MEMIC INDEMNITY COMPANY

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

MEMIC Indemnity Company
Index
December 31, 2013 and 2012

Independent Auditor's Report

To the Board of Directors of
MEMIC Indemnity Company

We have audited the accompanying statutory financial statements of MEMIC Indemnity 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 New Hampshire Insurance Department. 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 New Hampshire Insurance Department, 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 New Hampshire Insurance Department 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 Indemnity Company
Statements 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: $206,920,227 and $195,533,008 at December 31, 2013 and 2012, respectively)	$ 204,704,205	$ 183,016,445
Common stocks, at fair value (cost: $21,919,348 and $3,582,297 at December 31, 2013 and 2012, respectively)	23,901,236	4,873,559
Cash and short term investments	13,213,982	11,281,687
Total cash and invested assets	241,819,423	199,171,691
Premium balances receivable	29,082,350	24,184,603
Receivable for securities sold	632	350
Investment income due and accrued	1,965,044	1,819,504
EDP equipment (net of accumulated depreciation of $408,033 and $346,291 at December 31, 2013 and 2012, respectively)	183,168	107,174
Reinsurance recoverable on paid loss and loss adjustment expenses	20,188	159,745
Net deferred income taxes	6,588,769	5,181,627
Total admitted assets	$ 279,659,574	$ 230,624,694
Liabilities		
Loss reserves	$ 94,081,122	$ 76,006,705
Loss adjustment expense reserves	15,260,632	12,398,146
Unearned premium reserves	41,126,999	33,510,982
Advance premium	283,423	566,234
Reinsurance premiums payable	966,224	488,240
Other liabilities	608,336	1,185,004
Premium taxes and assessments payable	10,647,326	8,851,366
Amounts withheld for others	1,278,718	1,004,926
Commissions payable	2,564,349	2,169,769
Due to parent	3,826,779	1,771,984
Federal income tax payable	2,928,521	3,361,735
Total liabilities	$ 173,572,429	$ 141,315,091
Commitments and contingencies (Note 13)		
Capital and surplus		
Surplus notes (Note 15)	$ 6,000,000	$ 6,000,000
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	81,000,000	69,000,000
Unassigned surplus	16,087,145	11,309,603
Total capital and surplus	106,087,145	89,309,603
Total liabilities and capital and surplus	$ 279,659,574	$ 230,624,694

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

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

	2013	2012
Underwriting income		
Premiums earned, net	$ 83,569,925	$ 64,610,936
Loss and underwriting expenses		
Losses incurred, net	53,844,503	37,564,417
Loss adjustment expenses incurred, net	9,696,948	7,713,487
Underwriting expenses	22,885,410	19,575,235
Total loss and underwriting expenses	86,426,861	64,853,139
Net underwriting loss	(2,856,936)	(242,203)
Investment income		
Net investment income	6,309,589	5,699,920
Net realized capital gains, net of taxes	2,169,698	84,846
Total investment income	8,479,287	5,784,766
Other income (expenses)		
Bad debt expense	(4,786)	(73,376)
Service fee income	30,356	19,730
Net other income (expense)	25,570	(53,646)
Income before dividends and federal income taxes	5,647,921	5,488,917
Dividends to policyholders	155,985	25,280
Income after dividends, before federal income taxes	5,491,936	5,463,637
Provision for federal income taxes	2,694,756	3,299,009
Net income	$ 2,797,180	$ 2,164,628

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

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

	2013	2012
Capital and surplus at beginning year	$ 89,309,603	$ 68,459,663
Net income	2,797,180	2,164,628
Increase in net deferred income taxes	1,696,679	2,059,016
Increase in nonadmitted assets	(155,708)	(1,678,886)
Change in net unrealized appreciation of invested assets (net of deferred taxes of $233,580 and $157,794 as of December 31, 2013 and 2012, respectively)	439,391	305,182
Capital contributions	12,000,000	18,000,000
Change in capital and surplus	16,777,542	20,849,940
Capital and surplus at end of year	$ 106,087,145	$ 89,309,603

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

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

	2013	2012
Cash from operations		
Premiums collected, net	$ 86,514,028	$ 65,599,939
Investment income received, net	7,290,733	6,342,126
Other income (expense)	25,570	(53,646)
Cash provided from operations	93,830,331	71,888,419
Benefit and loss related payments	35,630,529	30,352,762
Commissions and expenses paid	28,106,000	21,297,680
Dividends paid to policyholders	155,985	39,726
Federal income taxes paid	3,361,735	297,246
Cash used in operations	67,254,249	51,987,414
Net cash provided from operations	26,576,082	19,901,005
Cash from investing activites		
Cash provided by (used in) investments		
Proceeds from bonds sold, matured or repaid	29,803,171	20,492,099
Proceeds from common stocks sold, matured or repaid	10,167,338	-
Cost of bonds acquired	(40,750,269)	(51,741,222)
Cost of stocks acquired	(26,194,997)	(267,366)
Net cash used in investing activities	(26,974,757)	(31,516,489)
Cash from financing and miscellaneous sources		
Other cash		
Capital and paid in surplus	208,788	8,119,973
Other sources	2,122,182	1,222,759
Net cash provided from financing and miscellaneous sources	2,330,970	9,342,732
Net change in cash	1,932,295	(2,272,752)
Cash and short term investments		
Beginning of year	11,281,687	13,554,439
End of year	$ 13,213,982	$ 11,281,687
Noncash transaction		
Contribution of bonds	$ 11,791,212	$ 9,880,027

