MEMIC Indemnity Company

Financial Statements (Statutory Basis)

December 31, 2015 and 2014

MEMIC

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To the Board of Directors of
MEMIC Indemnity Company

We have audited the accompanying statutory basis statements of MEMIC Indemnity Company ("the Company"), which comprise the statutory statements of admitted assets, liabilities and capital and surplus as of December 31, 2015, and the related statutory statements of income, changes in capital and surplus, and cash flows for the year then ended and the related notes to the financial statements.

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 these statutory basis financial statements based on our audit. We conducted our audit 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, the auditor considers internal control relevant to the entity'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 entity's internal control over financial reporting. 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 Company prepared these financial statements using 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 accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

2015 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, 2015, or the results of its operations or its cash flows for the year then ended.

2015 Opinion on Regulatory Basis of Accounting

In our opinion, the statutory basis 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, 2015, and the results of its operations and its cash flows for the year then ended, on the basis of accounting described in Note 2.

Other Matter – 2014 Financial Statements

The statutory basis financial statements of the Company as of and for the year ended December 31, 2014, were audited by another auditor, who on March 20, 2015 expressed an adverse opinion on those statements on U.S. Generally Accepted Accounting Principles and an unmodified opinion on those statements on the basis of accounting described in Note 2.

Other Matter – Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Summary Investment Schedule and Supplemental Investment Risks Interrogatories of the Company as of December 31, 2015 and for the year then ended are presented for purposes of additional analysis and are not a required part of the financial statements, but are supplementary information required by New Hampshire Insurance Department. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has 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, such are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Johnson Lambert LLP

Atlanta, Georgia

March 25, 2016

MEMIC Indemnity Company
Statements of Admitted Assets, Liabilities and Capital and Surplus
(Statutory Basis)
December 31, 2015 and 2014

	2015	2014
Admitted Assets		
Invested assets		
Bonds, at carrying value (fair value: $275,976,799 and $252,175,174 at December 31, 2015 and 2014, respectively)	$ 273,163,383	$ 244,841,225
Common stocks, at fair value (cost: $38,305,187 and $24,377,290 at December 31, 2015 and 2014, respectively)	38,617,959	27,325,170
Cash and short-term investments	14,815,932	8,732,203
Total cash and invested assets	326,597,274	280,898,598
Premium balances receivable	48,220,597	37,360,026
Receivable for securities sold	232	297
Investment income due and accrued	2,425,561	2,240,393
EDP equipment (net of accumulated depreciation of $534,885 and $481,053 at December 31, 2015 and 2014, respectively)	56,316	110,148
Reinsurance recoverable on paid loss and loss adjustment expenses	27,835	10,036
Net deferred income taxes	8,527,960	7,503,247
Total admitted assets	$ 385,855,775	$ 328,122,745
Liabilities		
Loss reserves	$ 147,763,557	$ 115,370,073
Loss adjustment expense reserves	24,929,646	18,535,400
Unearned premium reserves	65,828,249	53,447,572
Advance premium	458,957	445,862
Reinsurance premiums payable	1,127,253	638,729
Other liabilities	621,124	794,933
Premium taxes and assessments payable	7,203,207	5,176,011
Amounts withheld for others	2,760,792	2,143,358
Commissions payable	4,554,718	3,144,306
Dividends payable	113,681	-
Due to parent	2,346,394	807,379
Federal income tax payable	2,505,534	140,762
Total liabilities	$ 260,213,112	$ 200,644,385
Commitments and contingencies (Note 13)		
Capital and surplus		
Surplus notes (Note 15)	$ -	$ 6,000,000
Common stock, 1,000,000 shares authorized, 100,000 shares issued and outstanding, $30 par value	3,000,000	3,000,000
Gross paid-in and contributed surplus	101,000,000	95,000,000
Unassigned surplus	21,642,663	23,478,360
Total capital and surplus	125,642,663	127,478,360
Total liabilities and capital and surplus	$ 385,855,775	$ 328,122,745

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

MEMIC Indemnity Company
Statements of Income
(Statutory Basis)
Years Ended December 31, 2015 and 2014

	2015	2014
Underwriting income		
Premiums earned, net	$ 129,865,912	$ 101,273,614
Loss and underwriting expenses		
Losses incurred, net	84,256,697	67,941,891
Loss adjustment expenses incurred, net	17,154,517	11,368,986
Underwriting expenses		
Commissions	10,093,033	7,353,535
Premium taxes	2,504,304	2,162,981
Guarantee fund, rating bureau and other assessments	3,670,468	3,006,338
Supervision, acquisition and collection expenses	13,075,303	8,208,098
Loss control	3,248,203	2,972,497
General expenses	1,678,408	1,184,126
Total underwriting expenses	34,269,719	24,887,575
Total loss and underwriting expenses	135,680,933	104,198,452
Net underwriting loss	(5,815,021)	(2,924,838)
Investment income		
Net investment income	8,579,035	7,204,449
Net realized capital gains less capital gains tax of $343,146 and $628,201, respectively	666,107	1,166,659
Total investment income	9,245,142	8,371,108
Other (expense) income		
Bad debt expense	(105,973)	(159,103)
Other Income	480,000	-
Service fee income	44,348	35,852
Net other income (expense)	418,375	(123,251)
Income before dividends and federal income taxes	3,848,496	5,323,019
Dividends to policyholders	1,188,118	424,377
Income after dividends, before federal income taxes	2,660,378	4,898,642
Provision for federal income taxes	2,162,388	(487,439)
Net income	$ 497,990	$ 5,386,081

