MEMIC CASUALTY COMPANY

FINANCIAL STATEMENTS
(STATUTORY BASIS)
DECEMBER 31, 2013 AND 2012

MEMIC

MEMIC Casualty Company
Index
(Statutory Basis)
December 31, 2013 and 2012

Independent Auditor's Report

To the Board of Directors of
MEMIC Casualty Company

We have audited the accompanying statutory financial statements of MEMIC Casualty Company (the "Company"), which comprise the statutory statements of admitted assets, liabilities, and capital and surplus as of December 31, 2013 and 2012 and the related statutory statements of income and changes in capital and surplus, and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the Vermont Department of Financial Regulation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 to the financial statements, the financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the Vermont Department of Financial Regulation, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the statutory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2013 and 2012, or the results of its operations or its cash flows for the years then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of the Company as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the Vermont Department of Financial Regulation described in Note 2.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Supplemental Summary Investment Schedule and Supplemental Investment Risks Interrogatories of the Company as of December 31, 2013 and for the year then ended are presented for purposes of additional analysis and are not a required part of the financial statements. The Supplemental Summary Investment Schedule and Supplemental Investment Risks Interrogatories are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The effects on the Supplemental Summary Investment Schedule and Supplemental Investment Risks Interrogatories of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. As a consequence, the Supplemental Summary Investment Schedule and Supplemental Investment Risks Interrogatories do not present fairly, in conformity with accounting principles generally accepted in the United States of America, such information of the Company as of December 31, 2013 and for the year then ended. The Supplemental Summary Investment Schedule and Supplemental Investment Risks Interrogatories have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Summary Investment Schedule and Supplemental Investment Risks Interrogatories are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PricewaterhouseCoopers LLP

March 21, 2014

MEMIC Casualty Company
Statement of Admitted Assets, Liabilities and Capital and Surplus (Statutory Basis)
December 31, 2013 and 2012

	2013	2012
Admitted Assets		
Invested assets		
Bonds, at carrying value (fair value: $16,483,160 and $14,039,476 at December 31, 2013 and 2012, respectively)	$ 16,932,470	$ 13,779,571
Cash and short term investments	3,896,376	1,594,729
Total cash and invested assets	20,828,846	15,374,300
Premium balances receivable	1,102,048	117,373
Due from parent	183,418	18,817
Investment income due and accrued	106,239	72,066
Net deferred income taxes	-	19,625
Total admitted assets	$ 22,220,551	$ 15,602,181
Liabilities		
Loss reserves	$ 1,117,235	$ 154,677
Loss adjustment expense reserves	124,129	6,041
Unearned premium reserves	1,519,068	230,355
Advance premium	21,204	-
Reinsurance premiums payable	1,193	9,741
Other liabilities	35,300	25,615
Premium taxes and assessments payable	369,634	18,204
Amounts withheld for others	(1,627)	1,457
Commissions payable	76,972	10,664
Net deferred tax liability	1,724	-
Federal income tax payable	78,713	5,928
Total liabilities	$ 3,343,545	$ 462,682
Commitments and contingencies (Note 12)		
Capital and surplus		
Common stock, 1,000,000 shares authorized, 100,000 shares issued and outstanding.	$ 3,000,000	$ 3,000,000
Gross paid-in and contributed surplus	16,183,951	12,183,951
Unassigned surplus	(306,945)	(44,452)
Total capital and surplus	18,877,006	15,139,499
Total liabilities and capital and surplus	$ 22,220,551	$ 15,602,181

The accompanying notes are an integral part of these statutory basis financial statements.

MEMIC Casualty Company
Statement of Income
(Statutory Basis)
Years Ended December 31, 2013 and 2012

	2013	2012
Underwriting income		
Premiums earned, net	$ 1,641,155	$ 214,709
Loss and underwriting expenses		
Losses incurred, net	1,112,976	146,088
Loss adjustment expenses incurred, net	198,470	23,599
Underwriting expenses	749,117	153,919
Total loss and underwriting expenses	2,060,563	323,606
Net underwriting loss	(419,408)	(108,897)
Investment income		
Net investment income	277,920	64,017
Net realized capital (losses) gains, net of taxes	(13,514)	105
Total investment income	264,406	64,122
Other expenses		
Finance charges	455	25
Net other expense	455	25
Loss before federal income taxes	(154,547)	(44,750)
Provision for federal income taxes	85,990	8,032
Net loss income	$ (240,537)	$ (52,782)

The accompanying notes are an integral part of these statutory basis financial statements.

MEMIC Casualty Company
Statement of Changes in Capital and Surplus
(Statutory Basis)
Years Ended December 31, 2013 and 2012

	2013	2012
Capital and surplus at beginning year	$ 15,139,499	$ 5,172,655
Net loss	(240,537)	(52,782)
Increase in net deferred income taxes	139,903	25,712
Increase in nonadmitted assets	(161,859)	(6,086)
Capital contributions	4,000,000	10,000,000
Change in capital and surplus	3,737,507	9,966,844
Capital and surplus at end of year	$ 18,877,006	$ 15,139,499

The accompanying notes are an integral part of these statutory basis financial statements.

MEMIC Casualty Company
Statement of Cash Flows
(Statutory Basis)
Years Ended December 31, 2013 and 2012

	2013	2012
Cash from operations		
Premiums collected, net	$ 1,957,849	$ 337,433
Investment income received, net	351,705	3,535
Other expense	455	25
Cash provided from operations	2,310,009	340,993
Benefit and loss related payments	150,418	1,411
Commissions and expenses paid	402,075	123,595
Federal income taxes paid	5,928	28,351
Cash used in operations	558,421	153,357
Net cash provided from operations	1,751,588	187,636
Cash from investing activites		
Cash provided by (used in) investments		
Proceeds from bonds sold, matured or repaid	1,181,436	362,601
Cost of bonds acquired	(613,402)	(3,698,643)
Net cash provided from (used) in investing activities	568,034	(3,336,042)
Cash from financing and miscellaneous sources		
Other cash		
Capital and paid in surplus	150,317	106,424
Other uses	(168,292)	(20,835)
Net cash (used in) provided from financing and miscellaneous sources	(17,975)	85,589
Net change in cash	2,301,647	(3,062,817)
Cash and short term investments		
Beginning of year	1,594,729	4,657,546
End of year	$ 3,896,376	$ 1,594,729
Noncash transaction		

The accompanying notes are an integral part of these statutory basis financial statements.

