MEMIC Indemnity Company

Financial Statements
(Statutory Basis)
December 31, 2016
and 2015

MEMIC Indemnity Company
Index
December 31, 2016 and 2015

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, 2016 and 2015, and the related statutory statements of income, changes in capital and surplus, and cash flows for the years 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 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 audits 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 opinions.

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.

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, 2016 and 2015, or the results of its operations or its cash flows for the year then ended.

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, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 2.

Other Matter – Report on Supplementary Information

Our audits were 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, 2016 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 24, 2017

MEMIC Indemnity Company
Statements of Admitted Assets, Liabilities and Capital and Surplus
(Statutory Basis)
December 31, 2016 and 2015

	2016	2015
Admitted Assets		
Invested assets		
Bonds, at carrying value (fair value: $315,298,191 and $275,976,799 at December 31, 2016 and 2015, respectively)	$ 313,918,742	$ 273,163,383
Common stocks, at fair value (cost: $46,642,859 and $38,305,187 at December 31, 2016 and 2015, respectively)	51,672,547	38,617,959
Cash and short-term investments	15,056,530	14,815,932
Total cash and invested assets	380,647,819	326,597,274
Premium balances receivable	59,492,850	48,220,597
Receivable for securities sold	139	232
Investment income due and accrued	2,720,615	2,425,561
EDP equipment (net of accumulated depreciation of $558,217 and $534,885 at December 31, 2016 and 2015, respectively)	32,984	56,316
Reinsurance recoverable on paid loss and loss adjustment expenses	464,291	27,835
Net deferred income taxes	10,091,295	8,527,960
Total admitted assets	$ 453,449,993	$ 385,855,775
Liabilities		
Loss reserves	$ 190,047,758	$ 147,763,557
Loss adjustment expense reserves	26,327,106	24,929,646
Unearned premium reserves	77,413,867	65,828,249
Advance premium	489,422	458,957
Reinsurance premiums payable	2,043,816	1,127,253
Other liabilities	2,973,980	621,124
Premium taxes and assessments payable	7,552,332	7,203,207
Amounts withheld for others	1,616,600	2,760,792
Commissions payable	5,482,227	4,554,718
Dividends payable	-	113,681
Due to parent	3,925,985	2,346,394
Federal income tax payable	1,978,459	2,505,534
Total liabilities	319,851,552	260,213,112
Commitments and contingencies (Note 13)		
Capital and surplus		
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	101,000,000
Unassigned surplus	29,598,441	21,642,663
Total capital and surplus	133,598,441	125,642,663
Total liabilities and capital and surplus	$ 453,449,993	$ 385,855,775

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

MEMIC Indemnity Company
Statements of Income
(Statutory Basis)
Years Ended December 31, 2016 and 2015

	2016	2015
Underwriting income		
Premiums earned, net	$ 155,985,649	$ 129,865,912
Loss and underwriting expenses		
Losses incurred, net	106,118,924	84,256,697
Loss adjustment expenses incurred, net	15,937,020	17,154,517
Underwriting expenses		
Commissions	12,301,067	10,093,033
Premium taxes	5,086,250	2,504,304
Guarantee fund, rating bureau and other assessments	1,684,367	3,670,468
Supervision, acquisition and collection expenses	13,879,974	13,075,303
Loss control	3,953,435	3,248,203
General expenses	1,912,845	1,678,408
Total underwriting expenses	38,817,938	34,269,719
Total loss and underwriting expenses	160,873,882	135,680,933
Net underwriting loss	(4,888,233)	(5,815,021)
Investment income		
Net investment income	9,595,554	8,579,035
Net realized capital gains less capital gains tax of $617,830 and $343,146, respectively	1,199,318	666,107
Total investment income	10,794,872	9,245,142
Other (expense) income		
Bad debt expense	(386,035)	(105,973)
Other income	-	480,000
Service fee income	48,622	44,348
Net other (expense) income	(337,413)	418,375
Income before dividends and federal income taxes	5,569,226	3,848,496
Dividends to policyholders	2,389,228	1,188,118
Income after dividends, before federal income taxes	3,179,998	2,660,378
Provision for federal income taxes	1,360,629	2,162,388
Net income	$ 1,819,369	$ 497,990