1. Organization

MEMIC Indemnity Company (the “Company”), a wholly owned subsidiary of Maine Employers’ Mutual Insurance Company (“MEMIC”), was incorporated on February 24, 2000. MEMIC has contributed $84,000,000 to capitalize and fund operations of the Company since 2000. The Company is licensed to write workers’ compensation and or employers’ liability insurance in 50 states and the District of Columbia with approximately 83% of premium written in the States of Connecticut, New Hampshire, Massachusetts, New York, Pennsylvania and Vermont. The Company writes its business primarily through independent agents and brokers in the various states in which it is licensed.

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 New Hampshire Insurance Department (“statutory accounting”).

The New Hampshire Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of New Hampshire for determining and reporting the financial condition and results of operations of an insurance company, and for determining its solvency under the New Hampshire 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 New Hampshire. 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 New Hampshire.

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 premiums past due greater than 90 days, deferred income taxes, prepaid assets and office furniture and equipment) are charged directly to surplus. GAAP would require the Company to maintain a reserve for doubtful accounts based on amounts deemed to be uncollectible. Office furniture and equipment would be capitalized and depreciated over the estimated useful lives;

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, cash equivalents and short-term investments, which are short-term investments which mature within one year; the carrying value of these investments approximates fair value.

Investment grade non-loan backed bonds with NAIC designation 1 or 2 are stated at amortized value using the interest method. Non-investment grade non-loan-backed bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. U.S. government agency loan-backed and structured securities are valued at amortized value. Other loan-backed and structured securities are valued at either amortized value or fair value, depending on many factors including: the type of underlying collateral, whether modeled by an NAIC vendor, whether rated (by either NAIC approved rating organization or NAIC Securities Valuation Office), and relationship of amortized value to par value and amortized value to fair value.

Common and preferred stocks are generally stated at the fair value. The fair values of bonds and common and preferred stocks are based on quoted market prices in active markets. Where declines in the value of marketable securities are deemed other-than-temporary, the loss is reported as a component of net realized capital gains and losses. The net unrealized gains and losses on these marketable securities, after deductions of applicable deferred income taxes, are credited or charged directly to policyholders' surplus. Credit related declines in the fair value of loan-backed or structured securities are to be reflected as a realized loss in the income statement. Refer to Note 17 for the Company's evaluation of SSAP 43R on these financial statements.

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 gains and losses.

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. Allowances for subrogation recoveries are included in the Company's estimate of loss reserves. See the summary of reserve development in Note 6.

Nonadmitted Assets

The following nonadmitted assets were excluded from the balance sheet as of December 31, 2013 and 2012:

	2013	2012
Premium balances receivable over 90 days past due	$ 259,074	$ 289,735
Deferred income taxes	5,011,064	4,955,107
Fixed assets, net of accumulated depreciation	407,673	290,698
Other assets	375,945	362,508
Total nonadmitted assets	$ 6,053,756	$ 5,898,048

Depreciation expense on nonadmitted fixed assets was $77,912 and $94,208 in 2013 and 2012, respectively.

Federal Income Taxes

The Company files a consolidated tax return with MEMIIC, MEMIC Casualty 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 Companies 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.

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 was effective on January 1, 2012, (1) restricts 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) changes the recognition threshold for recording tax contingency reserves from a probable liability standard to a more-likely-than-not liability standard;(3) requires the disclosure of tax planning strategies that relate to reinsurance; and,(4) requires 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.

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.

Accounting Changes

The Company adopted the provisions of 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 DTAs. The difference between the recalculated amounts as of January 1, 2012, and the amount actually reported in the prior year financial statements is treated as a change in accounting principle in accordance with SSAP 3 *Accounting Changes and Corrections of Errors.* The cumulative effect of this change in accounting principle resulted in no change in unassigned funds as of January 1, 2012.

EDP Equipment

EDP equipment is stated at cost, net of accumulated depreciation. Depreciation is computed principally by use of the straight-line method based on the estimated useful lives of assets, which is generally three years. Depreciation expense for the years ended December 31, 2013 and 2012 was $52,159 and $43,830, respectively. Expenditures for maintenance and repairs relating to EDP equipment and certain fixed assets which are nonadmitted are charged to expense as incurred. When property is sold or retired, the cost of the property and the related accumulated depreciation are removed from the statement of admitted assets, liabilities and capital and surplus and any gain or loss on the transaction is reflected in current operating results.