1. Organization

All outstanding shares of MEMIC Casualty Company ("The Company") are owned by Maine Employers' Mutual Insurance Company ("MEMIC"), a property/casualty insurance company domiciled in the State of Maine. The Vermont Department of Financial Regulation, acting as rehabilitator, converted the former Granite Manufacturers' Mutual Indemnity Company ("GMMIC"), a property/casualty insurance carrier domiciled in the State of Vermont to write workers' compensation, to a stock company and on December 12, 2011 MEMIC purchased the Company. In conjunction with the transaction, GMMIC was renamed to MEMIC Casualty Company. The former GMMIC has not written workers' compensation policies since 1969 and does not currently have any open claims under this former incorporation. At the date of conversion, the Company acquired the residual assets and liabilities of GMMIC. In 2011, MEMIC contributed capital of $4,622,576 and a $561,375 bond towards its original investment in the Company.

MEMIC contributed additional capital of $4,000,000 and $10,000,000 in the form of fixed income securities and cash towards its investment in the Company in 2013 and 2012, respectively. The $4,000,000 and $10,000,000 capital contribution, noted as a change in policyholder surplus, includes a $3,849,683 and $9,893,576 non-cash contribution of bonds and $150,317 and $106,424 cash in 2013 and 2012, respectively.

The stock Company is licensed to write workers' compensation insurance in Vermont, New York, New Hampshire and Pennsylvania and commenced writing policies in May 2012.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Company are prepared in conformity with statutory accounting practices of the National Association of Insurance Commissioners ("NAIC") as prescribed or permitted by the Vermont Department of Financial Regulation ("statutory accounting").

The Vermont Department of Financial Regulation recognizes only statutory accounting practices prescribed or permitted by the State of Vermont for determining and reporting the financial condition and results of operations of an insurance company, and for determining its solvency under the Vermont Insurance Law. The NAIC Accounting Practices and Procedures Manual ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the State of Vermont. There are no differences between the Company's net income, capital and surplus as recognized under NAIC SAP and the practices prescribed and permitted by the State of Vermont.

Statutory accounting practices differ in certain respects from accounting principles generally accepted in the United States of America ("GAAP"). The effects of such differences on the accompanying financial statements, which could be significant, have not been determined. The most significant differences generally include the following:

a. Statutory accounting requires that policy acquisition costs such as commissions, premium taxes and other items be charged to current operations as incurred. Under GAAP, policy acquisition costs would be deferred and then amortized ratably over the periods covered by the policies;

b. The statutory provision for federal income taxes represents estimated amounts currently payable based on taxable income or loss reported in the current accounting period. Deferred income taxes are provided in accordance with SSAP 101, *Income Taxes, A Replacement of SSAP 10R and SSAP 10, effective January 1, 2012.* SSAP 101 provides new requirements for tax loss contingencies and the calculation and admissibility of deferred tax assets ("DTAs"). The realization of any resulting deferred tax asset is limited based on certain criteria in accordance with SSAP 101. The GAAP provision would include a provision for taxes currently payable, as well as deferred taxes, both of which would be recorded in the income statement;

c. Under statutory accounting, certain assets designated as "nonadmitted assets" (principally deferred income taxes) are charged directly to surplus. GAAP would require the Company to maintain a reserve for doubtful accounts based on amounts deemed to be uncollectible;

d. Under statutory accounting, investments in debt securities are generally carried at amortized cost. Under GAAP, debt securities classified as trading or available-for-sale are valued at fair value, and debt securities classified as held-to-maturity are valued at amortized cost;

e. Reinsurance balances relating to unpaid loss and loss adjustment expenses are presented as offsets to reserves; under GAAP, such amounts would be presented as reinsurance recoverable; moreover, under statutory accounting, a liability is established for recoverable balances from reinsurers which are not authorized and for overdue paid loss recoverables;

f. Under GAAP, the inclusion of a statement of comprehensive income, detailing the income effects of unrealized gains and losses, foreign exchange transactions, and pension liability adjustments is required;

g. For statutory cash flow purposes, included as cash and cash equivalents are short-term investments which mature within one year as opposed to three months; and

h. A reconciliation of cash flows to the indirect method is not provided under statutory accounting.

Management Estimates
The preparation of financial statements in conformity with statutory accounting practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Invested Assets
Invested assets are valued in accordance with the statutory basis of valuation prescribed by the NAIC. Cash includes cash and cash equivalents, which are short-term investments which mature within one year; the carrying value of these investments approximates fair value.

Bonds are generally stated at amortized cost. Bonds with an NAIC SVO rating of "three" or higher are carried at the lower of amortized cost or fair value. The fair values of these securities are based on quoted prices for similar assets in active markets.

Investment income is recorded on an accrual basis. Realized capital gains and losses are reported in operating results based on the specific identification of investments sold. Unrealized capital gains and losses from the valuation of investments at fair value are credited or charged directly to unassigned surplus, net of federal income taxes, unless determined to be other than temporary and included as a component of net realized capital (losses) gains.

Realized gains or losses on the sale of investments are determined on the specific identification method and are included in the results of operations. Declines in values of securities that are other-than-temporary are written down with a corresponding charge to net realized losses. Specific impairments are determined based on a continual review of investment portfolio valuations.

Premiums and Unearned Premium Reserves
Direct and assumed premiums, net of amounts ceded to other insurance companies, are earned on a monthly pro rata basis over the in-force period. Accordingly, unearned premium reserves are established for the pro rata portion of premiums written which are applicable to the unexpired terms of the policies in force, net of reinsurance. Premium adjustments resulting from retrospective rating plans and/or audits are immediately recorded as written and earned premiums once such amounts can be reasonably estimated.

Equities and Deposits in Pools
The Company is required to participate in involuntary pools in several states where it writes workers' compensation business. The Company participates in underwriting results, including premiums, losses, expenses and other operations of involuntary pools, based on the Company's proportionate share of similar business written in the state. Underwriting results are accounted for on a gross basis whereby the Company's portion of premiums, losses, expenses and other operations of the pool are recorded separately in the financial statements rather than netted against each other.