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, 2016 and 2015

	2016	2015
Capital and surplus at beginning year	$ 125,642,663	$ 127,478,360
Net income	1,819,369	497,990
Change in net deferred income taxes	1,546,276	1,799,106
Change in nonadmitted assets	1,264,194	(2,109,409)
Change in net unrealized appreciation of invested assets (net of deferred taxes of $1,708,393 and ($1,087,513) as of December 31, 2016 and 2015, respectively)	3,325,939	(2,023,384)
Surplus note	-	(6,000,000)
Capital contributions	-	6,000,000
Change in capital and surplus	7,955,778	(1,835,697)
Capital and surplus at end of year	$ 133,598,441	$ 125,642,663

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

MEMIC Indemnity Company
Statements of Cash Flows
(Statutory Basis)
Years Ended December 31, 2016 and 2015

	2016	2015
Cash from operations		
Premiums collected, net	$ 157,003,937	$ 131,876,242
Investment income received, net	11,249,408	9,974,288
Other (expense) income	(337,413)	418,375
Cash provided from operations	167,915,932	142,268,905
Benefit and loss related payments	64,271,179	51,881,012
Commissions and expenses paid	49,728,008	41,766,192
Dividends paid to policyholders	2,502,910	1,074,437
Federal income taxes paid	2,505,534	140,762
Cash used in operations	119,007,631	94,862,403
Net cash provided from operations	48,908,301	47,406,502
Cash from investing activities		
Cash provided by (used in) investments		
Proceeds from bonds sold, matured or repaid	32,617,340	23,088,373
Proceeds from common stocks sold, matured or repaid	14,259,889	10,821,406
Proceeds from		
Cost of bonds acquired	(75,293,531)	(53,429,941)
Cost of stocks acquired	(20,490,981)	(23,776,782)
Net cash used in investing activities	(48,907,283)	(43,296,944)
Cash from financing and miscellaneous sources		
Other cash		
Capital and paid in surplus	-	6,000,000
Surplus notes	-	(6,000,000)
Other sources	239,580	1,974,171
Net cash provided from financing and miscellaneous sources	239,580	1,974,171
Net change in cash	240,598	6,083,729
Cash and short-term investments		
Beginning of year	14,815,932	8,732,203
End of year	$ 15,056,530	$ 14,815,932

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 2016 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, a portion of DTAs, prepaid assets, non-operating system software 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 and non-operating system software 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. Included in cash and cash equivalents are policyholder deposits for large deductible policies that have opted to provide cash in lieu of a letter of credit. See the summary of collateral on deposit in Note 13.

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 stocks are generally stated at the fair value. 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 16 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 inforce 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 inforce, 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 is 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. There was no premium deficiency reserve recorded for 2016 or 2015.

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, 2016 and 2015:

	2016	2015
Premium balances receivable over 90 days past due	$ 459,914	$ 217,806
Deferred income taxes	2,456,018	4,181,470
Fixed assets, net of accumulated depreciation	790,579	563,016
Other assets	409,238	417,651
Total nonadmitted assets	$ 4,115,749	$ 5,379,943

Depreciation expense on nonadmitted fixed assets was $123,254 and $74,047 in 2016 and 2015, 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"). In accordance with a 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 carry forwards 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 a federal income tax return and therefore the disclosures required under SSAP No. 101 for uncertain tax positions are considered in these statutory financial statements.

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, 2016 and 2015 was $24,510 and $39,001, 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 as of December 31, 2016 and 2015. MEMIC contributed capital of $0 and $6,000,000 during 2016 and 2015, respectively.