Reclassifications

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

3. Capital and Surplus

Total contributions from MEMIC were $84,000,000 and $72,000,000 as of December 31, 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 and 2012. The stock had a $30 par value per share as of December 31, 2013 and 2012. MEMIC contributed capital of $12,000,000 and $18,000,000 in the form of fixed income securities and cash towards its investment in the Company in 2013 and 2012, respectively. The $12,000,000 and $18,000,000 capital contributions, noted as a change in policyholder surplus, includes $11,791,212 and $9,880,027 in non-cash contributions of bonds and $208,788 and $8,119,973 in cash during 2013 and 2012, respectively.

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, statutory deposits in Note 9 or the surplus note in Note 15.

4. Dividend Restrictions

The Company may declare a dividend without insurance department approval so long as such dividend is not considered extraordinary. In the case of extraordinary dividends, prior approval is required. 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 10% of such insurer’s capital and surplus as of December 31, limited to the prior year-end’s unassigned surplus. There were no stockholder dividends declared during 2013 or 2012. Policyholder dividends of $155,985 and $39,726 were declared and paid during 2013 and 2012, respectively.

5. Income Taxes

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

		December 31, 2013		
		1	2	3
		Ordinary	Capital	(Col 1+2) Total
a.	Gross deferred tax assets	$ 12,327,899	$ 43,546	$ 12,371,445
b.	Statutory valuation allowance adjustment	-	-	-
c.	Adjusted gross deferred taxes (1a - 1b)	12,327,899	43,546	12,371,445
d.	Deferred tax assets nonadmitted	5,011,064	-	5,011,064
e.	Subtotal net admitted deferred tax asset (1c - 1d)	7,316,835	43,546	7,360,381
f.	Deferred tax liabilities	77,951	693,661	771,612
g.	Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 7,238,884	$ (650,115)	$ 6,588,769

		December 31, 2012		
		4	5	6
		Ordinary	Capital	(Col 4+5) Total
a.	Gross deferred tax assets	$ 9,990,710	$ 642,853	$ 10,633,563
b.	Statutory valuation allowance adjustment	-	-	-
c.	Adjusted gross deferred taxes (1a - 1b)	9,990,710	642,853	10,633,563
d.	Deferred tax assets nonadmitted	4,764,196	190,911	4,955,107
e.	Subtotal net admitted deferred tax asset (1c - 1d)	5,226,514	451,942	5,678,456
f.	Deferred tax liabilities	44,887	451,942	496,829
g.	Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 5,181,627	$ -	$ 5,181,627

		Change		
		7	8	9
		(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a.	Gross deferred tax assets	$ 2,337,189	$ (599,307)	$ 1,737,882
b.	Statutory valuation allowance adjustment	-	-	-
c.	Adjusted gross deferred taxes (1a - 1b)	2,337,189	(599,307)	1,737,882
d.	Deferred tax assets nonadmitted	246,868	(190,911)	55,957
e.	Subtotal net admitted deferred tax asset (1c - 1d)	2,090,321	(408,396)	1,681,925
f.	Deferred tax liabilities	33,064	241,719	274,783
g.	Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 2,057,257	$ (650,115)	$ 1,407,142

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	$ 5,282,202	$ 216,688	$ 5,498,890
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:	1,089,879	-	1,089,879
	1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	1,089,879		1,089,879
	2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	14,897,281
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	944,755	(173,142)	771,613
d.	Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 7,316,836	$ 43,546	$ 7,360,382

		December 31, 2012		
		4	5	6
				(Col 4+5)
		Ordinary	Capital	Total
a.	Federal income taxes paid in prior years recoverable through loss carrybacks	$ 3,112,627	$ -	$ 3,112,627
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:	2,069,000	-	2,069,000
	1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	2,069,000	-	2,069,000
	2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	12,736,580
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	44,887	451,942	496,829
d.	Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 5,226,514	$ 451,942	$ 5,678,456

		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	$ 2,169,575	$ 216,688	$ 2,386,263
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:	(979,121)	-	(979,121)
	1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	(979,121)		(979,121)
	2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	2,160,701
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	899,868	(625,084)	274,784
d.	Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 2,090,322	$ (408,396)	$ 1,681,926

Other admissibility criteria

		2013	2012
a.	Ratio percentage used to determine recovery period and threshold limitation amount	1379%	1400%
b.	Amount of adjusted capital and surplus used to determine recovery period and threshhold limitation in 2(b)2 above	$ 14,897,281	$ 12,736,580

Impact on tax planning strategies

	2013		2012		change	
	1	2	3	4	5	6
	Ordinary	Capital	Ordinary	Capital	(Col. 1-3) Ordinary	(Col. 2-4) Capital
a. Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character, as a percentage.						
1. Adjusted gross DTAs amount from Note 9A1(c).	$12,327,900	$ 43,546	$ 9,990,710	$ 642,853	$ 2,337,190	$(599,307)
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies.	0.0%	0.4%	0.0%	6.0%	0.0%	-5.6%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e).	7,316,836	43,546	5,226,514	451,942	2,090,322	(408,396)
4. Percentage of net admitted adjusted from DTAs by tax character admitted because of the impact of tax planning strategies.	0.0%	0.7%	0.0%	12.4%	0.0%	-11.7%