Loss and Loss Adjustment Expense Reserves
Losses and loss adjustment expenses are recorded as incurred so as to match such costs and premiums over the contract periods. Loss reserves are established for losses and loss adjustment expenses based upon claim evaluations and include an estimated provision for both reported and unreported claims incurred and related expenses. The assumptions used in determining loss and loss adjustment expense reserves have been developed after considering the experience of the Company, industry experience and projections by independent actuaries. The ultimate loss and loss adjustment expense reserves may vary from the amounts reflected in the accompanying financial statements. The method utilized in estimating and establishing the reserves are continually reviewed and updated and any adjustments are reflected in current operating results. The immaturity of the Company's book of business may result in an increased level of variability within the historical loss data. Allowances for subrogation recoveries are included in the Company's estimate of loss reserves. See the summary of reserves in Note 6.

Nonadmitted Assets
The following nonadmitted assets were excluded from the balance sheet as of December 31, 2013:

	2013	2012
Deferred income taxes	$ 167,338	$ 6,086
Total nonadmitted assets	$ 167,338	$ 6,086

Federal Income Taxes

The Company is a party to a tax-sharing agreement with MEMIC and three affiliates, MEMIC Indemnity Company, MEMIC Services, Inc. and Casco View Holdings, LLC. Under this tax-sharing agreement, the provision for federal income taxes is recorded based upon amounts expected to be reported as if the Company filed a separate federal income tax return. Additionally, under this agreement, the Company will be reimbursed for the utilization of tax operating losses, tax credits and capital loss carryforwards, to the extent the Company would have utilized these tax attributes on a separate return basis.

The provision for federal income taxes includes amounts currently payable or recoverable and deferred income taxes, computed under the asset/liability method, which results from temporary differences between the tax basis and book basis of assets and liabilities.

The Company files federal income tax returns and therefore the disclosures required by ASC 740, *Accounting for Uncertain Tax Positions,* pursuant to uncertain tax positions are included in these statutory financial statements. Refer to Note 5 - Income Taxes.

In November 2011, the NAIC adopted SSAP No. 101, “Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10”. This statement revises statutory accounting principles for current and deferred federal and foreign income taxes and current state income taxes. SSAP No. 101, which is effective on January 1, 2012, will:(1) restrict the ability to use the 3 years/15 percent of surplus admission rule to those entities that meet a new modified risk based capital ratio threshold;(2) change the recognition threshold for recording tax contingency reserves from a probable liability standard to a more-likely-than-not liability standard;(3) require the disclosure of tax planning strategies that relate to reinsurance; and,(4) require consideration of reversal patterns of DTAs and deferred tax liabilities (“DTLs”) in determining the extent to which DTLs could offset DTAs on the balance sheet. During 2011, the Company recorded deferred income taxes under SSAP 10R, Income Taxes Revised, A Temporary Replacement of SSAP No. 10 (“SSAP 10R”). Although a change in accounting principal was done during 2012 it did not require the restatement of any 2011 balances. Refer to Note 5 - Income Taxes.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

3. Capital and Surplus

Maine Employers’ Mutual Insurance Company contributed capital of $4,622,576 and a $561,375 bond towards its investment in the Company on December 12, 2011. MEMIC contributed additional capital of $4,000,000 and $10,000,000 in the form of fixed income securities and cash towards its investment in the Company in 2013 and 2012, respectively. The $4,000,000 and $10,000,000 capital contribution, noted as a change in policyholder surplus, includes a $3,849,683 and $9,893,576 non-cash contribution of bonds and $150,317 and $106,424 cash in 2013 and 2012, respectively. The Company has 1,000,000 shares of stock authorized; 100,000 shares issued and outstanding as of December 31, 2013. The stock had a $30 par value per share as of December 31, 2013.

There are no advances to surplus not repaid or other surplus restrictions other than the capital contribution portion of surplus discussed above, dividend restrictions discussed in Note 4 or statutory deposits in Note 9.

4. Dividend Restrictions

8 V.S.A. § 3685 of the Vermont Statute states the following limitation on dividends: An extraordinary dividend or distribution includes any dividend or distribution of cash or other property, whose fair market value together with that of other dividends or distributions made within the preceding 12 months exceeds the lesser of (A) 10 percent of such insurer's surplus as regards policyholders as of the 31st day of December next preceding; or (B) The net gains from operations of such insurer, if such insurer is a life insurer, or the net income, if such insurer is not a life insurer, not including realized capital gains, for the 12-month period ending the 31st day of December next preceding, but shall not include pro rata distributions of any class of the insurer's own securities. In determining whether a dividend or distribution is extraordinary, an insurer other than a life insurer may carry forward net income from the previous two calendar years that has not already been paid out as dividends. This carry-forward shall be computed by taking the net income from the second and third preceding calendar years, not including realized capital gains, less dividends paid in the second and immediate preceding calendar years. There were no dividends declared during 2013.

5. Income Taxes

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

		December 31, 2013		
		1	2	3 (Col 1+2)
		Ordinary	Capital	Total
a.	Gross deferred tax assets	$ 167,338	$ -	$ 167,338
b.	Statutory valuation allowance adjustment	-	-	-
c.	Adjusted gross deferred taxes (1a - 1b)	167,338	-	167,338
d.	Deferred tax assets nonadmitted	167,338		167,338
e.	Subtotal net admitted deferred tax asset (1c - 1d)	-	-	-
f.	Deferred tax liabilities	1,724	-	1,724
g.	Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ (1,724)	$ -	$ (1,724)

		December 31, 2012		
		4	5	6 (Col 4+5)
		Ordinary	Capital	Total
a.	Gross deferred tax assets	$ 26,313	$ -	$ 26,313
b.	Statutory valuation allowance adjustment	-	-	-
c.	Adjusted gross deferred taxes (1a - 1b)	26,313	-	26,313
d.	Deferred tax assets nonadmitted	6,086	-	6,086
e.	Subtotal net admitted deferred tax asset (1c - 1d)	20,227	-	20,227
f.	Deferred tax liabilities	-	602	602
g.	Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 20,227	$ (602)	$ 19,625