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 Commissioner of Insurance during 2016 and 2015 was $12,564,266 and $12,747,836, respectively. There were no stockholder dividends declared during 2016 or 2015. Policyholder dividends of $2,389,228 and $1,188,118 were declared during 2016 and 2015, respectively, of which $0 and $113,681 remains unpaid as of 2016 and 2015, respectively.

5. Income Taxes

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

		December 31, 2016		
		1	2	3
		Ordinary	Capital	(Col 1+2) Total
a.	Gross deferred tax assets	$ 14,393,893	$ 34,395	$ 14,428,288
b.	Statutory valuation allowance adjustment	-	-	-
c.	Adjusted gross deferred taxes (1a - 1b)	14,393,893	34,395	14,428,288
d.	Deferred tax assets nonadmitted	2,450,164	5,854	2,456,018
e.	Subtotal net admitted deferred tax asset (1c - 1d)	11,943,729	28,541	11,972,270
f.	Deferred tax liabilities	228,335	1,652,640	1,880,975
g.	Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 11,715,394	$ (1,624,099)	$ 10,091,295

		December 31, 2015		
		4	5	6
		Ordinary	Capital	(Col 4+5) 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

		Change		
		7	8	9
		(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a.	Gross deferred tax assets	$ 1,630,091	$ (55,755)	$ 1,574,336
b.	Statutory valuation allowance adjustment	-	-	-
c.	Adjusted gross deferred taxes (1a - 1b)	1,630,091	(55,755)	1,574,336
d.	Deferred tax assets nonadmitted	(1,731,306)	5,854	(1,725,452)
e.	Subtotal net admitted deferred tax asset (1c - 1d)	3,361,397	(61,609)	3,299,788
f.	Deferred tax liabilities	83,813	1,652,640	1,736,453
g.	Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 3,277,584	$ (1,714,249)	$ 1,563,335

Admission calculation components:

	December 31, 2016		
	1	2	3
	Ordinary	Capital	(Col 1+2) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 4,090,819	$ 9,775	$ 4,100,594
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:	5,976,420	14,281	5,990,701
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	5,976,420	14,281	5,990,701
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	18,235,478
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	1,876,490	4,485	1,880,975
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 11,943,729	$ 28,541	$ 11,972,270

	December 31, 2015		
	4	5	6
	Ordinary	Capital	(Col 4+5) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 2,525,393	$ -	$ 2,525,393
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:	5,912,417	90,150	6,002,567
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	5,912,417	90,150	6,002,567
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	144,522	-	144,522
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

			Change
	Ordinary	Capital	Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 1,565,426	$ 9,775	$ 1,575,201
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:	64,003	(75,869)	(11,866)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	64,003	(75,869)	(11,866)
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	1,731,968	4,485	1,736,453
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 3,361,397	$ (61,609)	$ 3,299,788

a. Ratio percentage used to determine recovery period and threshold limitation amount	872%	791%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	$123,474,162	$117,058,386

Impact on tax planning strategies:

		2016		2015		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 5A1(c).	$ 14,393,893	$ 34,395	$ 12,763,802	$ 90,150	$ 1,630,091	$ (55,755)
2	Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies.	0.0%	0.0%	0.0%	20.0%	0.0%	-20.0%
3	Net Admitted Adjusted Gross DTAs amount from Note 5A1(e).	11,943,729	28,541	8,582,332	90,150	3,361,397	(61,609)
4	Percentage of net admitted adjusted from DTAs by tax character admitted because of the impact of tax planning strategies.	0.0%	0.0%	0.0%	20.0%	0.0%	-20.0%

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

Current and deferred income taxes:

Current income taxes:	2016	2015	Change
a. Federal	$ 1,233,547	$ 2,101,516	$ (867,969)
b. Provision to return	127,082	60,872	66,210
e. Subtotal	1,360,629	2,162,388	(801,759)
f. Federal income tax on net capital gains	617,830	343,146	274,684
i. Federal and Foreign income taxes incurred	$ 1,978,459	$ 2,505,534	$ (527,075)