Current and deferred income taxes:

	2013	2012	Change
a. Federal	$ 2,694,756	$ 3,299,009	$ (604,253)
b. Foreign	-	-	-
c. Subtotal	2,694,756	3,299,009	(604,253)
d. Federal income tax on net capital gains	233,765	45,687	188,078
e. Utilization of capital loss carry-forwards	-	-	-
f. Other	-	-	-
g. Federal and Foreign income taxes incurred	$ 2,928,521	$ 3,344,696	$ (416,175)

Deferred Tax Assets

		2013	2012	Change
a.	Ordinary			
	Discounting of unpaid losses	$ 5,657,759	$ 4,380,646	$ 1,277,113
	Unearned premium reserves	2,898,730	2,385,405	513,325
	Policyholder reserves	3,161,900	2,660,308	501,592
	Other (including items < 5% of total ordinary tax assets)	609,510	564,351	45,159
	Subtotal	12,327,899	9,990,710	2,337,189
b.	Statutory Valuation allowance adjustment	-	-	-
c.	Nonadmitted	5,011,064	4,764,196	246,868
d.	Admitted ordinary deferred tax assets	7,316,835	5,226,514	2,090,321
e.	Capital:			
	Investments	43,546	642,853	(599,307)
	Subtotal	43,546	642,853	(599,307)
f.	Statutory Valuation allowance adjustment	-	-	-
g.	Nonadmitted	-	190,911	(190,911)
h.	Admitted capital deferred tax assets (2e99-2f-2g)	43,546	451,942	(408,396)
i.	Admitted deferred tax assets (2d+2h)	$ 7,360,381	$ 5,678,456	$ 1,681,925

Deferred Tax Liabilities

		2013	2012	Change
a.	Ordinary:			
	Investments	$ 33,466	$ 30,124	$ 3,342
	Fixed Assets	44,485	14,763	29,722
	Subtotal	77,951	44,887	33,064
b.	Capital:			
	Investments	693,661	451,942	241,719
	Subtotal	693,661	451,942	241,719
c.	Deferred tax liabilities (3a99+3b99)	$ 771,612	$ 496,829	$ 274,783
	Net Deferred Tax Assets/Liabilities (2i-3c)	$ 6,588,769	$ 5,181,627	$ 1,407,142

There were no deferred tax liabilities that were not recognized.

Reconciliation of federal income tax rate to actual effective rate:

		2013	Effective Tax Rate (%)
Provision computed at statutory rate	$	2,003,995	35%
Tax exempt income deduction, net of add-back		(629,839)	-11%
Dividends received deduction, net of add-back		(87,311)	-2%
Accrual adjustment - prior year		(84,275)	-2%
Other		29,272	1%
Totals	$	1,231,842	21%
Federal and foreign income taxes incurred		2,694,756	47%
Realized capital gains (losses) tax		233,765	4%
Change in net deferred income taxes		(1,696,679)	-30%
Total statutory income taxes	$	1,231,842	21%

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 $3,044,909 and $3,282,777 for 2013 and 2012, respectively. 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 2010, 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 Casualty 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,	$ 88,404,851	$ 79,472,252
Incurred related to		
Current year	62,944,402	49,934,918
Prior year	597,049	(4,657,014)
Total incurred	63,541,451	45,277,904
Paid related to		
Current year	15,339,227	14,343,271
Prior year	27,265,321	22,002,034
Total paid	42,604,548	36,345,305
Net balances at December 31,	$ 109,341,754	$ 88,404,851

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 increased by $597,049 as a result of unfavorable loss development principally in the 2002 through 2012 accident years. 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.

During 2012, the Company's incurred losses related to prior years decreased by $4,657,014 as a result of favorable loss development principally in the 2002 through 2011 accident years. During 2012 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 2011 and prior.

7. Reinsurance

The Company assumed risks from another insurance company through a 100% quota share reinsurance agreement which was terminated effective for 2005 policy years. Amounts added to loss reserves and loss adjustment expenses for reinsurance assumed from the other company are as follows:

	2013	2012
Loss and loss adjustment expenses incurred	$ -	$ (18,635)
Loss and loss adjustment expense reserves	205,052	209,458

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 Pools. Pool results are accounted for on a gross basis whereby the Company's portion of premiums, losses, expenses and other operations of the Pools 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	$ 4,708,520	$ 3,384,553
Loss and loss adjustment expenses incurred	3,120,959	2,553,531
Unearned premiums	1,615,793	1,082,863
Loss and loss adjustment expense reserves	9,529,796	8,393,196
Premiums receivable	1,001,579	540,282
Underwriting expenses incurred	1,210,885	996,175