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, 2015 and 2014

	2015	2014
Capital and surplus at beginning year	$ 127,478,360	$ 106,087,145
Net income	497,990	5,386,081
Increase (decrease) in net deferred income taxes	1,799,106	(1,430,785)
(Increase) decrease in nonadmitted assets	(2,109,409)	2,783,222
(Decrease) increase in net unrealized appreciation of invested assets (net of deferred taxes of ($1,087,513) and $346,236 as of December 31, 2015 and 2014, respectively)	(2,023,384)	652,697
Surplus note	(6,000,000)	-
Capital contributions	6,000,000	14,000,000
Change in capital and surplus	(1,835,697)	21,391,215
Capital and surplus at end of year	$ 125,642,663	$ 127,478,360

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

MEMIC Indemnity Company
Statements of Cash Flows
(Statutory Basis)
Years Ended December 31, 2015 and 2014

	2015	2014
Cash from operations		
Premiums collected, net	$ 131,876,242	$ 105,204,117
Investment income received, net	9,974,288	8,267,270
Other income (expense)	418,375	(123,250)
Cash provided from operations	142,268,905	113,348,137
Benefit and loss related payments	51,881,012	46,642,788
Commissions and expenses paid	41,766,192	37,686,553
Dividends paid to policyholders	1,074,437	424,377
Federal income taxes paid	140,762	2,928,521
Cash used in operations	94,862,403	87,682,239
Net cash provided from operations	47,406,502	25,665,898
Cash from investing activities		
Cash provided by (used in) investments		
Proceeds from bonds sold, matured or repaid	23,088,373	15,405,076
Proceeds from common stocks sold, matured or repaid	10,821,406	9,024,475
Proceeds from		
Cost of bonds acquired	(53,429,941)	(42,976,240)
Cost of stocks acquired	(23,776,782)	(9,739,763)
Net cash used in investing activities	(43,296,944)	(28,286,452)
Cash from financing and miscellaneous sources		
Other cash		
Capital and paid in surplus	6,000,000	181,456
Surplus notes	(6,000,000)	-
Other sources (uses)	1,974,171	(2,042,681)
Net cash provided from (used in) financing and miscellaneous sources	1,974,171	(1,861,225)
Net change in cash	6,083,729	(4,481,779)
Cash and short-term investments		
Beginning of year	8,732,203	13,213,982
End of year	$ 14,815,932	$ 8,732,203
Noncash transaction		
Contribution of bonds	$ -	$ 13,818,544

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

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 $104,000,000 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 86% of premium written during 2015 in the States of Connecticut, Florida, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Vermont and Virginia. The Company writes its business primarily through independent agents and brokers in the various states.

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 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 statements of income;

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 unassigned 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 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 statements of income. 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 (losses) gains. 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. Ceded premiums are written and earned concurrently. Accordingly, unearned premium reserves are established for the pro rata portion of direct and assumed 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. When the anticipated losses, loss adjustment expenses, commissions, and other acquisition and maintenance costs exceed the recorded unearned premium reserve, and any future installment premiums on existing policies, a premium deficiency reserve should be recognized by recording an additional liability for the deficiency, with a corresponding charge to operations. The Company does anticipate investment income when evaluating the need for any premium deficiency reserve.

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. The National Council on Compensation Insurance, ("NCCI") services the majority of the states where the Company participates in involuntary pools. The loss reserves that are reported to NCCI by the servicing carriers are gross of loss discounting. By application of incurred loss development and tail development factors, any discount included in the case reserves reported by servicing carriers is factored out (or unwound). NCCI also provides each participating company with an estimate of its share of discounted liabilities. The discounting assumptions include a 3.5% discount rate for incurred but not reported loss and loss adjustment expense reserves and the mortality table used is the 2007 U.S. Life Table. 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. Premiums receivable on involuntary pool business are recorded in premium balances receivable on the statements of admitted assets, liabilities and capital and surplus.

Loss and Loss Adjustment Expense Reserves

Loss 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 is 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 statements of assets, liabilities and capital and surplus as of December 31, 2015 and 2014:

	2015	2014
Premium balances receivable over 90 days past due	$ 217,806	$ 206,412
Deferred income taxes	4,181,470	2,319,564
Fixed assets, net of accumulated depreciation	563,016	342,583
Other assets	417,651	401,975
Total nonadmitted assets	$ 5,379,943	$ 3,270,534

Depreciation expense on nonadmitted fixed assets was $74,047 and $67,269 in 2015 and 2014, respectively.

