



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008
OF THE CONDITION AND AFFAIRS OF THE
PROVIDENCE MUTUAL FIRE INSURANCE COMPANY

NAIC Group Code 0382, 0382 NAIC Company Code 15040 Employer's ID Number 05-0204000
Organized under the Laws of Rhode Island, State of Domicile or Port of Entry Rhode Island
Country of Domicile United States
Incorporated/Organized 10/27/1800 Commenced Business 10/27/1800
Statutory Home Office 340 East Avenue, Warwick, RI 02886-1802
Main Administrative Office 340 East Avenue, Warwick, RI 02886-1802 401-827-1800
Mail Address P.O. Box 6066, Providence, RI 02940-6066
Primary Location of Books and Records 340 East Avenue, Warwick, RI 02886-1802 401-827-1800-125
Internet Website Address www.providencemutual.com
Statutory Statement Contact Richard Albert Sinnigen, 401-827-1800-125
rsinnigen@providencemutual.com, 401-822-1872

OFFICERS

Name Title Name Title
Sandra Glaser Parrillo, President Richard Albert Sinnigen, Secretary
Earl Francis Cottam Jr., Treasurer

OTHER OFFICERS

Thomas Francis Burkart, Vice President Dale Fogg Groves, Vice President

DIRECTORS OR TRUSTEES

Benjamin Pearce Harris III, John Parcher Nixon Jr., Richard LeRoy Allen, Leslie Adams Gardner
Robert White Parsons, Mary Louise Fazzano, Sandra Glaser Parrillo, George Anthony Vecchione
Bradford Burnett Kopp

State of Rhode Island

County of Kent ss

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

Sandra Glaser Parrillo
President

Richard Albert Sinnigen
Secretary

Earl Francis Cottam Jr.
Treasurer

Subscribed and sworn to before me this
26 day of February, 2009

a. Is this an original filing? Yes [ X ] No [ ]
b. If no,
1. State the amendment number
2. Date filed 02/26/2009
3. Number of pages attached