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 agreements, the Company's net retention for losses on a per occurrence basis is $750,000 for 2013, $1,000,000 for 2012 and 2011, $2,000,000 for 2010 and 2009, $3,000,000 for 2008, $2,000,000 for 2007, $1,000,000 for 2006 and $500,000 for 2005, 2004 and 2003 with reinsurance coverage up to $50,000,000 subject to its net retention. For losses incurred prior to 2003, the net retention for losses is $100,000 with coverage up to $50,000,000 subject to its net retention. 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	$ 4,338,952	$ 3,005,731
Loss and loss adjustment expenses incurred	373,365	-
Loss and loss adjustment expense reserves	3,125,351	2,809,775
Premiums (receivable) payable	966,224	488,240

The 2013 and 2012 ceded loss and loss adjustment expense reserves above are comprised of amounts with two reinsurance carriers 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's reinsurance program was implemented in accordance with the New Hampshire Insurance Department's Consent Agreement dated March 8, 2000.

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.

The Company commuted two reinsurance contracts during the year with General Reinsurance Corporation. There was no amount due to the Company on either treaty year as a result of these commutations. There was no net effect on the income statement or balance sheet of the Company as a result of these commutations.

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	$ 90,283,444	$ 83,200,357	$ 70,920,097	$ 64,232,114
Assumed	5,241,450	4,708,520	3,578,497	3,384,553
Ceded	(4,338,952)	(4,338,952)	(3,005,731)	(3,005,731)
Net premiums	$ 91,185,942	$ 83,569,925	$ 71,492,863	$ 64,610,936

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 $6,730,534 and $8,958,747, 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	$ 11,621,247	$ 1,118,826	$ -	$ 12,740,073
States, territories and possessions	31,020,152	815,145	(596,070)	31,239,227
Political subdivisions of states	35,480,739	1,164,074	(231,729)	36,413,084
Industrial and miscellaneous	73,080,091	2,085,919	(1,625,864)	73,540,146
Asset backed securities	53,501,976	741,680	(1,255,959)	52,987,697
Total bonds	$ 204,704,205	$ 5,925,644	$ (3,709,622)	$ 206,920,227

	2012			
	Carrying Value	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
U.S. Government and government agencies and authorities	$ 13,541,708	$ 2,080,580	$ -	$ 15,622,289
States, territories and possessions	33,275,955	1,860,551	(19,829)	35,116,677
Political subdivisions of states	34,907,837	2,561,865	(28)	37,469,673
Industrial and miscellaneous	63,324,377	4,101,621	(26,561)	67,399,437
Asset backed securities	37,966,568	1,964,883	(6,518)	39,924,932
Total bonds	$ 183,016,445	$ 12,569,499	$ (52,937)	$ 195,533,008

The cost and fair value of equity securities were as follows:

2013	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common stocks	$ 21,919,348	$ 2,153,614	$ (171,726)	$ 23,901,236

2012	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common stocks	$ 3,582,297	$ 1,293,037	$ (1,775)	$ 4,873,559

Bonds with a NAIC SVO rating of three or higher have been recorded at the lower of cost or fair value in accordance with statutory accounting unless they are a RMBS/CMBS security with a Securities Valuation Officer rating and independently modeled. The model determines the intrinsic price of the security and the price at which the percentage difference between the carrying price and the intrinsic price equals the midpoint between the risk based capital charges for each NAIC designation. This is the maximum price point at which a security can be carried for each NAIC designation. These prices are referred to as break points. The Company utilizes the prospective adjustment methodology to value mortgage-backed bonds. The Company currently does not hold any securities with a NAIC SVO rating of three or higher.

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	$ 4,938,096	$ 5,012,041
Over one year through five years	49,500,086	51,452,297
Over five years through ten years	78,507,806	79,471,829
Over ten years through twenty years	16,354,916	16,067,218
Over twenty years	1,901,325	1,929,146
Asset backed securities (principally ten through twenty years)	53,501,976	52,987,696
	$ 204,704,205	$ 206,920,227

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	$ 8,292,719	$ 137,896	$ (43,029)
Stocks	10,167,338	2,316,803	(7,412)
	$ 18,460,057	$ 2,454,699	$ (50,441)

	2012		
	Proceeds From Sales	Gross Realized Gains	Gross Realized Losses
Bonds	$ 4,812,285	$ 147,974	$ (4,537)
Stocks	-	-	-
	$ 4,812,285	$ 147,974	$ (4,537)

At December 31, 2013 and 2012, the Company owned no securities that were in an unrealized loss position that management determined was other than temporary 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)	$ 91,485,809	$ (3,358,158)	$ 3,432,923	$ (351,465)	$ 94,918,732	$ (3,709,623)
Bonds (NAIC 3–6)	235,850	(23,255)	-	-	235,850	(23,255)
Common stocks - unaffiliated	4,762,429	(171,726)	-	-	4,762,429	(171,726)
	$ 96,484,088	$ (3,553,139)	$ 3,432,923	$ (351,465)	$ 99,917,011	$ (3,904,604)