Federal Income Taxes

The Company files a consolidated tax return with MEMIC, MEMIC Casualty Company ("MEMIC Casualty"), MEMIC Services, Inc. ("MEMIC Services"), and Casco View Holdings, LLC ("CVH"). 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. SSAP No. 101, "Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10" outlines the 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) outlines 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.

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.

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 to five years. Depreciation expense for the years ended December 31, 2015 and 2014 was $39,001 and $57,115, 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 statements 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 $104,000,000 and $98,000,000 as of December 31, 2015 and 2014, respectively. MEMIC contributed capital of $6,000,000 during 2015. MEMIC contributed capital of $14,000,000 in the form of fixed income securities and cash towards its investment in the Company in 2014. The $14,000,000 capital contribution, noted as a change in policyholder surplus, included $13,818,544 in non-cash contributions of bonds and $181,456 in cash during 2014.

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 and the surplus note in Note 15 which was paid off during 2015.

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. The maximum amount of dividends which can be paid by the Company to stockholders without prior approval of the Superintendent of Insurance during 2015 and 2014 was $12,747,836 and $10,608,715, respectively. There were no stockholder dividends declared during 2015 or 2014. Policyholder dividends of $1,188,118 and $424,377 were declared during 2015 and 2014, respectively, of which $113,681 and $0 remains unpaid as of 2015 and 2014, respectively.

5. Income Taxes

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

		December 31, 2015		
		1	2	3
		Ordinary	Capital	(Col 1+2) Total
a.	Gross deferred tax assets	$ 12,763,802	$ 90,150	$ 12,853,952
b.	Statutory valuation allowance adjustment	-	-	-
c.	Adjusted gross deferred taxes (1a - 1b)	12,763,802	90,150	12,853,952
d.	Deferred tax assets nonadmitted	4,181,470	-	4,181,470
e.	Subtotal net admitted deferred tax asset (1c - 1d)	8,582,332	90,150	8,672,482
f.	Deferred tax liabilities	144,522	-	144,522
g.	Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 8,437,810	$ 90,150	$ 8,527,960

		December 31, 2014		
		4	5	6
		Ordinary	Capital	(Col 4+5) Total
a.	Gross deferred tax assets	$ 10,885,831	$ 35,406	$ 10,921,237
b.	Statutory valuation allowance adjustment	-	-	-
c.	Adjusted gross deferred taxes (1a - 1b)	10,885,831	35,406	10,921,237
d.	Deferred tax assets nonadmitted	2,319,564	-	2,319,564
e.	Subtotal net admitted deferred tax asset (1c - 1d)	8,566,267	35,406	8,601,673
f.	Deferred tax liabilities	66,668	1,031,758	1,098,426
g.	Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 8,499,599	$ (996,352)	$ 7,503,247

		Change		
		7	8	9
		(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a.	Gross deferred tax assets	$ 1,877,971	$ 54,744	$ 1,932,715
b.	Statutory valuation allowance adjustment	-	-	-
c.	Adjusted gross deferred taxes (1a - 1b)	1,877,971	54,744	1,932,715
d.	Deferred tax assets nonadmitted	1,861,906	-	1,861,906
e.	Subtotal net admitted deferred tax asset (1c - 1d)	16,065	54,744	70,809
f.	Deferred tax liabilities	77,854	(1,031,758)	(953,904)
g.	Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ (61,789)	$ 1,086,502	$ 1,024,713

Admission calculation components:

	December 31, 2015		
	1	2	3
	Ordinary	Capital	(Col 1+2) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 2,525,392	$ -	$ 2,525,392
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:	5,912,419	90,150	6,002,569
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	5,912,419	90,150	6,002,569
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	17,558,758
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	144,521	-	144,521
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 8,582,332	$ 90,150	$ 8,672,482

	December 31, 2014		
	4	5	6
	Ordinary	Capital	(Col 4+5) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 2,540,770	$ 7,081	$ 2,547,851
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:	4,955,396	-	4,955,396
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	4,955,396	-	4,955,396
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	17,558,758
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	1,070,101	28,325	1,098,426
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 8,566,267	$ 35,406	$ 8,601,673

	Change		
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ (15,378)	$ (7,081)	$ (22,459)
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:	957,023	90,150	1,047,173
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	957,023	90,150	1,047,173
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	17,558,758
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	(925,580)	(28,325)	(953,905)
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 16,065	$ 54,744	$ 70,809

a. Ratio percentage used to determine recovery period and threshold limitation amount	791%	1249%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	$ 117,058,387	$ 119,864,965

Impact on tax planning strategies:

	2015		2014		change	
	1	2	3	4	5	6
					(Col. 1-3)	(Col. 2-4)
	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
a. Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character, as a percentage.						
1 Adjusted gross DTAs amount from Note 5A1(c).	$ 12,763,802	$ 90,150	$ 10,885,831	$ 35,406	$ 1,877,971	$ 54,744
2 Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies.	0.0%	20.0%	0.0%	0.5%	0.0%	19.5%
3 Net Admitted Adjusted Gross DTAs amount from Note 5A1(e).	8,582,332	90,150	8,566,267	35,406	16,065	54,744
4 Percentage of net admitted adjusted from DTAs by tax character admitted because of the impact of tax planning strategies.	0.0%	20.0%	0.0%	0.5%	0.0%	19.5%

b. Does the company's tax planning strategies include the use of reinsurance? Yes [ ] No [X]