Florence Gobin Notary
10/18/2009

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE PROVIDENCE MUTUAL FIRE INSURANCE COMPANY**

**ASSETS**

|  | Current Year |                         |   | Prior Year                  |
|--|--------------|-------------------------|---|-----------------------------|
|  | 1<br>Assets  | 2<br>Nonadmitted Assets | 3<br>Net Admitted Assets<br>(Cols. 1 - 2) | 4<br>Net Admitted<br>Assets |
| 1. Bonds (Schedule D).....   | 62,053,233   |                         | 62,053,233                                | 55,432,101                  |
| 2. Stocks (Schedule D):  |              |                         |   |                             |
| 2.1 Preferred stocks .....   | 0            |                         | 0   | 2,346,221                   |
| 2.2 Common stocks .....  | 55,785,451   |                         | 55,785,451                                | 94,741,211                  |
| 3. Mortgage loans on real estate (Schedule B):   |              |                         |   |                             |
| 3.1 First liens .....  |              |                         | 0   | 0                           |
| 3.2 Other than first liens .....   |              |                         | 0   | 0                           |
| 4. Real estate (Schedule A):   |              |                         |   |                             |
| 4.1 Properties occupied by the company (less<br>\$ ..... encumbrances).....  | 3,521,486    |                         | 3,521,486                                 | 3,668,111                   |
| 4.2 Properties held for the production of income<br>(less \$ ..... encumbrances) .....   |              |                         | 0   | 0                           |
| 4.3 Properties held for sale (less<br>\$ ..... encumbrances) .....   |              |                         | 0   | 0                           |
| 5. Cash (\$ .....2,104,247 , Schedule E, Part 1), cash equivalents<br>(\$ .....0 , Schedule E, Part 2) and short-term<br>investments (\$ .....18,678,128 , Schedule DA)..... | 20,782,375   |                         | 20,782,375                                | 21,824,726                  |
| 6. Contract loans, (including \$ .....premium notes)   |              |                         | 0   | 0                           |
| 7. Other invested assets (Schedule BA) .....   | 1,658,819    | 0                       | 1,658,819                                 | 2,182,250                   |
| 8. Receivables for securities .....  |              |                         | 0   | 0                           |
| 9. Aggregate write-ins for invested assets .....   | 0            | 0                       | 0   | 0                           |
| 10. Subtotals, cash and invested assets (Lines 1 to 9) .....   | 143,801,364  | 0                       | 143,801,364                               | 180,194,620                 |
| 11. Title plants less \$ .....charged off (for Title insurers<br>only).....  |              |                         | 0   | 0                           |
| 12. Investment income due and accrued .....  | 795,495      |                         | 795,495                                   | 817,896                     |
| 13. Premiums and considerations:   |              |                         |   |                             |
| 13.1 Uncollected premiums and agents' balances in the course of<br>collection .....  | 1,523,812    | 120,390                 | 1,403,422                                 | 7,598,065                   |
| 13.2 Deferred premiums, agents' balances and installments booked but<br>deferred and not yet due (including \$ .....earned<br>but unbilled premium).....                     | 6,828,831    |                         | 6,828,831                                 | 0                           |
| 13.3 Accrued retrospective premium.....  |              |                         | 0   | 0                           |
| 14. Reinsurance:   |              |                         |   |                             |
| 14.1 Amounts recoverable from reinsurers .....   | 50,706       |                         | 50,706                                    | 111,777                     |
| 14.2 Funds held by or deposited with reinsured companies .....   | 0            |                         | 0   | 0                           |
| 14.3 Other amounts receivable under reinsurance contracts .....  |              |                         | 0   | 0                           |
| 15. Amounts receivable relating to uninsured plans .....   |              |                         | 0   | 0                           |
| 16.1 Current federal and foreign income tax recoverable and interest thereon .....   | 778,512      |                         | 778,512                                   | 0                           |
| 16.2 Net deferred tax asset .....  | 4,233,348    | 112,499                 | 4,120,849                                 | 0                           |
| 17. Guaranty funds receivable or on deposit .....  |              |                         | 0   | 0                           |
| 18. Electronic data processing equipment and software.....   | 286,819      | 163,390                 | 123,429                                   | 33,891                      |
| 19. Furniture and equipment, including health care delivery assets<br>(\$ ..... ) .....  | 383,059      | 383,059                 | 0   | 0                           |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates .....   |              |                         | 0   | 0                           |
| 21. Receivables from parent, subsidiaries and affiliates .....   |              |                         | 0   | 0                           |
| 22. Health care (\$ ..... ) and other amounts receivable .....   |              |                         | 0   | 0                           |
| 23. Aggregate write-ins for other than invested assets .....   | 5,064,089    | 600                     | 5,063,489                                 | 4,370,873                   |
| 24. Total assets excluding Separate Accounts, Segregated Accounts and<br>Protected Cell Accounts (Lines 10 to 23).....   | 163,746,035  | 779,938                 | 162,966,097                               | 193,127,122                 |
| 25. From Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts.....  |              |                         | 0   | 0                           |
| 26. Total (Lines 24 and 25)  | 163,746,035  | 779,938                 | 162,966,097                               | 193,127,122                 |
| <b>DETAILS OF WRITE-INS</b>  |              |                         |   |                             |
| 0901. ....   |              |                         |   |                             |
| 0902. ....   |              |                         |   |                             |
| 0903. ....   |              |                         |   |                             |
| 0998. Summary of remaining write-ins for Line 9 from overflow page .....   | 0            | 0                       | 0   | 0                           |
| 0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)   | 0            | 0                       | 0   | 0                           |
| 2301. Other Assets.....  | 226,850      | 600                     | 226,250                                   | 169,990                     |
| 2302. Pools and Associations.....  | 4,837,239    |                         | 4,837,239                                 | 4,200,883                   |
| 2303. ....   |              |                         |   |                             |
| 2398. Summary of remaining write-ins for Line 23 from overflow page .....  | 0            | 0                       | 0   | 0                           |
| 2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)  | 5,064,089    | 600                     | 5,063,489                                 | 4,370,873                   |