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	$ 6,517,280	$ 6,084,876
Preferred stock and common	486,083	267,366
Cash and short-term investments	10,430	11,896
Other investment income	46	35
Total investment income	7,013,839	6,364,173
Less: Investment expenses	(704,250)	(664,253)
Net investment income	$ 6,309,589	$ 5,699,920

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				
Common stocks				
Industrial and miscellaneous	$ 23,901,236	$ -	$ -	$ 23,901,236
Total common stocks	23,901,236	-	-	23,901,236
Other - short term investments	9,720,466			9,720,466
Total assets on balance sheet at fair value	$ 33,621,702	$ -	$ -	$ 33,621,702

2012

	Level 1	Level 2	Level 3	Total
Assets on balance sheet at fair value				
Common stocks				
Mutual Funds	$ 4,873,559	$ -	$ -	$ 4,873,559
Total common stocks	4,873,559	-	-	4,873,559
Other - short term investments	6,873,871	-	-	6,873,871
Total assets on balance sheet at fair value	$11,747,430	$ -	$ -	$11,747,430

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1 and 2. Transfers to and from Level 3 would be recognized when a purchase, sale or settlement increases or decreases 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. There were no Level 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	$ 206,920,227	$ 204,704,205	$ -	$ 206,920,227	$ -	$ -
Common stocks	23,901,236	23,901,236	23,901,236			
Cash, cash equivalents & short-term investments	13,213,982	13,213,982	13,213,982			
Total assets	$ 244,035,445	$ 241,819,423	$ 37,115,218	$ 206,920,227	$ -	$ -

	2012					
Type of Financial Instrument	**Fair Value**	**Admitted Value**	**Level 1**	**Level 2**	**Level 3**	**Not Practicable (Carrying Value)**
Bonds	$ 195,533,008	$ 183,016,445	$ -	$ 195,533,008	$ -	$ -
Common stocks	4,873,559	4,873,559	4,873,559	-	-	-
Cash, cash equivalents & short-term investments	11,281,687	11,281,687	11,281,687	-	-	-
Total assets	$ 211,688,254	$ 199,171,691	$ 16,155,246	$ 195,533,008	$ -	$ -

12. Employee Benefit Plans

The Company's parent MEMIC has adopted a qualified defined contribution pension, 401(k) and profit sharing plan (the "Plan") covering substantially all full-time employees who meet the plans' eligibility requirements. If approved by the Board of Directors of MEMIC, the pension component of the defined contribution plan is determined to be 3-6% of the covered employees' annual eligible compensation. Employees become eligible to participate upon completion of three months of service and are fully vested in the plan after three years of service. The amount expensed for the pension related portion of the Plan was approximately $0 and $108,670 in 2013 and 2012, respectively. The Company had no employees participating in this Plan during 2013.

The 401(k) and profit sharing portion of the Plan provides for a tax deferred profit sharing contribution by the Company and an employee elective contribution with a matching provision. In 2013 and 2012, with respect to the 401(k) component of the Plan, the Company will contribute an amount up to 100% of the employees' 401(k) contributions to a maximum of 5% of an employees' annual compensation. An employee's contribution may not exceed 60% of their annual salary or the maximum amount allowed as determined by the Internal Revenue Code. The Company's contributions become fully vested after five years. The Company incurred approximately $0 and $57,945 of expense related to the 401(k) component of the Plan in 2013 and 2012, respectively. With respect to the profit sharing component of the Plan, each eligible participant may receive a profit sharing contribution in an amount to be determined by the Board of Directors not to exceed 6% plus an additional allocation for employees earning in excess of the taxable wage base. The Company incurred approximately $0 and $113,110 of expense related to the profit sharing component of the Plan in 2013 and 2012, respectively. The Company had no employees participating in this Plan during 2013.

The Company's parent sponsors a non-qualified, deferred compensation plan (the Compensation Plan) and trust for certain key executives providing for payments upon retirement, death or disability. The Compensation Plan permits eligible officers to defer a portion of their compensation. The Compensation Plan provides that, in the event of liquidation of the Company, all assets of the Compensation Plan will be available to meet the obligations of the Company. The Company had no employees participating in the Compensation Plan as of December 31, 2013 or 2012.

The Company's parent also maintains an Incentive Compensation Plan (the "ICP") for certain members of senior management. Under the terms of the ICP, participants are awarded "surplus shares" at the discretion of the Executive Committee of the Board of Directors of MEMIC. Four classes of surplus shares have been awarded under the ICP. However, as of December 31, 2012, a total of 1,990 Class B shares were all that remained unexpired under the Plan. The value of each class of surplus share is determined based on excess capital and surplus as defined in the ICP. Shares become fully vested over a 10 year period or a shorter period, under certain conditions. The Company had no employees participating in the ICP as of December 31, 2013 or 2012.