		Change		
		7 (Col 1-4)	8 (Col 2-5)	9 (Col 7+8)
		Ordinary	Capital	Total
a.	Gross deferred tax assets	$ 141,025	$ -	$ 141,025
b.	Statutory valuation allowance adjustment	-	-	-
c.	Adjusted gross deferred taxes (1a - 1b)	141,025	-	141,025
d.	Deferred tax assets nonadmitted	161,252	-	161,252
e.	Subtotal net admitted deferred tax asset (1c - 1d)	(20,227)	-	(20,227)
f.	Deferred tax liabilities	1,724	(602)	1,122
g.	Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ (21,951)	$ 602	$ (21,349)

Admission calculation components:

		December 31, 2013		
		1	2	3
				(Col 1+2)
		Ordinary	Capital	Total
a.	Federal income taxes paid in prior years recoverable through loss carrybacks	$ -	$ -	$ -
b.	Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below:	-	-	-
	1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-
	2. Adjusted gross deferred tax assets allowed per limitation threshold	-	-	-
c.	Adjusted gross deferred taxe assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	-	-	-
d.	Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ -	$ -	$ -

		December 31, 2012		
		4	5	6
				(Col 4+5)
		Ordinary	Capital	Total
a.	Federal income taxes paid in prior years recoverable through loss carrybacks	$ 9,491	$ -	$ 9,491
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:	10,134	-	10,134
	1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	10,134	-	10,134
	2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	
c.	Adjusted gross deferred taxe assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	-	602	602
d.	Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 19,625	$ 602	$ 20,227

		Change		
		7	8	9
		(Col 1-4)	(Col 2-5)	(Col 7+8)
		Ordinary	Capital	Total
a.	Federal income taxes paid in prior years recoverable through loss carrybacks	$ (9,491)	$ -	$ (9,491)
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:	(10,134)	-	(10,134)
	1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	(10,134)	-	(10,134)
	2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	
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	-	(602)	(602)
d.	Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ (19,625)	$ (602)	$ (20,227)

Other admissibility criteria:

		2013	2012
a.	Ratio percentage used to determine recovery period and threshold limitation amount	8528%	18100%
b.	Amount of adjusted capital and surplus used to determine recovery period and threshhold limitation in 2(b)2 above	$ 2,831,551	$ 15,119,874

Impact of tax planning strategies:

	2013		2012		Change	
	1	2	3	4	5	6
	Ordinary	Capital	Ordinary	Capital	(Col. 1-3) Ordinary	(Col. 2-4) Capital
Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character, as a percentage.						
1. Adjusted gross DTAs amount from Note 9A1(c).	167,338	-	26,313	-	141,025	-
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e).	-	-	20,227	-	(20,227)	-
4. Percentage of net admitted adjusted from DTAs by tax character admitted because of the impact of tax planning strategies.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Current and deferred income taxes:

Current income tax:

		2013	2012	Change
a.	Federal	$ 85,990	$ 8,032	$ 77,958
b.	Foreign	-	-	-
c.	Subtotal	85,990	8,032	77,958
d.	Federal income tax on net capital gains	(7,277)	56	(7,333)
e.	Utilization of capital loss carry-forwards	-	-	-
f.	Other	-	-	-
g.	Federal and Foreign income taxes incurred	$ 78,713	$ 8,088	$ 70,625

Deferred Tax Assets

	2013	2012	Change
a. Ordinary			
Discounting of unpaid losses	$ 59,519	$ 7,002	$ 52,517
Unearned premium reserves	107,819	16,125	91,694
Other (including items < 5% of total ordinary tax assets)	-	3,186	(3,186)
Subtotal	167,338	26,313	141,025
b. Statutory Valuation allowance adjustment			
c. Nonadmitted	167,338	6,086	161,252
d. Admitted ordinary deferred tax assets	-	20,227	(20,227)
e. Capital:			
Investments	-	-	-
Subtotal	-	-	-
f. Statutory Valuation allowance adjustment			
g. Nonadmitted	-	-	-
h. Admitted capital deferred tax assets (2e99-2f-2g)	-	-	-
i. Admitted deferred tax assets (2d+2h)	$ -	$ 20,227	$ (20,227)

Deferred Tax Liabilities

	2013	2012	Change
a. Ordinary:			
Investments	$ 1,724	$ -	$ 1,724
Fixed Assets		-	-
Subtotal	1,724	-	1,724
b. Capital:			
Investments	-	602	(602)
Subtotal	-	602	(602)
c. Deferred tax liabilities (3a99+3b99)	$ 1,724	$ 602	$ 1,122
Net Deferred Tax Assets/Liabilities (2i-3c)	$ (1,724)	$ 19,625	$ (21,349)

Reconciliation of federal income tax rate to actual effective rate.

Among the more significant book to tax adjustments were the following:

	2013	Effective Tax Rate (%)
Provision computed at statutory rate	$ (56,638)	-35%
Accrual adjustment - prior year	(4,552)	-3%
Totals	(61,190)	-38%
Federal and foreign income taxes incurred	85,990	53%
Realized capital gains (losses) tax	(7,277)	-5%
Change in net deferred income taxes	(139,903)	-86%
Total statutory income taxes	$ (61,190)	-38%

As of December 31, 2013 and 2012 the Company does not have any investment tax credits, net operating loss or capital loss carry forwards available to offset against future taxable income. The amount of federal income taxes incurred in the current year and each proceeding year available for recoupment in the event of future net losses is $83,265 for 2013 and $10,066 for 2012. There are no deposits admitted under Section 6603 of the Internal Revenue Code.

As of December 31, 2013 and 2012 the Company does not have any uncertain tax positions requiring disclosure in these financial statements. Had the Company identified such positions, these amounts would need to be evaluated and disclosed or accrued. Liabilities would be reflected on the statement of admitted assets, liabilities, and capital and surplus and the related interest and penalties would be included on the statement of income as underwriting expenses.

As of December 31, 2012, the company incurred no AMT on a stand-alone basis or consolidated basis and does not expect to be in an AMT position in 2013.