LIABILITIES, SURPLUS AND OTHER FUNDS

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| 1. Losses (Part 2A, Line 35, Column 8) .....   | 26,736,854        | 24,248,242      |
| 2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) .....  |                   | 0               |
| 3. Loss adjustment expenses (Part 2A, Line 35, Column 9) .....   | 7,966,716         | 7,522,037       |
| 4. Commissions payable, contingent commissions and other similar charges .....   | 2,672,683         | 2,562,043       |
| 5. Other expenses (excluding taxes, licenses and fees) .....   | 979,688           | 902,205         |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....   | 282,317           | 364,732         |
| 7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) .....   |                   | 1,306,383       |
| 7.2 Net deferred tax liability .....   |                   | 8,875,521       |
| 8. Borrowed money \$ ..... and interest thereon \$ .....   |                   | 0               |
| 9. Unearned premiums (Part 1A, Line 38, Column 5)<br>(after deducting unearned premiums for ceded reinsurance of \$ ..... 1,303,991 and including warranty<br>reserves of \$ ..... ) ..... | 33,124,676        | 33,478,993      |
| 10. Advance premium .....  | 755,545           | 0               |
| 11. Dividends declared and unpaid:   |                   |                 |
| 11.1 Stockholders .....  |                   | 0               |
| 11.2 Policyholders .....   |                   | 0               |
| 12. Ceded reinsurance premiums payable (net of ceding commissions) .....   | 160,301           | 734,670         |
| 13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....   |                   | 0               |
| 14. Amounts withheld or retained by company for account of others .....  | 10,722            | 5,869           |
| 15. Remittances and items not allocated .....  | 21,613            | 29,890          |
| 16. Provision for reinsurance (Schedule F, Part 7) .....   | 3,000             | 3,000           |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates .....  |                   | 0               |
| 18. Drafts outstanding .....   |                   | 0               |
| 19. Payable to parent, subsidiaries and affiliates .....   |                   | 0               |
| 20. Payable for securities .....   |                   | 27,292          |
| 21. Liability for amounts held under uninsured plans .....   |                   | 0               |
| 22. Capital notes \$ ..... and interest thereon \$ .....   |                   | 0               |
| 23. Aggregate write-ins for liabilities .....  | 0                 | 0               |
| 24. Total liabilities excluding protected cell liabilities (Lines 1 through 23) .....  | 72,714,115        | 80,060,877      |
| 25. Protected cell liabilities .....   |                   | 0               |
| 26. Total liabilities (Lines 24 and 25) .....  | 72,714,115        | 80,060,877      |
| 27. Aggregate write-ins for special surplus funds .....  | 0                 | 0               |
| 28. Common capital stock .....   |                   | 0               |
| 29. Preferred capital stock .....  |                   | 0               |
| 30. Aggregate write-ins for other than special surplus funds .....   | 0                 | 0               |
| 31. Surplus notes .....  |                   | 0               |
| 32. Gross paid in and contributed surplus .....  |                   | 0               |
| 33. Unassigned funds (surplus) .....   | 90,251,982        | 113,066,245     |
| 34. Less treasury stock, at cost:  |                   |                 |
| 34.1 ..... shares common (value included in Line 28 \$ ..... ) .....   |                   | 0               |
| 34.2 ..... shares preferred (value included in Line 29 \$ ..... ) .....  |                   | 0               |
| 35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 39) .....   | 90,251,982        | 113,066,245     |
| 36. Totals (Page 2, Line 26, Col. 3)   | 162,966,097       | 193,127,122     |
| <b>DETAILS OF WRITE-INS</b>  |                   |                 |
| 2301. ....   |                   |                 |
| 2302. ....   |                   |                 |
| 2303. ....   |                   |                 |
| 2398. Summary of remaining write-ins for Line 23 from overflow page .....  | 0                 | 0               |
| 2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)   | 0                 | 0               |
| 2701. ....   |                   |                 |
| 2702. ....   |                   |                 |
| 2703. ....   |                   |                 |
| 2798. Summary of remaining write-ins for Line 27 from overflow page .....  | 0                 | 0               |
| 2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)   | 0                 | 0               |
| 3001. ....   |                   |                 |
| 3002. ....   |                   |                 |
| 3003. ....   |                   |                 |
| 3098. Summary of remaining write-ins for Line 30 from overflow page .....  | 0                 | 0               |
| 3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)   | 0                 | 0               |