A Long Term Incentive Plan ("LTIP") was established by the Compensation Committee of the Board of Directors of MEMIC (the Committee) effective January 1, 2007 for certain members of senior management and highly compensated individuals (participants). Participants are granted a fixed dollar base award (the "Award") contingent upon the anticipated growth of imputed surplus. The final earned amount of the Award is based on the actual growth levels of imputed surplus and is calculated upon imputed surplus as compared to Target, Threshold and Maximum Growth levels for an applicable performance period, generally three years. The actual earned amount of the Award can range from Zero to 150% of the fixed dollar base Award. Participants vest in the plan over three years, or a shorter period, under certain established conditions. The Company had no key employees participating in the LTIP as of December 31, 2013 or 2012.

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

13. Commitment and Contingent Liabilities

The Company leases office space and various office equipment lease arrangements through 2018. Future minimum lease payments under operating leases at December 31, 2013 are as follows:

2014	$	316,335
2015		314,939
2016		227,588
2017		184,388
2018		19,525
Thereafter		-
Total future minimum lease payments	$	1,062,775

Total rent and lease expense was $385,419 and $418,197 for the years ended December 31, 2013 and 2012, respectively.

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 states in which 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 guaranty fund and other assessments of $5,584,232 and $6,182,468 at December 31, 2013 and 2012, respectively. The Company has recorded a liability for guaranty fund and other assessments of $10,123,595 and $8,406,942 and no related premium tax benefit asset at December 31, 2013 and 2012, respectively. The amounts recorded represent management's best estimates based on assessment rate information received from the states in which the Company writes business and the direct premiums written in those states. The liability is included in the taxes, licenses and fees liability and will be paid in the next year. The following table would reflect the current year change in the premium tax benefit asset however, the Company does not have the ability to recover assessments through policyholder surcharges so no related asset is recorded.

14. Related Party Transactions

All outstanding shares of MEMIC Indemnity Company are owned by MEMIC. MEMIC charges the Company management and other fees in the normal course of business and in accordance with the terms of certain cost sharing agreements. In 2013, the Company was charged approximately $6,283,881 for administrative and management services, underwriting, claims and investment management fees, and received $335,234 for those services that were provided to MEMIC by the Company for premium audit and claim services. Certain other direct costs are paid by MEMIC, charged back to the Company and settled within the terms of the written cost sharing agreements.

In 2000, the Company was capitalized by MEMIC with a $12,000,000 investment. MEMIC supplemented its investment by contributing an additional $14,000,000 in 2001, $10,000,000 in 2003, $5,000,000 in 2004, $5,000,000 in 2005, $8,000,000 in 2011, $18,000,000 during 2012 and $12,000,000 during 2013 for a total of $84,000,000 since the Company's inception. MEMIC contributed capital of $12,000,000 and $18,000,000 in the form of fixed income securities and cash towards its investment in the Company in 2013 and 2012, respectively. The $12,000,000 and $18,000,000 capital contribution, noted as a change in policyholder surplus, includes a $11,791,212 and $9,880,027 non-cash contribution of bonds and $208,788 and $8,119,973 in cash during 2013 and 2012, respectively.

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

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 $135,639.

15. Surplus Notes

Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note	Principal and/or Interest Paid Current Year	Total Principal and/or Interest Paid	Unapproved Principal and/or Interest	Date of Maturity
April 30, 2004	LIBOR + 4%	$ 6,000,000	$ 6,000,000	$ 260,659	$ 3,637,684	$ 33,218	April 29, 2034

The surplus note of $6,000,000 in the table above was issued pursuant to Rule 144A under the Securities Act of 1933, underwritten by Dekania Capital Management II, and administered by JP Morgan/Chase as trustee.

Interest accrues at a floating rate of 3 month LIBOR plus 4%. Interest payments are due quarterly in arrears on February 15, May 15, August 15 and November 15. Each payment of interest on and principal of the surplus note may be made only with the prior approval of the Commissioner of Insurance of the State of New Hampshire and only to the extent the Company has sufficient surplus earnings to make such payment.

The Company may, at its option, redeem the note in whole at any time or in part from time to time at a redemption price of 100%. As of December 31, 2013 the note has not been redeemed.

The surplus note is subordinated to all senior obligations, including all existing and future debt and guarantees, and any expense or policy claims. The note will rank equally with any future surplus note or similar obligation of the Company.

16. Subprime Mortgage Related Risk Exposure

The Company considers its exposure to subprime mortgage risk based on the likelihood of future cash flows, unrealized losses, potential write-downs and the likelihood that an impairment is other than temporary. The Company regularly reviews the ratings of all subprime mortgage risk securities. Differentiation between changes in asset values due to unrealized losses or changes in asset values due to less than anticipated future cash flows are not necessary since the subprime holdings are not material to the overall portfolio. The Company does not rely on investing in subprime mortgages in its overall investment strategy. The Company mitigates its overall exposure with a predominately fixed income portfolio in other than subprime mortgage based securities.

The Company has no exposure related to other investments with subprime exposure. As of December 31, 2013 there were three subprime mortgage related securities with ratings between BBB and AAA. There were no other than temporary impairment write-downs of during 2013 on these subprime mortgage related securities.