Current and deferred income taxes:

Current income taxes:	2015	2014	Change
a. Federal	$ 2,101,516	$ (480,707)	$ 2,582,223
b. Provision to return	60,872	(6,732)	67,604
e. Subtotal	2,162,388	(487,439)	2,649,827
f. Federal income tax on net capital gains	343,146	628,201	(285,055)
i. Federal and Foreign income taxes incurred	$ 2,505,534	$ 140,762	$ 2,364,772

Deferred Tax Assets

	2015	2014	Change
a. Ordinary:			
Discounting of unpaid losses	$ 5,917,576	$ 5,313,339	$ 604,237
Unearned premium reserves	4,507,530	3,772,540	734,990
Policyholder reserves	2,122,641	1,587,017	535,624
Other (including items < 5% of total ordinary tax assets)	216,055	212,935	3,120
Subtotal	12,763,802	10,885,831	1,877,971
b. Statutory Valuation allowance adjustment	-	-	-
c. Nonadmitted	4,181,470	2,319,564	1,861,906
d. Admitted ordinary deferred tax assets	8,582,332	8,566,267	16,065
e. Capital:			
Investments	90,150	35,406	54,744
Subtotal	90,150	35,406	54,744
f. Statutory Valuation allowance adjustment	-	-	-
g. Nonadmitted	-	-	-
h. Admitted capital deferred tax assets (2e99-2f-2g)	90,150	35,406	54,744
i. Admitted deferred tax assets (2d+2h)	$ 8,672,482	$ 8,601,673	$ 70,809

Deferred Tax Liabilities

	2015	2014	Change
a. Ordinary:			
Investments	$ 78,829	$ 36,089	$ 42,740
Fixed Assets	65,693	30,579	35,114
Subtotal	144,522	66,668	77,854
b. Capital:			
Investments	-	1,031,758	(1,031,758)
Subtotal	-	1,031,758	(1,031,758)
c. Deferred tax liabilities (3a99+3b99)	$ 144,522	$ 1,098,426	$ (953,904)
Net Deferred Tax Assets/Liabilities (2i-3c)	$ 8,527,960	$ 7,503,247	$ 1,024,713

Change in net deferred income taxes

	2015	2014	Change
a. Adjusted gross deferred tax assets	$ 12,853,952	$ 10,921,237	$ 1,932,715
b. Total deferred tax liabilities	144,522	1,098,426	953,904
c. Net deferred tax assets (liabilities)	$ 12,709,430	$ 9,822,811	$ 2,886,619
d. Tax effect of change in unrealized gains (losses)			$ 1,087,513
e. Total change in net deferred income tax			1,799,106
			$ 2,886,619

There were no deferred tax liabilities that were not recognized.

Reconciliation of federal income tax rate to actual effective rate:

	2015	Effective Tax Rate (%)
Provision computed at statutory rate	$ 1,021,198	34%
Permanent differences	(701,847)	-24%
Prior year true up (to deferred)	26,021	1%
Prior year true up (to current)	60,872	2%
Change in nonadmitted assets	(9,204)	0%
Rate differential	279,908	9%
Other	29,480	1%
Totals	$ 706,428	23%
Federal and foreign income taxes incurred	2,162,388	72%
Realized capital gains (losses) tax	343,146	11%
Change in net deferred income taxes	(1,799,106)	-60%
Total statutory income taxes	$ 706,428	23%

As of December 31, 2015 and 2014, the Company does not have any investment tax credits, net operating loss or capital loss carryforwards 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 $2,268,390 and $196,129 for 2015 and 2014, respectively. There are no deposits admitted under Section 6603 of the Internal Revenue Code.

As of December 31, 2015 and 2014, 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 statements of admitted assets, liabilities, and capital and surplus and the related interest and penalties would be included on the statements of income as underwriting expenses.

As of December 31, 2015, the Company incurred AMT of $0 on a stand-alone and consolidated basis.

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 reasonably 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, 2015 and 2014 is summarized as follows:

	2015	2014
Net balances at January 1,	$ 133,905,473	$ 109,341,754
Incurred related to		
Current year	104,602,894	80,005,695
Prior year	(3,191,680)	(694,818)
Total incurred	101,411,214	79,310,877
Paid related to		
Current year	22,881,065	19,932,464
Prior year	39,742,419	34,814,694
Total paid	62,623,484	54,747,158
Net balances at December 31,	$ 172,693,203	$ 133,905,473

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. At the end of 2015, the amount of reserve credit recorded for high deductibles on unpaid losses was zero. The amounts billed and recoverable for collateralized high deductible policies at year end was $561,902 which is included as a net recovery to paid losses in the applicable accident years and included in premium balances receivable the statements of admitted assets, liabilities and capital and surplus. There were no reserve credits or amounts accrued at the end of 2014.