Deferred Tax Assets

	2016	2015	Change
a. Ordinary:			
Discounting of unpaid losses	$ 6,769,409	$ 5,917,576	$ 851,833
Unearned premium reserves	5,297,423	4,507,530	789,893
Accrued expenses	1,801,245	2,122,641	(321,396)
Other (including items < 5% of total ordinary tax assets)	525,816	216,055	309,761
Subtotal	14,393,893	12,763,802	1,630,091
b. Statutory Valuation allowance adjustment	-	-	-
c. Nonadmitted	2,450,164	4,181,470	(1,731,306)
d. Admitted ordinary deferred tax assets	11,943,729	8,582,332	3,361,397
e. Capital:			
Investments	34,395	90,150	(55,755)
Subtotal	34,395	90,150	(55,755)
f. Statutory Valuation allowance adjustment	-	-	-
g. Nonadmitted	5,854	-	5,854
h. Admitted capital deferred tax assets (2e99-2f-2g)	28,541	90,150	(61,609)
i. Admitted deferred tax assets (2d+2h)	$ 11,972,270	$ 8,672,482	$ 3,299,788
Deferred Tax Liabilities			
a. Ordinary:			
Investments	$ 31,211	$ 46,404	$ (15,193)
Fixed Assets	151,370	65,693	85,677
Other	45,754	32,425	13,329
Subtotal	228,335	144,522	83,813
b. Capital:			
Investments	1,652,640	-	1,652,640
Subtotal	1,652,640	-	1,652,640
c. Deferred tax liabilities (3a99+3b99)	$ 1,880,975	$ 144,522	$ 1,736,453
Net Deferred Tax Assets/Liabilities (2i-3c)	$ 10,091,295	$ 8,527,960	$ 1,563,335

Change in net deferred income taxes

	2016	2015	Change
a. Adjusted gross deferred tax assets	$ 14,428,288	$ 12,853,952	$ 1,574,336
b. Total deferred tax liabilities	1,880,975	144,522	(1,736,453)
c. Net deferred tax assets (liabilities)	$ 12,547,313	$ 12,709,430	$ (162,117)
d. Tax effect of change in unrealized gains (losses)			$ (1,708,393)
e. Total change in net deferred income tax			1,546,276
			$ (162,117)

There were no deferred tax liabilities that were not recognized.

Reconciliation of federal income tax rate to actual effective rate:

	2016	Effective Tax Rate (%)
Provision computed at statutory rate	$ 1,291,262	34%
Permanent differences	(648,897)	-17%
Prior year true up (to deferred)	(27,505)	-1%
Prior year true up (to current)	127,082	3%
Change in nonadmitted assets	(309,759)	-8%
Totals	$ 432,183	11%
Federal and foreign income taxes incurred	1,360,629	36%
Realized capital gains (losses) tax	617,830	16%
Change in net deferred income taxes	(1,546,276)	-41%
Total statutory income taxes	$ 432,183	11%

As of December 31, 2016 and 2015, 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 $1,711,234 and $2,389,360 for 2016 and 2015, respectively. There are no deposits admitted under Section 6603 of the Internal Revenue Code.

As of December 31, 2016 and 2015, 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. 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.

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 MEMIC Group's 2014 consolidated federal income tax return is currently under examination by the Internal Revenue Service; the exam is scheduled to conclude by May 1, 2017.

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, 2016 and 2015 is summarized as follows:

	2016	2015
Net balances at January 1,	$ 172,693,203	$ 133,905,473
Incurred related to		
Current year	126,288,874	104,602,894
Prior year	(4,232,930)	(3,191,680)
Total incurred	122,055,944	101,411,214
Paid related to		
Current year	29,144,985	22,881,065
Prior year	49,229,298	39,742,419
Total paid	78,374,283	62,623,484
Net balances at December 31,	$ 216,374,864	$ 172,693,203

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 2016 and 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 was $1,569,998 and $561,902 for the years ended 2016 and 2015, respectively. The amounts are included as a net recovery to paid losses in the applicable accident years and included in premium balances receivable on the statements of admitted assets, liabilities and capital and surplus.