The Company does not have any underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Insurance Guaranty coverage.

17. Loan Backed Securities

The Company has elected to use the prospective method of determining prepayment assumptions. Prepayment assumptions are derived primarily from projected cash flow information obtained from recognized external sources. Where projected cash flow information is not publicly available the information is obtained from external asset managers or by internal estimates. There have been no changes from the retrospective to the prospective adjustment methodology due to negative yield on specific securities.

The Company has no loan-backed securities that have a recognized other-than-temporary impairment (OTTI) where the Company either has the intent to sell; or do not have the ability or intent to retain the investment for a period of time to recover any unadjusted amortized cost basis.

The fair value and gross unrealized losses of nonagency RMBS investment securities and the amount of time the securities have been in an unrealized loss position as of December 31, 2013 are as follows:

Aggregate amount of unrealized loss	
Less than twelve months	$ 1,147,421
Twelve months or longer	108,539
Total	$ 1,255,960
Aggregate fair value of securities with unrealized loss	
Less than twelve months	$ 35,789,092
Twelve months or longer	1,181,853
Total	$ 36,970,945

The Company has no repurchase agreements and/or Securities Lending Transactions, no investments in real estate or low-income housing tax credits in the current year or prior year.

18. Subsequent Events

Subsequent events have been considered through March 21, 2014 for these statutory financial statements which are available to be issued 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 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage
1. Bonds:						
1.1 U.S. treasury securities	9,686,547	4.0	9,686,547		9,686,547	4.0
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	399,642	0.2	399,642		399,642	0.2
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	10,423,356	4.3	10,423,356		10,423,356	4.3
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	9,270,919	3.8	9,270,919		9,270,919	3.8
1.43 Revenue and assessment obligations	48,341,674	20.0	48,341,674		48,341,674	20.0
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	489,428	0.2	489,428		489,428	0.2
1.512 Issued or guaranteed by FNMA and FHLMC	40,122,949	16.6	40,122,949		40,122,949	16.6
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	3,088,650	1.3	3,088,650		3,088,650	1.3
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	9,800,949	4.1	9,800,949		9,800,949	4.1
2. Other debt and other fixed income securities (excluding short-term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	65,325,895	27.0	65,325,895		65,325,895	27.0
2.2 Unaffiliated non-U.S. securities (including Canada)	7,754,196	3.2	7,754,197		7,754,197	3.2
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	23,901,236	9.9	23,901,236		23,901,236	9.9
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	632	0.0	631		631	0.0
9. Securities lending (Line 10, Asset Page reinvested collateral)		0.0		XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	13,213,982	5.5	13,213,982		13,213,982	5.5
11. Other invested assets		0.0			0	0.0
12. Total invested assets	241,820,055	100.0	241,820,055	0	241,820,055	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 Indemnity Company

Address (City, State, Zip Code): Manchester NH 03104

NAIC Group Code.....1332 NAIC Company Code.....11030 Employer's ID Number.....02-0515329

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. $......279,659,574

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	MASSACHUSETTS ST	Long Term Bonds	$........2,431,554	..............0.869 %
2.02	BERNALILLO CNTY NM GROSS RECPT.	Long Term Bonds	$........2,387,467	..............0.854 %
2.03	PLAINS ALL AMER PIPELINE	Long Term Bonds	$........2,342,054	..............0.837 %
2.04	METLIFE INC	Long Term Bonds	$........2,087,319	..............0.746 %
2.05	LOWER COLORADO RIVER TX AUTH T.	Long Term Bonds	$........2,054,800	..............0.735 %
2.06	TRANS-CANADA PIPELINES	Long Term Bonds	$........2,041,726	..............0.730 %
2.07	JPMCC 2012-CBX A4	Long Term Bonds	$........2,034,145	..............0.727 %
2.08	FREEPORT-MCMORAN C & G	Long Term Bonds	$........2,009,917	..............0.719 %
2.09	WALGREEN CO	Long Term Bonds	$........1,651,284	..............0.590 %
2.10	HSBC BANK USA NA	Long Term Bonds	$........1,571,922	..............0.562 %

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	$....186,250,230	............66.599 %
3.02	NAIC-2	$......27,938,590	..............9.990 %
3.03	NAIC-3	$...........235,850	..............0.084 %
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 [ ] No [X]

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	DOW CHEMICAL CO/THE	$587,146	0.210 %
13.03	INTEL CORP	$581,426	0.208 %
13.04	ABBVIE INC	$578,586	0.207 %
13.05	EXXON MOBIL CORP	$574,209	0.205 %
13.06	SYSCO CORP	$571,644	0.204 %
13.07	LOCKHEED MARTIN CORP	$561,786	0.201 %
13.08	ANALOG DEVICES INC	$560,536	0.200 %
13.09	ILLINOIS TOOL WORKS	$560,225	0.200 %
13.10	INTL BUSINESS MACHINES CORP	$559,709	0.200 %
13.11	NUCOR CORP	$558,408	0.200 %

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 %	$	$	$