Florida | 59-3372141 | | | |
| … … … … Gulf Underwriters Insurance Company (42811) * | Connecticut | 56-1371361 | | | |
| … … … … Select Insurance Company (22233) * | Texas | 75-6013697 | | | |
| … … … … Travelers Casualty and Surety Company of Europe Limited * | United Kingdom | AA-1120023 | | | |
| … … … … Crystal Brook, LLC | Delaware | 06-0566050 | | | |
| … … … … … Durham Holding, LLC | Delaware | 06-0566050 | | | |
| … … … … Sutton Holdco, LLC | Delaware | 06-0566050 | | | |
| … … … … … Cadet Limited, LLC | Delaware | 06-0566050 | | | |
| … … … … Arrowhead Company, LLC | Delaware | 06-0566050 | | | |
| … … … … … Eastern Asset, LLC | Delaware | 06-0566050 | | | |
| … … … … Jupiter Holdings, Inc. | Minnesota | 41-1769846 | | | |
| … … … … … American Equity Insurance Company (43117) * | Arizona | 86-0703220 | | | |
| … … … … … … American Equity Specialty Insurance Company (10819) * | Connecticut | 86-0868106 | | | |
| … … … … … Northland Insurance Company (24015) * | Connecticut | 41-6009967 | | | |
| … … … … … … Northfield Insurance Company (27987) * | Iowa | 41-0983992 | | | |
| … … … … … … Northland Casualty Company (24031) * | Connecticut | 94-6051964 | | | |
| … … … … Travelers Indemnity U.K. Investments LLC | Connecticut | 06-0566050 | | | |
| … … … … TPC U.K. Investments LLC | Delaware | 06-0566050 | | | |
| … … … … The Phoenix Insurance Company (25623) * | Connecticut | 06-0303275 | | | |
| … … … … … The Travelers Indemnity Company of America (25666) * | Connecticut | 58-6020487 | | | |
| … … … … … The Travelers Indemnity Company of Connecticut (25682) * | Connecticut | 06-0336212 | | | |
| … … … … … Travelers Property Casualty Company of America (25674) * | Connecticut | 36-2719165 | | | |
| … … … … … … American Marine Management Services, Inc. (47.5%) | New York | 13-2743602 | | | |
| … … … … … Constitution State Services LLC | Delaware | 06-1501229 | | | |
| … … … … … Phoenix UK Investments LLC | Delaware | 06-0303275 | | | |
| … … … … TravCo Insurance Company (28188) * | Connecticut | 35-1838077 | | | |
| … … … … TINDY Foreign, Inc | Delaware | 20-4403403 | | | |
| … … … … Travelers Commercial Casualty Company (40282) * | Connecticut | 95-3634110 | | | |
| … … … … Travelers Distribution Alliance, Inc. | Delaware | 62-1657094 | | | |
| … … … … Travelers TLD, LLC | Delaware | 06-0566050 | | | |

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* Denotes affiliated insurer
Unless otherwise stated, subsidiaries listed above are 100% owned by respective parent

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