During 2015, the Company's incurred losses related to prior years decreased by $3,191,680 as a result of favorable loss development principally in the 2007 and 2013 accident years. During 2014, the Company's incurred losses related to prior years decreased by $694,818 as a result of favorable loss development principally in the 2006, 2008 and 2012 accident years.

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. There were no loss reserve and loss adjustment expense incurred on this business during 2015 or 2014, however, the following reserves remain outstanding:

	2015	2014
Loss and loss adjustment expense reserves	$ 166,310	$ 201,225

As a condition of writing policies in several states, the Company is required to participate in the National Workers' Compensation Reinsurance Pool, the Massachusetts Reinsurance Pool, the Michigan Compensation Replacement Facility, the New Mexico Workers' Compensation Reinsurance Pool and the Tennessee Reinsurance Mechanism (the "Pools") as it relates to the applicable 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. The difference between discounted and undiscounted incurred but not reported loss and loss adjustment expense liabilities from NCCI are $632,270 and $518,680 for 2015 and 2014, respectively. All amounts are recorded as assumed business. Amounts added to premiums, reserves and expenses for reinsurance assumed from pools are as follows:

	2015	2014
Premiums earned	$ 8,334,821	$ 6,384,786
Loss and loss adjustment expenses incurred	5,584,509	4,583,327
Unearned premiums	2,489,481	2,104,341
Loss and loss adjustment expense reserves	13,178,594	11,263,042
Premiums receivable	1,327,233	1,237,476
Underwriting expenses incurred	2,074,489	1,581,900

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 $500,000 and $750,000 for 2015 and 2014, respectively. In addition, for 2015 and 2014, the Company maintains additional coverage up to $100,000,000 on a per occurrence basis.

Amounts deducted from premiums, reserves and expenses for reinsurance ceded and the balances payable are as follows:

	2015	2014
Premiums earned	$ 8,261,046	$ 4,836,017
Loss and loss adjustment expenses incurred	2,336,640	737,949
Loss and loss adjustment expense reserves	6,042,132	3,798,455
Premiums payable	1,127,252	638,729

The 2015 and 2014 ceded loss and loss adjustment expense case incurred and incurred but not reported 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, 2015 or 2014.

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 noncancelable by the Company 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 statements and accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting 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.

There were no commutations during 2015. During 2014, the Company commuted two excess of loss reinsurance contacts with General Reinsurance Corporation from the 2006 and 2007 treaty years. There was no financial impact as a result of these commutations as there were no associated claims settled and no associated reserves recorded prior to commutation.

8. Premiums Written and Earned

During the years ended December 31, 2015 and 2014, direct, assumed and ceded premiums were as follows:

	2015		2014	
	Written	**Earned**	**Written**	**Earned**
Direct	$ 141,787,675	$ 129,792,137	$ 111,556,869	$ 99,724,845
Assumed	8,712,619	8,334,821	6,873,335	6,384,786
Ceded	(8,261,046)	(8,261,046)	(4,836,017)	(4,836,017)
Net premiums	$ 142,239,248	$ 129,865,912	$ 113,594,187	$ 101,273,614

9. Statutory Deposits

Various regulatory authorities require that securities be placed on deposit. At December 31, 2015 and 2014, the Company had fixed income securities on deposit with a carrying value of $7,395,764 and $6,796,666, respectively, included in bonds on the statements of admitted assets, liabilities and capital and surplus. The amounts on deposit with the states, all of which are admitted, represent 1.92% and total admitted assets at the end of 2015.

10. Investments

The carrying value and fair values of bonds at December 31, 2015 and 2014 are as follows:

	2015			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government & government agencies & authorities	$ 13,114,985	$ 955,985	$ (58,052)	$ 14,012,918
States, territories & possessions	28,577,449	1,185,534	(41,053)	29,721,930
Political subdivisions of states	32,699,053	1,730,286	(49,208)	34,380,131
Industrial & miscellaneous	115,482,243	1,616,710	(3,065,242)	114,033,711
Asset backed securities	83,289,653	1,015,285	(476,829)	83,828,109
Total bonds	$ 273,163,383	$ 6,503,800	$ (3,690,384)	$ 275,976,799

	2014			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government & government agencies & authorities	$ 9,622,825	$ 1,207,785	$ -	$ 10,830,610
States, territories & possessions	31,088,547	1,160,761	(46,572)	32,202,736
Political subdivisions of states	35,679,600	1,829,525	(38,628)	37,470,497
Industrial & miscellaneous	95,974,855	2,597,975	(852,447)	97,720,383
Asset backed securities	72,475,398	1,649,525	(173,975)	73,950,948
Total bonds	$ 244,841,225	$ 8,445,571	$ (1,111,622)	$ 252,175,174

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

2015	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common stocks	$ 38,305,187	$ 3,002,415	$ (2,689,643)	$ 38,617,959

2014	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common stocks	$ 24,377,290	$ 3,390,288	$ (442,408)	$ 27,325,170

Bonds with a NAIC SVO rating of three to six have been recorded at the lower of cost or fair value in accordance with statutory accounting unless they are a residential mortgage-backed security or commercial mortgage-backed security (“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 holds two non RMBS/CMBS securities with a NAIC SVO rating of three to six at market value.