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE PROVIDENCE MUTUAL FIRE INSURANCE COMPANY**

**STATEMENT OF INCOME**

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| <b>UNDERWRITING INCOME</b>  |                   |                 |
| 1. Premiums earned (Part 1, Line 35, Column 4) .....  | 54,449,069        | 52,079,606      |
| DEDUCTIONS:   |                   |                 |
| 2. Losses incurred (Part 2, Line 35, Column 7) .....  | 27,899,852        | 25,455,287      |
| 3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) .....  | 6,459,899         | 6,412,209       |
| 4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....   | 22,695,992        | 22,343,545      |
| 5. Aggregate write-ins for underwriting deductions .....  | 0                 | 0               |
| 6. Total underwriting deductions (Lines 2 through 5) .....  | 57,055,743        | 54,211,041      |
| 7. Net income of protected cells .....  | 0                 | 0               |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....   | (2,606,674)       | (2,131,435)     |
| <b>INVESTMENT INCOME</b>  |                   |                 |
| 9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....   | 3,933,141         | 4,403,345       |
| 10. Net realized capital gains (losses) less capital gains tax of \$ .....2,402,540 (Exhibit of Capital Gains (Losses)).....                                  | (7,617,568)       | 3,045,838       |
| 11. Net investment gain (loss) (Lines 9 + 10) .....   | (3,684,427)       | 7,449,183       |
| <b>OTHER INCOME</b>   |                   |                 |
| 12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ .....1,540 amount charged off \$ .....67,503 ) .....                    | (65,963)          | (121,968)       |
| 13. Finance and service charges not included in premiums .....  | 309,715           | 319,467         |
| 14. Aggregate write-ins for miscellaneous income .....  | 237               | 26,139          |
| 15. Total other income (Lines 12 through 14) .....  | 243,989           | 223,638         |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....     | (6,047,112)       | 5,541,386       |
| 17. Dividends to policyholders .....  | 373,856           | 347,951         |
| 18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17) ..... | (6,420,968)       | 5,193,435       |
| 19. Federal and foreign income taxes incurred .....   | (2,001,192)       | 150,749         |
| 20. Net income (Line 18 minus Line 19) (to Line 22) .....   | (4,419,776)       | 5,042,686       |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>  |                   |                 |
| 21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) .....  | 113,066,245       | 111,683,993     |
| 22. Net income (from Line 20) .....   | (4,419,776)       | 5,042,686       |
| 23. Net transfers (to) from Protected Cell accounts .....   | 0                 | 0               |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ .....(10,773,550) .....   | (20,913,363)      | (5,139,699)     |
| 25. Change in net unrealized foreign exchange capital gain (loss) .....   | 0                 | 0               |
| 26. Change in net deferred income tax .....   | 2,335,319         | 1,097,946       |
| 27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Col. 3) .....   | 183,557           | 379,319         |
| 28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....  | 0                 | 2,000           |
| 29. Change in surplus notes .....   | 0                 | 0               |
| 30. Surplus (contributed to) withdrawn from protected cells .....   | 0                 | 0               |
| 31. Cumulative effect of changes in accounting principles .....   | 0                 | 0               |
| 32. Capital changes:  |                   |                 |
| 32.1. Paid in .....   | 0                 | 0               |
| 32.2. Transferred from surplus (Stock Dividend) .....   | 0                 | 0               |
| 32.3. Transferred to surplus .....  | 0                 | 0               |
| 33. Surplus adjustments:  |                   |                 |
| 33.1. Paid in .....   | 0                 | 0               |
| 33.2. Transferred to capital (Stock Dividend) .....   | 0                 | 0               |
| 33.3. Transferred from capital .....  | 0                 | 0               |
| 34. Net remittances from or (to) Home Office .....  | 0                 | 0               |
| 35. Dividends to stockholders .....   | 0                 | 0               |
| 36. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1) .....   | 0                 | 0               |
| 37. Aggregate write-ins for gains and losses in surplus .....   | 0                 | 0               |
| 38. Change in surplus as regards policyholders for the year (Lines 22 through 37) .....   | (22,814,263)      | 1,382,252       |
| 39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 35) .....   | 90,251,982        | 113,066,245     |
| <b>DETAILS OF WRITE-INS</b>   |                   |                 |
| 0501. ....  |                   |                 |
| 0502. ....  |                   |                 |
| 0503. ....  |                   |                 |
| 0598. Summary of remaining write-ins for Line 5 from overflow page .....  | 0                 | 0               |
| 0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) .....   | 0                 | 0               |
| 1401. Miscellaneous Income \ (Loss) .....   | 237               | 26,139          |
| 1402. ....  |                   |                 |
| 1403. ....  |                   |                 |
| 1498. Summary of remaining write-ins for Line 14 from overflow page .....   | 0                 | 0               |
| 1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....  | 237               | 26,139          |
| 3701. ....  |                   |                 |
| 3702. ....  |                   |                 |
| 3703. ....  |                   |                 |
| 3798. Summary of remaining write-ins for Line 37 from overflow page .....   | 0                 | 0               |
| 3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above) .....  | 0                 | 0               |