During 2016, the Company's incurred losses related to prior years decreased by $4,232,930 as a result of favorable loss development principally in the 2009, 2012, 2014 and 2015 accident years.

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.

Original estimates are increased or decreased as additional information becomes known regarding individual claims. There was no impact on reserves or surplus as a result of development of retrospectively rated policies.

7. Reinsurance

The Company assumed risks from another insurance company through a 100% quota share reinsurance agreement which was terminated effective for the 2005 policy year. There were no loss reserve and loss adjustment expense incurred on this business during 2016 or 2015, however, the following reserves remain outstanding:

	2016	2015
Loss and loss adjustment expense reserves	$ 120,998	$ 166,310

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 $727,733 and $632,270 for 2016 and 2015, respectively. All amounts are recorded as assumed business. Amounts added to premiums, reserves and expenses for reinsurance assumed from pools are as follows:

	2016	2015
Premiums earned	$ 8,210,640	$ 8,334,821
Loss and loss adjustment expenses incurred	5,318,735	5,584,509
Unearned premiums	2,529,194	2,489,481
Loss and loss adjustment expense reserves	14,436,130	13,178,594
Premiums receivable	813,951	1,327,233
Underwriting expenses incurred	1,840,457	2,074,489

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 $500,000 for 2016 and 2015. In addition, for 2016 and 2015, 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:

	2016	2015
Premiums earned	$ 9,593,288	$ 8,261,046
Loss and loss adjustment expenses incurred	2,430,171	2,336,640
Loss and loss adjustment expense reserves	6,923,033	6,042,132
Premiums payable	2,043,816	1,127,252

The 2016 and 2015 ceded loss and loss adjustment expense case incurred and incurred but not reported reserves above are comprised of amounts with three 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, 2016 or 2015.

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 reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards 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 2016 or 2015.

8. Premiums Written and Earned

During the years ended December 31, 2016 and 2015, direct, assumed and ceded premiums were as follows:

	2016		2015	
	Written	**Earned**	**Written**	**Earned**
Direct	$ 168,914,202	$ 157,368,297	$ 141,787,675	$ 129,792,137
Assumed	8,250,354	8,210,640	8,712,619	8,334,821
Ceded	(9,593,288)	(9,593,288)	(8,261,046)	(8,261,046)
Net premiums	$ 167,571,268	$ 155,985,649	$ 142,239,248	$ 129,865,912

9. Statutory Deposits

Various regulatory authorities require that securities be placed on deposit. At December 31, 2016 and 2015, the Company had fixed income securities on deposit with a carrying value of $8,974,296 and $7,395,764, 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 1.96% and 1.98% of total assets and total admitted assets, respectively, at the end of 2016.

10. Investments

The carrying value and fair values of bonds at December 31, 2016 and 2015 are as follows:

	2016			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government & government agencies & authorities	$ 17,957,287	$ 820,388	$ (431,116)	$ 18,346,559
States, territories & possessions	38,516,694	782,522	(621,822)	38,677,394
Political subdivisions of states	48,200,452	960,263	(1,169,599)	47,991,116
Industrial & miscellaneous	113,095,613	1,921,520	(606,902)	114,410,231
Asset backed securities	96,148,696	697,782	(973,587)	95,872,891
Total bonds	$ 313,918,742	$ 5,182,475	$ (3,803,026)	$ 315,298,191

	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

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

2016	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common stocks	$ 46,642,859	$ 5,630,313	$ (600,625)	$ 51,672,547

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

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, including those held in short-term investments of $6,893,394, at December 31, 2016, by contractual maturity are as follows:

Maturity	**Carrying Value**	**Fair Value**
One year or less	$ 17,860,273	$ 17,922,571
Over one year through five years	70,603,665	72,286,056
Over five years through ten years	108,553,220	109,373,631
Over ten years	123,794,978	122,609,327
	$ 320,812,136	$ 322,191,585

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. Asset backed securities have been categorized based on the date when the issue is expected to be paid off and the principal is projected to be paid to investors.