The tax years that remain subject to examination by major tax jurisdictions for the Company are 2011 and 2012.

The Company is included in a consolidated federal income tax return with the following entities:

Maine Employers' Mutual Insurance Company, parent company,
Casco View Holdings, LLC, a related party under common ownership,
MEMIC Indemnity Company, a related party under common ownership,
MEMIC Services, Inc., a related party under common ownership.

The Company has a written agreement which sets forth the manner in which the total combined federal income tax is allocated to each entity which is a party to the consolidation. Pursuant to this agreement, the Company has a right to recoup federal income taxes paid in prior years in the event of future net losses, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

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

6. Liabilities for Loss Reserves and Loss Adjustment Expense Reserves

Activity in the liabilities for loss reserves and loss adjustment expense reserves for the years ended December 31, 2013 and 2012 is summarized as follows:

	2013	2012
Net balances at January 1,	$ 160,718	$ 10,000
Incurred related to		
Current year	1,397,700	169,687
Prior year	(86,254)	-
Total incurred	1,311,446	169,687
Paid related to		
Current year	38,122	18,969
Prior year	192,678	
Total paid	230,800	18,969
Net balances at December 31,	$ 1,241,364	$ 160,718

The liabilities for loss and loss adjustment expense reserves are based upon assumptions which consider the experience of the Company, industry experience, and projections by independent actuaries. However, the reserve process is inherently subjective, and the ultimate loss and loss adjustment expense reserves may vary from the amounts recorded in the financial statements.

During 2013, the Company's incurred losses related to prior years decreased by $86,254 as a result of favorable loss development principally in the 2012 accident year. During 2013, the results of the independent actuarial study determined there was adequate reserve funding in outstanding losses, direct cost containment expenses and in ceded reserves for accident years 2012 and prior. This favorable decrease is the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. There was no impact on reserves or surplus as a result of development of retrospectively rated policies. During 2012 there was no development in prior year reserves.

7. Reinsurance

As a condition of writing policies in several states, the Company is required to participate in the National Workers' Compensation Reinsurance Pool and the Massachusetts Reinsurance Pool (the "Pools") as it relates to those states. Participation requires that the Company share in the losses and expenses of the Pool. Pool results are accounted for on a gross basis whereby the Company's portion of premiums, losses, expenses and other operations of the Pool are recorded separately in the financial statements. All amounts are recorded as assumed business. Amounts added to premiums, reserves and expenses for reinsurance assumed from pools are as follows:

		2013		2012
Premiums earned	$	68,329	$	-
Loss and loss adjustment expenses incurred		54,503		-
Unearned premiums		15,848		-
Loss and loss adjustment expense reserves		38,538		-
Premiums receivable		13,910		-
Underwriting expenses incurred		18,260		-

The Company reinsures portions of risks with another insurance company through excess of loss reinsurance agreements. Such agreements serve to limit the Company's maximum loss on catastrophes and large losses. To the extent that the reinsurer might be unable to meet its obligations, the Company would be liable for such defaulted amounts.

Under the Company's excess of loss agreement, the Company's net retention for losses on a per occurrence basis is $750,000 for 2013 and $1,000,000 for 2012. In addition, the Company maintains additional coverage up to $75,000,000 on a per occurrence basis, for 50% of the losses occurring in excess of $50,000,000.

Amounts deducted from premiums, reserves and expenses for reinsurance ceded were as follows:

		2013		2012
Premiums earned	$	85,481	$	10,041
Loss and loss adjustment expenses incurred		12,559		-
Loss and loss adjustment expense reserves		12,559		-

The 2013 and 2012 ceded loss and loss adjustment expense reserves above are comprised of amounts with one reinsurance carrier although the Company has contracts with other carriers.

The Company had no unsecured reinsurance recoverables from a reinsurer that exceeded 3% of capital and surplus at December 31, 2013.

The Company has no reinsurance contracts that contain the following features (a) a contract term longer than two years and that 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. The Company has neither 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 to policyholders or it report calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year end surplus as regards to policyholders nor has the Company 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 accounted for that contract as reinsurance (either prospective or retroactive) under statutory account principles. Additionally, the Company has not ceded any risk under any reinsurance contract where (a) the written premiums ceded to the reinsurer represents 50% or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statements or (b) 25% or more of the written premium ceded to the reinsurer has been retroceded back to the Company in a separate reinsurance contract. Accordingly, the Company has not included the Supplemental Schedule of Reinsurance Disclosures.

8. Premiums written and earned

During the years ended December 31, 2013 and 2012, direct, assumed and ceded premiums were as follows:

	2013		2012	
	Written	**Earned**	**Written**	**Earned**
Direct	$ 2,931,172	$ 1,658,307	$ 455,106	$ 224,750
Assumed	84,177	68,329	-	-
Ceded	(85,481)	(85,481)	(10,041)	(10,041)
Net premiums	$ 2,929,868	$ 1,641,155	$ 445,065	$ 214,709

9. Statutory Deposits

Various regulatory authorities require that securities be placed on deposit. At December 31, 2013 and 2012, the Company had fixed income securities on deposit with a carrying value of $1,150,433 and $657,636, respectively.

10. Investments

The carrying value and fair values of bonds at December 31, 2013 and 2012 are as follows:

	2013			
	Carrying Value	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
U.S. Government and government agencies and authorities	$ 3,213,539	$ 90,349	$ (8,681)	$ 3,295,207
Political subdivisions of states	275,901	-	(1,428)	274,473
Industrial and miscellaneous	7,355,180	8,969	(295,768)	7,068,381
Asset backed securities	6,087,850	1,828	(244,579)	5,845,099
Total bonds	$ 16,932,470	$ 101,146	$ (550,456)	$ 16,483,160

	2012			
	Carrying Value	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
U.S. Government and government agencies and authorities	$ 3,221,846	$ 207,769	$ -	$ 3,429,615
Industrial and miscellaneous	4,660,979	29,243	(185)	4,690,038
Asset backed securities	5,896,746	23,443	(366)	5,919,824
Total bonds	$ 13,779,571	$ 260,455	$ (551)	$ 14,039,476

The carrying value and fair value of bonds at December 31, 2013 by contractual maturity are as follows:

Maturity	**Carrying Value**	**Fair Value**
One year or less	$ 249,975	$ 250,078
Over one year through five years	3,791,353	3,801,197
Over five years through ten years	5,972,560	5,674,032
Over ten years through twenty years	554,831	638,281
Over twenty years	275,901	274,473
Asset backed securities (principally ten through twenty years)	6,087,850	5,845,099
	$ 16,932,470	$ 16,483,160

Bonds subject to early or unscheduled prepayments have been included above based upon their contractual maturity dates. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Proceeds from sales of investments on debt securities and the gross realized gains and losses on those sales for the years ended December 31, 2013 and 2012 are summarized as follows:

	2013		
	Proceeds From Sales	Gross Realized Gains	Gross Realized Losses
Bonds	$ 179,393	$ -	$ (20,791)
	$ 179,393	$ -	$ (20,791)

	2012		
	Proceeds From Sales	Gross Realized Gains	Gross Realized Losses
Bonds	$ 263,294	$ 161	$ -
	$ 263,294	$ 161	$ -

At December 31, 2013 and 2012, the Company owned no securities that were in an unrealized loss position that management determined were other than temporarily and given current market conditions would recover. The Company did not record any other-than-temporary-impairments on these securities during 2013 or 2012.

The fair value and gross unrealized loss of investment securities and the amount of time the security has been in an unrealized loss position as of December 31, 2013 is as follows:

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bonds (NAIC 1–2)	$ 10,775,806	$ (376,534)	$ 2,188,566	$ (173,922)	$ 12,964,372	$ (550,456)
Bonds (NAIC 3–6)	-	-	-	-	-	-
	$ 10,775,806	$ (376,534)	$ 2,188,566	$ (173,922)	$ 12,964,372	$ (550,456)

Unrealized losses on investment grade securities (NAIC 1-2) principally relate to changes in interest rates.

The major categories of net investment income for the years ended December 31, 2013 and 2012 are summarized as follows:

	2013	2012
Bonds	$ 303,878	$ 70,170
Cash and short-term investments	2,837	779
Total investment income	306,715	70,949
Less: Investment expenses	(28,795)	(6,932)
Net investment income	$ 277,920	$ 64,017

11. Fair Value of Financial Instruments

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

Valuation techniques used to derive fair value of investment securities are based on observable or unobservable inputs. Observable inputs reflect market data obtained from independent resources such as active markets or nationally recognized pricing services. Unobservable inputs reflect comparable securities or valuations received from various broker or dealer quotes.

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

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

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

Level 2 - Significant Other Observable Inputs: This category for items measured at fair value on a recurring basis includes bonds, which are not exchange-traded. The estimated fair values of some of these items were determined by independent pricing services using observable inputs. Others were based on quotes from markets which were not considered actively traded. The Company currently has no assets or liabilities measured at fair value in this category.

Level 3 - Significant Other Unobservable Inputs: Transfers to and from Level 3 would be recognized when a purchase, sale or settlement increases or decrease an asset previously valued as a Level 3 or when an investment is purchased which is carried at fair market value and does not have an observable input for valuation. The Company currently has no assets or liabilities measured at fair value in this category. There are no Level 3 fair value assets which were transferred in or out during 2013.

	2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets on balance sheet at fair value				
Other - short term investments	$ 1,058,673	$ -	$ -	$ 1,058,673
Total assets on balance sheet at fair value	$ 1,058,673	$ -	$ -	$ 1,058,673

There were no 2012 assets carried at fair value required to be disclosed in the table above.

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1, 2 or 3. Transfers to and from Level 2 or 3 would be recognized when a purchase, sale or settlement increases or decrease an asset previously valued as a Level 1 or 2 or when an investment is purchased which is carried at fair market value and does not have an observable input for valuation. There were no Level 2 or 3 fair value assets during 2013 or 2012. The Company has no derivative assets or liabilities or assets carried at fair value on a nonrecurring basis.

The table below reflects the fair values and admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method (subsidiaries, joint ventures and ventures) as of December 31, 2013. The fair values are also categorized into the three-level fair value hierarchy as described above.

	2013					
Type of Financial Instrument	**Fair Value**	**Admitted Value**	**Level 1**	**Level 2**	**Level 3**	**Not Practicable (Carrying Value)**
Bonds	$ 16,483,160	$ 16,932,470	$ -	$ 16,483,160	$ -	$ -
Cash, cash equivalents & short-term investments	3,896,376	3,896,376	3,896,376			
Total assets	$ 20,379,536	$ 20,828,846	$ 3,896,376	$ 16,483,160	$ -	$ -

	2012					
Type of Financial Instrument	**Fair Value**	**Admitted Value**	**Level 1**	**Level 2**	**Level 3**	**Not Practicable (Carrying Value)**
Bonds	$ 14,039,476	$ 13,779,571	$ -	$ 14,039,476	$ -	$ -
Cash, cash equivalents & short-term investments	1,594,729	1,594,729	1,594,729	-	-	-
Total assets	$ 15,634,205	$ 15,374,300	$ 1,594,729	$ 14,039,476	$ -	$ -

12. Commitment and Contingent Liabilities

The Company is involved in litigation with respect to claims arising in the ordinary course of business, which is taken into account in establishing loss and loss adjustment expense reserves. The Company periodically reviews its overall loss and loss adjustment expense reserve position as well as its provision for reinsurance. The Company's management believes the resolution of such litigation is not expected to have a material adverse effect on the financial position or the operating results of the Company.

The Company is subject to guaranty funds and other assessments by the state of Vermont where it has written business. Guaranty fund assessments should be accrued at the time of insolvencies. Certain assessments that are unknown to the Company are accrued at the time of assessment. In the case of premium based assessments, the expense is accrued at the time the premiums are written, or, in the case of loss based assessments, at the time the losses are incurred.

The Company has recorded an expense for the Vermont guaranty fund and other New York assessments of $314,704 and $9,112 at December 31, 2013 and 2012, respectively. Of these amounts, the company has accrued a net liability at December 31, 2013 and 2012 of $317,837 and $9,102, respectively. This amount represents management's best estimate of its liability for guaranty fund and other New York assessments based on information received from the state in which the Company writes business and may change due to many factors, including the Company's share of the ultimate cost of current insolvencies. The Company does not have the ability to recover assessments through policyholder surcharges so no related asset is recorded on the balance sheet or income statement.