## CASH FLOW

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| <b>Cash from Operations</b>  |                   |                 |
| 1. Premiums collected net of reinsurance.....  | 53,639,873        | 53,800,484      |
| 2. Net investment income.....  | 4,637,751         | 4,887,679       |
| 3. Miscellaneous income.....   | 243,989           | 223,638         |
| 4. Total (Lines 1 through 3).....  | 58,521,613        | 58,911,801      |
| 5. Benefit and loss related payments.....  | 25,350,169        | 23,020,565      |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                    | 0                 | 0               |
| 7. Commissions, expenses paid and aggregate write-ins for deductions.....                                      | 28,605,504        | 28,292,819      |
| 8. Dividends paid to policyholders.....  | 373,856           | 347,951         |
| 9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....              | 2,486,243         | 2,150,799       |
| 10. Total (Lines 5 through 9).....   | 56,815,772        | 53,812,134      |
| 11. Net cash from operations (Line 4 minus Line 10).....   | 1,705,841         | 5,099,667       |
| <b>Cash from Investments</b>   |                   |                 |
| 12. Proceeds from investments sold, matured or repaid:   |                   |                 |
| 12.1 Bonds.....  | 13,580,528        | 9,520,162       |
| 12.2 Stocks.....   | 59,681,776        | 56,866,692      |
| 12.3 Mortgage loans.....   | 0                 | 0               |
| 12.4 Real estate.....  | 271,577           | 0               |
| 12.5 Other invested assets.....  | 168,377           | 570,330         |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....                           | 6,241             | 44              |
| 12.7 Miscellaneous proceeds.....   | 0                 | 0               |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7).....   | 73,708,499        | 66,957,228      |
| 13. Cost of investments acquired (long-term only):   |                   |                 |
| 13.1 Bonds.....  | 22,674,520        | 5,717,240       |
| 13.2 Stocks.....   | 52,849,147        | 56,093,445      |
| 13.3 Mortgage loans.....   | 0                 | 0               |
| 13.4 Real estate.....  | 22,530            | 0               |
| 13.5 Other invested assets.....  | 395,545           | 4,591,725       |
| 13.6 Miscellaneous applications.....   | 27,292            | 1,120,135       |
| 13.7 Total investments acquired (Lines 13.1 to 13.6).....  | 75,969,034        | 67,522,545      |
| 14. Net increase (decrease) in contract loans and premium notes.....   | 0                 | 0               |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14).....                                   | (2,260,535)       | (565,317)       |
| <b>Cash from Financing and Miscellaneous Sources</b>   |                   |                 |
| 16. Cash provided (applied):   |                   |                 |
| 16.1 Surplus notes, capital notes.....   | 0                 | 0               |
| 16.2 Capital and paid in surplus, less treasury stock.....   | 0                 | 0               |
| 16.3 Borrowed funds.....   | 0                 | 0               |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities.....                               | 0                 | 0               |
| 16.5 Dividends to stockholders.....  | 0                 | 0               |
| 16.6 Other cash provided (applied).....  | (487,657)         | (482,178)       |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)..... | (487,657)         | (482,178)       |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>                                     |                   |                 |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....       | (1,042,351)       | 4,052,172       |
| 19. Cash, cash equivalents and short-term investments:   |                   |                 |
| 19.1 Beginning of year.....  | 21,824,726        | 17,772,554      |
| 19.2 End of year (Line 18 plus Line 19.1).....   | 20,782,375        | 21,824,726      |