Proceeds from sales of investments on debt securities and the gross realized gains and losses on those sales for the years ended December 31, 2016 and 2015, are summarized as follows:

	2016		
	Proceeds From Sales	**Gross Realized Gains**	**Gross Realized Losses**
Bonds	$ 6,168,128	$ 89,628	$ (379,059)
Common stocks	14,259,889	2,634,853	(528,274)
	$ 20,428,017	$ 2,724,481	$ (907,333)

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

At December 31, 2016 and 2015, 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 2016 or 2015.

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, 2016 and 2015 are as follows:

	2016					
	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	$ 10,569,602	$ (431,116)	$ -	$ -	$ 10,569,602	$ (431,116)
States, territories & possessions	9,420,176	(600,832)	979,670	(20,990)	10,399,846	(621,822)
Political subdivisions of states	22,164,967	(1,125,679)	2,667,840	(43,920)	24,832,807	(1,169,599)
Industrial & miscellaneous	39,803,147	(581,168)	1,272,969	(25,734)	41,076,116	(606,902)
Asset backed securities	57,386,651	(973,466)	48,974	(121)	57,435,625	(973,587)
Bonds (NAIC 3–6)						
Industrial & miscellaneous	-	-	1,881,250	(168,984)	1,881,250	(168,984)
Common stocks - unaffiliated	4,225,201	(184,625)	4,650,901	(416,000)	8,876,102	(600,625)
	$ 143,569,744	$ (3,896,886)	$ 11,501,604	$ (675,749)	$ 155,071,348	$ (4,572,635)

	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)

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

The Company held the following structured notes as of December 31, 2016:

Cusip	Actual Cost	Fair Value	Statement Value	Mortgage Ref Security (YES/NO)
59156RBF4	$ 1,567,389	$ 1,555,094	$ 1,561,210	NO
912810FS2	430,883	548,856	504,021	NO
912810PV4	100,529	128,897	115,694	NO
Total	$ 2,098,801	$ 2,232,847	$ 2,180,925	

The major categories of net investment income for the years ended December 31, 2016 and 2015 are summarized as follows:

	2016	2015
Bonds	$ 8,894,834	$ 8,143,256
Common stock	1,349,409	1,079,511
Cash and short-term investments	40,251	10,232
Other investment income	304	63
Total investment income	10,284,798	9,233,062
Less: Investment expenses	(689,244)	(654,027)
Net investment income	$ 9,595,554	$ 8,579,035

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 following table. 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 2016.

	2016			
	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	$ -	$ 868,750	$ -	$ 868,750
Industrial & miscellaneous	-	1,012,500	-	1,012,500
Total bonds	-	1,881,250	-	1,881,250
Common stocks				
Industrial & miscellaneous	51,672,547	-	-	51,672,547
Total common stocks	51,672,547	-	-	51,672,547
Other - short-term investments	6,893,394	-	-	6,893,394
Total assets, measured at fair value	$ 58,565,941	$ 1,881,250	$ -	$ 60,447,191

	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, measured at fair value	$ 42,605,697	$ 1,630,000	$ -	$ 44,235,697

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, 2016 and 2015. The fair values are also categorized into the three-level fair value hierarchy as described above.