13. Related Party Transactions

MEMIC charges management fees and other services to the Company in the normal course of business and in accordance with the terms of certain cost sharing agreements. In 2013 and 2012, there was $155,653 and $17,500, charged from MEMIC to the Company for administrative and management services, underwriting, claims, managed care and investment management fees. Certain other direct costs are paid by MEMIC and charged back to the Company as well.

MEMIC Indemnity Company charges underwriting, claims and premium audit services to the Company in the normal course of business in accordance with certain cost sharing agreements. In 2013 there was $31,874 charged from MEMIC Indemnity to the Company.

MEMIC Services, Inc. charges agency service fees to the Company in the normal course of business in accordance with certain cost sharing agreements. The charge for these services during 2013 was $4,692.

14. Subsequent Events

Subsequent events have been considered through March 21, 2014 for these statutory financial statements which are available to be issued on March 21, 2014. There were no events occurring subsequent to the end of the year that merited recognition or disclosure in these financial statements.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage
1. Bonds:						
1.1 U.S. treasury securities	3,213,539	15.4	3,213,539		3,213,539	15.4
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies		0.0			0	0.0
1.22 Issued by U.S. government sponsored agencies		0.0			0	0.0
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)		0.0			0	0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:						
1.41 States, territories and possessions general obligations		0.0			0	0.0
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.0			0	0.0
1.43 Revenue and assessment obligations	275,901	1.3	275,901		275,901	1.3
1.44 Industrial development and similar obligations		0.0			0	0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA		0.0			0	0.0
1.512 Issued or guaranteed by FNMA and FHLMC	4,358,556	20.9	4,358,556		4,358,556	20.9
1.513 All other		0.0			0	0.0
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	505,242	2.4	505,242		505,242	2.4
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-based securities issued or guaranteed by agencies shown in Line 1.521		0.0			0	0.0
1.523 All other	1,224,052	5.9	1,224,052		1,224,052	5.9
2. Other debt and other fixed income securities (excluding short-term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	6,729,609	32.3	6,729,609		6,729,609	32.3
2.2 Unaffiliated non-U.S. securities (including Canada)	625,571	3.0	625,571		625,571	3.0
2.3 Affiliated securities		0.0			0	0.0
3. Equity interests:						
3.1 Investments in mutual funds		0.0			0	0.0
3.2 Preferred stocks:						
3.21 Affiliated		0.0			0	0.0
3.22 Unaffiliated		0.0			0	0.0
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated		0.0			0	0.0
3.32 Unaffiliated		0.0			0	0.0
3.4 Other equity securities:						
3.41 Affiliated		0.0			0	0.0
3.42 Unaffiliated		0.0			0	0.0
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated		0.0			0	0.0
3.52 Unaffiliated		0.0			0	0.0
4. Mortgage loans:						
4.1 Construction and land development		0.0			0	0.0
4.2 Agricultural		0.0			0	0.0
4.3 Single family residential properties		0.0			0	0.0
4.4 Multifamily residential properties		0.0			0	0.0
4.5 Commercial loans		0.0			0	0.0
4.6 Mezzanine real estate loans		0.0			0	0.0
5. Real estate investments:						
5.1 Property occupied by company		0.0			0	0.0
5.2 Property held for production of income (including $..........0 of property acquired in satisfaction of debt)		0.0			0	0.0
5.3 Property held for sale (including $.........0 property acquired in satisfaction of debt)		0.0			0	0.0
6. Contract loans		0.0			0	0.0
7. Derivatives		0.0			0	0.0
8. Receivables for securities		0.0			0	0.0
9. Securities lending (Line 10, Asset Page reinvested collateral)		0.0		XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	3,896,376	18.7	3,896,376		3,896,376	18.7
11. Other invested assets		0.0			0	0.0
12. Total invested assets	20,828,846	100.0	20,828,846	0	20,828,846	100.0

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SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For the year ended December 31, 2013

(To be filed by April 1)

Of MEMIC Casualty Company

Address (City, State, Zip Code): Burlington VT 05402

NAIC Group Code.....1332 NAIC Company Code.....14164 Employer's ID Number.....03-6009096

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $........22,220,551

2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	PROGRESSIVE CORP..............................	Long Term Bonds..........	$...........530,431	..............2.387 %
2.02	CHAIT 2012-A4 A4....................................	Long Term Bonds..........	$...........503,758	..............2.267 %
2.03	EOG RESOURCES INC............................	Long Term Bonds..........	$...........408,695	..............1.839 %
2.04	JPMORGAN CHASE & CO........................	Long Term Bonds..........	$...........388,845	..............1.750 %
2.05	CAMDEN PROPERTY TRUST..................	Long Term Bonds..........	$...........381,612	..............1.717 %
2.06	BARRICK NA FINANCE LLC.....................	Long Term Bonds..........	$...........379,357	..............1.707 %
2.07	UNITEDHEALTH GROUP INC..................	Long Term Bonds..........	$...........350,470	..............1.577 %
2.08	AVALONBAY COMMUNITIES IN..............	Long Term Bonds..........	$...........348,057	..............1.566 %
2.09	BANK OF MONTREAL...............................	Long Term Bonds..........	$...........346,357	..............1.559 %
2.10	NATIONAL RURAL UTIL COOP................	Long Term Bonds..........	$...........340,114	..............1.531 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

	Bonds	1	2
3.01	NAIC-1..........	$......16,146,977	............72.667 %
3.02	NAIC-2..........	$........1,844,166	..............8.299 %
3.03	NAIC-3..........	$.........................	..............0.000 %
3.04	NAIC-4..........	$.........................	..............0.000 %
3.05	NAIC-5..........	$.........................	..............0.000 %
3.06	NAIC-6..........	$.........................	..............0.000 %
	Preferred Stocks	3	4
3.07	P/RP-1..........	$.........................	..............0.000 %
3.08	P/RP-2..........	$.........................	..............0.000 %
3.09	P/RP-3..........	$.........................	..............0.000 %
3.10	P/RP-4..........	$.........................	..............0.000 %
3.11	P/RP-5..........	$.........................	..............0.000 %
3.12	P/RP-6..........	$.........................	..............0.000 %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 4.01 above is yes, responses are not required for interrogatories 5-10.