The carrying value and fair value of bonds at December 31, 2015 by contractual maturity are as follows:

Maturity	**Carrying Value**	**Fair Value**
One year or less	$ 9,368,307	$ 9,422,990
Over one year through five years	65,213,163	66,795,448
Over five years through ten years	96,789,982	96,799,527
Over ten years through twenty years	13,916,065	14,360,779
Over twenty years	4,586,213	4,769,946
Asset backed securities (principally ten through twenty years)	83,289,653	83,828,109
	$ 273,163,383	$ 275,976,799

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, 2015 and 2014 are summarized as follows:

	2015		
	Proceeds From Sales	**Gross Realized Gains**	**Losses**
Bonds	$ 1,377,892	$ 36,894	$ -
Stocks	10,784,310	1,619,286	(646,927)
	$ 12,162,202	$ 1,656,180	$ (646,927)

	2014		
	Proceeds From Sales	**Gross Realized Gains**	**Losses**
Bonds	$ 3,946,141	$ 60,751	$ (8,547)
Stocks	8,942,008	1,757,125	(14,470)
	$ 12,888,149	$ 1,817,876	$ (23,017)

At December 31, 2015 and 2014, the Company owned no securities that were in an unrealized loss position that management determined were other-than-temporary and given current market conditions would not recover. The Company did not record any other-than-temporary impairments during 2015 or 2014.

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, 2015 and 2014 are as follows:

	2015					
	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)						
U.S. Government & government agencies & authorities	$ 4,553,984	$ (58,052)	$ -	$ -	$ 4,553,984	$ (58,052)
States, territories & possessions	1,786,672	(16,919)	976,850	(24,134)	2,763,522	(41,053)
Political subdivisions of states	3,609,212	(40,890)	1,027,341	(8,318)	4,636,553	(49,208)
Industrial & miscellaneous	54,419,997	(1,887,152)	4,726,717	(1,178,090)	59,146,714	(3,065,242)
Asset backed securities	39,117,133	(442,809)	1,249,228	(34,020)	40,366,361	(476,829)
Bonds (NAIC 3–6)						
U.S. Government & government agencies & authorities	-	-	740,000	(289,918)	740,000	(289,918)
Industrial & miscellaneous	-	-	890,000	(186,840)	890,000	(186,840)
Common stocks - unaffiliated	14,021,152	(2,180,247)	2,233,653	(509,396)	16,254,805	(2,689,643)
	$ 117,508,150	$ (4,626,069)	$ 11,843,789	$ (2,230,716)	$ 129,351,939	$ (6,856,785)

	2014					
	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)						
U.S. Government & government agencies & authorities	$ 923,020	$ -	$ -	$ -	$ 923,020	$ -
States, territories & possessions	1,671,094	(8,888)	2,120,040	(37,684)	3,791,134	(46,572)
Political subdivisions of states	1,046,808	(14,530)	1,154,000	(24,098)	2,200,808	(38,628)
Industrial & miscellaneous	19,475,402	(520,330)	14,144,737	(332,117)	33,620,139	(852,447)
Asset backed securities	1,245,719	(5,377)	11,846,851	(168,598)	13,092,570	(173,975)
Bonds (NAIC 3–6)	-	-	-	-	-	-
Common stocks - unaffiliated	4,552,148	(295,061)	619,760	(147,347)	5,171,908	(442,408)
	$ 28,914,191	$ (844,186)	$ 29,885,388	$ (709,844)	$ 58,799,579	$ (1,554,030)

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, 2015 and 2014 are summarized as follows:

	2015	2014
Bonds	$ 8,143,256	$ 7,213,968
Preferred stock and common	1,079,511	744,678
Cash and short-term investments	10,232	5,955
Other investment income	63	621
Total investment income	9,233,062	7,965,222
Less: Investment expenses	(654,027)	(760,773)
Net investment income	$ 8,579,035	$ 7,204,449

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 statements of admitted assets, liabilities and capital and surplus 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.

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. There are no Level 3 fair value assets which were transferred in or out during 2015.

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets on statements of assets, liabilities and capital and surplus at fair value				
Bonds				
U.S. Government & government agencies & authorities	$ -	$ 740,000	$ -	$ 740,000
Industrial & miscellaneous	-	890,000	-	890,000
Total bonds	-	1,630,000	-	1,630,000
Common stocks				
Industrial & miscellaneous	$ 38,617,959	$ -	$ -	$ 38,617,959
Total common stocks	38,617,959	-	-	38,617,959
Other - short-term investments	3,987,738	-	-	3,987,738
Total Assets	$ 42,605,697	$ 1,630,000	$ -	$ 44,235,697

	2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets on statements of assets, liabilities and capital and surplus at fair value				
Common stocks				
Industrial & miscellaneous	$ 27,325,170	$ -	$ -	$ 27,325,170
Total common stocks	27,325,170	-	-	27,325,170
Other - short-term investments	4,088,953	-	-	4,088,953
Total Assets	$ 31,414,123	$ -	$ -	$ 31,414,123

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.