	2016					
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	$ 18,346,559	$ 17,957,287	$ -	$ 18,346,559	$ -	$ -
States, territories & possessions	38,677,394	38,516,694	-	38,677,394	-	-
Political subdivisions of states	47,991,116	48,200,452	-	47,991,116	-	-
Industrial & miscellaneous	114,410,231	113,095,613	-	114,410,231	-	-
Asset backed securities	95,872,891	96,148,696	-	95,872,891	-	-
Common stocks	51,672,547	51,672,547	51,672,547	-	-	-
Cash, cash equivalents & short-term investments	15,056,530	15,056,530	15,056,530	-	-	-
Total assets	$ 382,027,268	$ 380,647,819	$ 66,729,077	$ 315,298,191	$ -	$ -

	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 and 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	$ -	$ -

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 2016 or 2015.

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 2021. Future minimum lease payments under operating leases at December 31, 2016 are as follows:

2017	$	549,295
2018		402,366
2019		269,092
2020		275,377
2021		292
Thereafter		-
Total future minimum lease payments	$	1,496,422

Total rent and lease expense was $596,175 and $475,164 for the years ended December 31, 2016 and 2015, 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 $1,689,706 and $3,880,751 at December 31, 2016 and 2015, respectively. The Company has recorded a liability for guaranty fund and other assessments of $5,086,259 and $6,316,740 and no related premium tax benefit asset at December 31, 2016 and 2015, 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.

Certain large deductible policyholders have opted to provide cash in lieu of a letter of credit as collateral for future deductible obligations up to their stated policy limits on a per claim basis or in the aggregate. Included in both cash and short-term investments and other liabilities on the statements of admitted assets, liabilities and capital and surplus is $269,178 and $204,178 as of 2016 and 2015, respectively, for this collateral on deposit, which represents <1% of total assets and total admitted assets in 2016 and 2015.

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 2016 and 2015, the Company was charged $22,411,571 and $18,098,366, respectively, for administrative and management services, underwriting, claims and investment management fees, and received $415,572 and $359,236 for those services that were provided to MEMIC by the Company for premium audit and claim services in 2016 and 2015, 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.

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 2016 and 2015, there was $860,578 and $730,815, 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 2016 and 2015 was $31,624 and $168,293, respectively.

15. Surplus Notes

The surplus note, retired in February 2015 of $6,000,000, 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. 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. 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, 2016 are as follows:

Aggregate amount of unrealized loss	
Less than twelve months	$ 973,466
Twelve months or longer	121
Total	$ 973,587
Aggregate fair value of securities with unrealized loss	
Less than twelve months	$ 57,386,651
Twelve months or longer	48,974
Total	$ 57,435,625

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.

17. Subsequent Events

Subsequent events have been considered through March 24, 2017 for these statutory financial statements which are available to be issued March 24, 2017.

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	17,857,261	4.7	17,857,261		17,857,261	4.7
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	399,926	0.1	399,926		399,926	0.1
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	12,842,624	3.4	12,842,624		12,842,624	3.4
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	16,003,625	4.2	16,003,625		16,003,625	4.2
1.43 Revenue and assessment obligations	57,970,920	15.2	57,970,920		57,970,920	15.2
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	215,518	0.1	215,518		215,518	0.1
1.512 Issued or guaranteed by FNMA and FHLMC	71,778,219	18.9	71,778,219		71,778,219	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	1,938,227	0.5	1,938,227		1,938,227	0.5
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	14,053,501	3.7	14,053,501		14,053,501	3.7
2. Other debt and other fixed income securities (excluding short-term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	103,795,927	27.3	103,795,927		103,795,927	27.3
2.2 Unaffiliated non-U.S. securities (including Canada)	17,062,994	4.5	17,062,994		17,062,994	4.5
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	51,672,547	13.6	51,672,547		51,672,547	13.6
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	139	0.0	139		139	0.0
9. Securities lending (Line 10, Asset Page reinvested collateral)		0.0		XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	15,056,530	4.0	15,056,530		15,056,530	4.0
11. Other invested assets		0.0			0	0.0
12. Total invested assets	380,647,958	100.0	380,647,958	0	380,647,958	100.0

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SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For the year ended December 31, 2016