4.02	Total admitted assets held in foreign investments	$.........................	..............0.000 %
4.03	Foreign-currency-denominated investments	$.........................	..............0.000 %
4.04	Insurance liabilities denominated in that same foreign currency	$.........................	..............0.000 %

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

		1	2
5.01	Countries designated NAIC-1..........	$.........................	..............0.000 %
5.02	Countries designated NAIC-2..........	$.........................	..............0.000 %
5.03	Countries designated NAIC-3 or below..........	$.........................	..............0.000 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC-1:		
6.01	Country 1:	$.........................	..............0.000 %
6.02	Country 2:	$.........................	..............0.000 %
	Countries designated NAIC-2:		
6.03	Country 1:	$.........................	..............0.000 %
6.04	Country 2:	$.........................	..............0.000 %
	Countries designated NAIC-3 or below:		
6.05	Country 1:	$.........................	..............0.000 %
6.06	Country 2:	$.........................	..............0.000 %

		1	2
7.	Aggregate unhedged foreign currency exposure..........	$.........................	..............0.000 %

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

	1	2
8.01 Countries designated NAIC-1	$	0.000 %
8.02 Countries designated NAIC-2	$	0.000 %
8.03 Countries designated NAIC-3 or below	$	0.000 %

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

	1	2
Countries designated NAIC-1:		
9.01 Country 1:	$	0.000 %
9.02 Country 2:	$	0.000 %
Countries designated NAIC-2:		
9.03 Country 1:	$	0.000 %
9.04 Country 2:	$	0.000 %
Countries designated NAIC-3 or below:		
9.05 Country 1:	$	0.000 %
9.06 Country 2:	$	0.000 %

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Designation	3	4
10.01			$	0.000 %
10.02			$	0.000 %
10.03			$	0.000 %
10.04			$	0.000 %
10.05			$	0.000 %
10.06			$	0.000 %
10.07			$	0.000 %
10.08			$	0.000 %
10.09			$	0.000 %
10.10			$	0.000 %

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.

11.02 Total admitted assets held in Canadian Investments	$	0.000 %
11.03 Canadian currency-denominated investments	$	0.000 %
11.04 Canadian-denominated insurance liabilities	$	0.000 %
11.05 Unhedged Canadian currency exposure	$	0.000 %

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

1	2	3
12.02 Aggregate statement value of investments with contractual sales restrictions	$	0.000 %
Largest three investments with contractual sales restrictions:		
12.03	$	0.000 %
12.04	$	0.000 %
12.05	$	0.000 %

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

1 Name of Issuer	2	3
13.02	$	0.000 %
13.03	$	0.000 %
13.04	$	0.000 %
13.05	$	0.000 %
13.06	$	0.000 %
13.07	$	0.000 %
13.08	$	0.000 %
13.09	$	0.000 %
13.10	$	0.000 %
13.11	$	0.000 %

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

1	2	3
14.02 Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	0.000 %
Largest three investments held in nonaffiliated, privately placed equities:		
14.03	$	0.000 %
14.04	$	0.000 %
14.05	$	0.000 %

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	0.000 %
	Largest three investments in general partnership interests:		
15.03		$	0.000 %
15.04		$	0.000 %
15.05		$	0.000 %

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$	0.000 %
16.03		$	0.000 %
16.04		$	0.000 %
16.05		$	0.000 %
16.06		$	0.000 %
16.07		$	0.000 %
16.08		$	0.000 %
16.09		$	0.000 %
16.10		$	0.000 %
16.11		$	0.000 %

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans	$	0.000 %
16.13	Mortgage loans over 90 days past due	$	0.000 %
16.14	Mortgage loans in the process of foreclosure	$	0.000 %
16.15	Mortgage loans foreclosed	$	0.000 %
16.16	Restructured mortgage loans	$	0.000 %

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

Loan-to-Value	Residential		Commercial		Agricultural	
	1	2	3	4	5	6
17.01 above 95%	$	0.000 %	$	0.000 %	$	0.000 %
17.02 91% to 95%	$	0.000 %	$	0.000 %	$	0.000 %
17.03 81% to 90%	$	0.000 %	$	0.000 %	$	0.000 %
17.04 71% to 80%	$	0.000 %	$	0.000 %	$	0.000 %
17.05 below 70%	$	0.000 %	$	0.000 %	$	0.000 %

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate:

	Description	2	3
18.02		$	0.000 %
18.03		$	0.000 %
18.04		$	0.000 %
18.05		$	0.000 %
18.06		$	0.000 %

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans.

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's admitted assets? Yes [X] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans	$	0.000 %
	Largest three investments held in mezzanine real estate loans:		
19.03		$	0.000 %
19.04		$	0.000 %
19.05		$	0.000 %

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year-End		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$	0.000 %	$	$	$
20.02 Repurchase agreements	$	0.000 %	$	$	$
20.03 Reverse repurchase agreements	$	0.000 %	$	$	$
20.04 Dollar repurchase agreements	$	0.000 %	$	$	$
20.05 Dollar reverse repurchase agreements	$	0.000 %	$	$	$

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps and floors:

	Owned		Written	
	1	2	3	4
21.01 Hedging	$	0.000 %	$	0.000 %
21.02 Income generation	$	0.000 %	$	0.000 %
21.03 Other	$	0.000 %	$	0.000 %

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year-End		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
22.01 Hedging	$	0.000 %	$	$	$
22.02 Income generation	$	0.000 %	$	$	$
22.03 Replications	$	0.000 %	$	$	$
22.04 Other	$	0.000 %	$	$	$

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	At Year-End		At End of Each Quarter		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
23.01 Hedging	$	0.000 %	$	$	$
23.02 Income generation	$	0.000 %	$	$	$
23.03 Replications	$	0.000 %	$	$	$
23.04 Other	$	0.000 %	$	$	$