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, 2015 and 2014. The fair values are also categorized into the three-level fair value hierarchy as described above.

	2015					
Type of Financial Instrument	**Aggregate Fair Value**	**Admitted Value**	**Level 1**	**Level 2**	**Level 3**	**Not Practicable (Carrying Value)**
Bonds						
U.S. Government & government agencies & authorities	$ 14,012,918	$ 13,114,985	$ -	$ 14,012,918	$ -	$ -
States, territories & possessions	29,721,930	28,577,449	-	29,721,930	-	-
Political subdivisions of states	34,380,131	32,699,053	-	34,380,131	-	-
Industrial & miscellaneous	114,033,711	115,482,243	-	114,033,711	-	-
Asset backed securities	83,828,109	83,289,653	-	83,828,109	-	-
Common stocks	38,617,959	38,617,959	38,617,959	-	-	-
Cash, cash equivalents & short-term investments	14,815,932	14,815,932	14,815,932	-	-	-
Total assets	$ 329,410,690	$ 326,597,274	$ 53,433,891	$ 275,976,799	$ -	$ -

	2014					
Type of Financial Instrument	**Aggregate Fair Value**	**Admitted Value**	**Level 1**	**Level 2**	**Level 3**	**Not Practicable (Carrying Value)**
Bonds						
U.S. Government & government agencies & authorities	$ 10,830,610	$ 9,622,825	$ -	$ 10,830,610	$ -	$ -
States, territories & possessions	32,202,736	31,088,547	-	32,202,736	-	-
Political subdivisions of states	37,470,497	35,679,600	-	37,470,497	-	-
Industrial and miscellaneous	97,720,383	95,974,855	-	97,720,382	-	-
Asset backed securities	73,950,948	72,475,398	-	73,950,949	-	-
Common stocks	27,325,170	27,325,170	27,325,170	-	-	-
Cash, cash equivalents & short-term investments	8,732,203	8,732,203	8,732,203	-	-	-
Total assets	$ 288,232,547	$ 280,898,598	$ 36,057,373	$ 252,175,174	$ -	$ -

12. Employee Benefit Plans

The Company’s parent MEMIC has adopted a qualified defined contribution discretionary, 401(k) and profit sharing plan covering substantially all full-time employees who meet the plans' eligibility requirements. MEMIC has also adopted a non-qualified, deferred compensation plan for certain key executives and an Incentive Compensation Plan for certain members of senior management. The Company does not currently have any of its own employees. The salaries and employee benefit expenses that reside in the Company are a result of intercompany contracts for claims, underwriting, loss control, administration and management and not direct costs therefore, the Company did not incur any direct expense for any employee benefit plans during 2015 or 2014.

The Company has no obligations to former employees for benefits after their employment but before their retirement.

13. Commitment and Contingent Liabilities

The Company leases office space and various office equipment under lease arrangements through 2020. Future minimum lease payments under operating leases at December 31, 2015 are as follows:

2016	$	453,605
2017		364,164
2018		326,174
2019		111,959
2020		2,514
Thereafter		-
Total future minimum lease payments	$	1,258,416

Total rent and lease expense was $475,164 and $459,297 for the years ended December 31, 2015 and 2014, 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 $3,880,751 and $3,132,815 at December 31, 2015 and 2014, respectively. The Company has recorded a liability for guaranty fund and other assessments of $6,316,740 and $4,517,490 and no related premium tax benefit asset at December 31, 2015 and 2014, respectively. This amount represents management's best estimate of its liability for guaranty fund and other rating and various state insurance related 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 or market share. The Company does not have the ability to recover these noted assessments through policyholder surcharges so no related asset is recorded on the statements of admitted assets, liabilities and capital and surplus or statements of income.

14. Related Party Transactions

All outstanding shares of the 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 2015 and 2014, the Company was charged approximately $18,098,366 and $11,702,420, respectively, for administrative and management services, underwriting, claims and investment management fees, and received $359,236 and $325,753 for those services that were provided to MEMIC by the Company for premium audit and claim services in 2015 and 2014, respectively. 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 $72,000,000 between in 2001 - 2013, $14,000,000 during 2014 and $6,000,000 during 2015 for a total of $104,000,000 since the Company's inception. MEMIC contributed cash of $6,000,000 in 2015. MEMIC contributed capital of $14,000,000 in the form of fixed income securities and cash towards its investment in the Company in 2014. The $14,000,000 capital contribution, noted as a change in policyholder surplus, includes a $13,818,544 non-cash contribution of bonds and $181,456 in cash during 2014.

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 2015 and 2014, there was $730,815 and $147,137, respectively, charged from the Company to MEMIC Casualty.

MEMIC Services 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 2015 and 2014 was $168,293 and $191,716, respectively.