(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. $......453,449,993

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	PLAINS ALL AMER PIPELINE	Long Term Bonds	$........2,818,792	..............0.622 %
2.02	AT&T INC	Bonds/Common Stock	$........2,645,979	..............0.584 %
2.03	MCDONALDS CORP	Bonds/Common Stock	$........2,608,285	..............0.575 %
2.04	MICROSOFT CORP	Bonds/Common Stock	$........2,571,015	..............0.567 %
2.05	MASSACHUSETTS ST	Long Term Bonds	$........2,202,362	..............0.486 %
2.06	AMGEN INC	Bonds/Common Stock	$........2,161,614	..............0.477 %
2.07	LOS ANGELES CA DEPT OF ARPTS	Long Term Bonds	$........2,151,062	..............0.474 %
2.08	BERNALILLO CNTY NM GROSS RECPT.	Long Term Bonds	$........2,144,998	..............0.473 %
2.09	INTEL CORP	Bonds/Common Stock	$........2,118,905	..............0.467 %
2.10	GENERAL MILLS INC	Bonds/Common Stock	$........2,098,467	..............0.463 %

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	$....267,850,037	............59.069 %
3.02	NAIC-2	$......50,647,545	............11.169 %
3.03	NAIC-3	$...........868,750	..............0.192 %
3.04	NAIC-4	$........1,012,500	..............0.223 %
3.05	NAIC-5	$..........................	..............0.000 %
3.06	NAIC-6	$...........433,304	..............0.096 %
	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 [ ] No [X]

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	$......17,062,994	..............3.763 %
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	$........9,351,767	..............2.062 %
5.02	Countries designated NAIC-2	$........5,829,977	..............1.286 %
5.03	Countries designated NAIC-3 or below	$........1,881,250	..............0.415 %

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: United Kingdom	$........3,359,956	..............0.741 %
6.02	Country 2: Canada	$........2,433,711	..............0.537 %
	Countries designated NAIC-2:		
6.03	Country 1: Netherlands	$........1,948,312	..............0.430 %
6.04	Country 2: Canada	$........1,499,464	..............0.331 %
	Countries designated NAIC-3 or below:		
6.05	Country 1: Cayman Islands	$........1,012,500	..............0.223 %
6.06	Country 2: United Kingdom	$...........868,750	..............0.192 %

		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	ASTRAZENECA PLC	1	$1,509,057	0.333 %
10.02	CANADIAN PACIFIC RR CO	2	$1,499,464	0.331 %
10.03	WESTPAC BANKING CORP	1	$1,499,138	0.331 %
10.04	ACTAVIS FUNDING SCS	2	$1,237,505	0.273 %
10.05	VODAFONE GROUP PLC	2	$1,144,696	0.252 %
10.06	SHELL INTERNATIONAL FIN	1	$1,054,354	0.233 %
10.07	SUNCOR ENERGY INC	1	$1,017,082	0.224 %
10.08	TRANSOCEAN INC	4	$1,012,500	0.223 %
10.09	BNP PARIBAS	1	$1,004,608	0.222 %
10.10	BP CAPITAL MARKETS PLC	1	$1,001,054	0.221 %

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	VALERO ENERGY CORP	$1,206,668	0.266 %
13.03	XILINX INC	$1,206,615	0.266 %
13.04	AT&T INC	$1,188,161	0.262 %
13.05	INTERNATIONAL PAPER CO	$1,164,136	0.257 %
13.06	VERIZON COMMUNICATIONS INC	$1,155,143	0.255 %
13.07	TRAVELERS COS INC/THE	$1,152,707	0.254 %
13.08	AUTOMATIC DATA PROCESSING	$1,151,547	0.254 %
13.09	ALTRIA GROUP INC	$1,147,782	0.253 %
13.10	ARCHER-DANIELS-MIDLAND CO	$1,131,800	0.250 %
13.11	PEPSICO INC	$1,130,632	0.249 %

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 %	$	$	$