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%	$ -	$ -	$ 5,578,544	$ 9,473,763	$ -	February 15, 2015

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 was administered by Bank of New York as trustee.

The Company redeemed the surplus note in February 2015. EJF Capital, who was the former holder of the underlying securities on the surplus note, notified the Company in November 2014 they were willing to sell the Company the securities at a discounted rate (92% of par) so that the Company could cancel the indenture and retire the surplus note. The Company received approval from the New Hampshire Insurance Department on January 29, 2015 approving the repurchase of the securities and retirement of the indenture. On February 6, 2015, the Company took possession of the underlying securities from EJF Capital and retired the indenture with BNY Mellon on February 15, 2015. This transaction resulted in a gain to the Company of $480,000 which is included as other income on the statements of income. In conjunction with this transaction, MEMIC, the parent, provided an additional $6,000,000 in capital contributions in January 2015 so the net surplus of the Company would not be impacted by this transaction.

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. 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 non-agency RMBS investment securities and the amount of time the securities have been in an unrealized loss position as of December 31, 2015 are as follows:

Aggregate amount of unrealized loss	
Less than twelve months	$ 442,810
Twelve months or longer	44,229
Total	$ 487,039
Aggregate fair value of securities with unrealized loss	
Less than twelve months	$ 39,117,133
Twelve months or longer	1,249,228
Total	$ 40,366,361

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 25, 2016 for these statutory financial statements which are available to be issued March 25, 2016.

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	11,970,536	3.7	11,970,536		11,970,536	3.7
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	399,825	0.1	399,825		399,825	0.1
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)	740,000	0.2	740,000		740,000	0.2
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:						
1.41 States, territories and possessions general obligations	10,043,281	3.1	10,043,281		10,043,281	3.1
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	8,383,493	2.6	8,383,493		8,383,493	2.6
1.43 Revenue and assessment obligations	43,994,179	13.5	43,994,179		43,994,179	13.5
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	296,217	0.1	296,217		296,217	0.1
1.512 Issued or guaranteed by FNMA and FHLMC	61,786,429	18.9	61,786,429		61,786,429	18.9
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	2,576,354	0.8	2,576,354		2,576,354	0.8
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	19,715,594	6.0	19,715,594		19,715,594	6.0
2. Other debt and other fixed income securities (excluding short-term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	98,114,792	30.0	98,114,792		98,114,792	30.0
2.2 Unaffiliated non-U.S. securities (including Canada)	15,142,683	4.6	15,142,683		15,142,683	4.6
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	38,617,959	11.8	38,617,959		38,617,959	11.8
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	232	0.0	232		232	0.0
9. Securities lending (Line 10, Asset Page reinvested collateral)		0.0		XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	14,815,932	4.5	14,815,932		14,815,932	4.5
11. Other invested assets		0.0			0	0.0
12. Total invested assets	326,597,506	100.0	326,597,506	0	326,597,506	100.0

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SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For the year ended December 31, 2015

(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. $......385,855,775

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

	1	2	3	4
	Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
2.01	PLAINS ALL AMER PIPELINE	Long Term Bonds	$........2,863,229	..............0.742 %
2.02	MCDONALDS CORP	Bonds/Common Stock	$........2,367,980	..............0.614 %
2.03	RAYTHEON COMPANY	Bonds/Common Stock	$........2,353,415	..............0.610 %
2.04	AT&T INC	Bonds/Common Stock	$........2,315,380	..............0.600 %
2.05	MICROSOFT CORP	Bonds/Common Stock	$........2,309,871	..............0.599 %
2.06	MASSACHUSETTS ST	Long Term Bonds	$........2,279,812	..............0.591 %
2.07	BERNALILLO CNTY NM GROSS	Long Term Bonds	$........2,226,676	..............0.577 %
2.08	LOS ANGELES CA DEPT OF ARPTS	Long Term Bonds	$........2,193,476	..............0.568 %
2.09	METLIFE INC	Long Term Bonds	$........2,074,865	..............0.538 %
2.10	JPMBB 2015-C32 A2	Long Term Bonds	$........2,057,928	..............0.533 %

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	$....223,226,822	............57.852 %
3.02	NAIC-2	$......52,294,299	............13.553 %
3.03	NAIC-3	$........1,630,000	..............0.422 %
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	KIMBERLY-CLARK CORP	$ 887,918	0.230 %
13.03	PROCTER & GAMBLE CO/THE	$ 880,657	0.228 %
13.04	WAL-MART STORES INC	$ 868,805	0.225 %
13.05	ABBVIE INC	$ 868,340	0.225 %
13.06	MCDONALDS CORP	$ 864,430	0.224 %
13.07	QUALCOMM INC	$ 856,343	0.222 %
13.08	MICROSOFT CORP	$ 855,391	0.222 %
13.09	AT&T INC	$ 853,540	0.221 %
13.10	OMNICOM GROUP	$ 851,326	0.221 %
13.11	VERIZON COMMUNICATIONS INC	$ 850,124	0.220 %

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 %	$	$	$