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS EARNED**

| Lines of Business           |  | 1  | 2  | 3  | 4   |
|-----------------------------|--|--|--|--|---|
|                             |  | Net Premiums<br>Written per<br>Column 6, Part 1B | Unearned Premiums<br>Dec. 31 Prior Year -<br>per Col. 3, Last Year's<br>Part 1 | Unearned Premiums<br>Dec. 31 Current<br>Year - per Col. 5<br>Part 1A | Premiums Earned<br>During Year<br>(Cols. 1 + 2 - 3) |
| 1.                          | Fire .....   | 2,285,921  | 1,539,742  | 1,519,480  | 2,306,183   |
| 2.                          | Allied lines .....   | 1,222,689  | 803,000  | 808,972  | 1,216,717   |
| 3.                          | Farmowners multiple peril .....                                  | 0  | 0  | 0  | 0   |
| 4.                          | Homeowners multiple peril .....                                  | 37,328,821                                       | 23,165,286   | 23,196,095   | 37,298,012  |
| 5.                          | Commercial multiple peril .....                                  | 8,095,627  | 4,979,697  | 4,727,571  | 8,347,753   |
| 6.                          | Mortgage guaranty .....  | 0  | 0  | 0  | 0   |
| 8.                          | Ocean marine .....   | 0  | 0  | 0  | 0   |
| 9.                          | Inland marine .....  | 585,020  | 408,949  | 366,308  | 627,661   |
| 10.                         | Financial guaranty .....   | 0  | 0  | 0  | 0   |
| 11.1                        | Medical malpractice - occurrence .....                           | 0  | 0  | 0  | 0   |
| 11.2                        | Medical malpractice - claims-made .....                          | 0  | 0  | 0  | 0   |
| 12.                         | Earthquake .....   | 0  | 0  | 0  | 0   |
| 13.                         | Group accident and health .....                                  | 0  | 0  | 0  | 0   |
| 14.                         | Credit accident and health (group and individual) .....          | 0  | 0  | 0  | 0   |
| 15.                         | Other accident and health .....                                  | 0  | 0  | 0  | 0   |
| 16.                         | Workers' compensation .....                                      | 25,603   | 14,842   | 13,778   | 26,667  |
| 17.1                        | Other liability - occurrence .....                               | 2,024,001  | 1,183,718  | 1,063,221  | 2,144,498   |
| 17.2                        | Other liability - claims-made .....                              | 0  | 0  | 0  | 0   |
| 18.1                        | Products liability - occurrence .....                            | 0  | 0  | 0  | 0   |
| 18.2                        | Products liability - claims-made .....                           | 0  | 0  | 0  | 0   |
| 19.1,19.2                   | Private passenger auto liability .....                           | 1,556,168  | 836,670  | 854,308  | 1,538,530   |
| 19.3,19.4                   | Commercial auto liability .....                                  | 44,459   | 7,552  | 20,593   | 31,418  |
| 21.                         | Auto physical damage .....                                       | 940,634  | 525,346  | 554,350  | 911,630   |
| 22.                         | Aircraft (all perils) .....                                      | 0  | 0  | 0  | 0   |
| 23.                         | Fidelity .....   | 0  | 0  | 0  | 0   |
| 24.                         | Surety .....   | 0  | 0  | 0  | 0   |
| 26.                         | Burglary and theft .....   | 0  | 0  | 0  | 0   |
| 27.                         | Boiler and machinery .....                                       | 0  | 0  | 0  | 0   |
| 28.                         | Credit .....   | 0  | 0  | 0  | 0   |
| 29.                         | International .....  | 0  | 0  | 0  | 0   |
| 30.                         | Warranty .....   | 0  | 0  | 0  | 0   |
| 31.                         | Reinsurance - Nonproportional Assumed Property .....             | 0  | 0  | 0  | 0   |
| 32.                         | Reinsurance - Nonproportional Assumed Liability .....            | (14,191)   | 14,191   | 0  | 0   |
| 33.                         | Reinsurance - Nonproportional Assumed Financial Lines .....      | 0  | 0  | 0  | 0   |
| 34.                         | Aggregate write-ins for other lines of business .....            | 0  | 0  | 0  | 0   |
| 35.                         | <b>TOTALS</b>  | <b>54,094,752</b>                                | <b>33,478,993</b>  | <b>33,124,676</b>  | <b>54,449,069</b>                                   |
| <b>DETAILS OF WRITE-INS</b> |  |  |  |  |   |
| 3401.                       | .....  |  |  |  |   |
| 3402.                       | .....  |  |  |  |   |
| 3403.                       | .....  |  |  |  |   |
| 3498.                       | Sum. of remaining write-ins for Line 34 from overflow page ..... | 0  | 0  | 0  | 0   |
| 3499.                       | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)       | 0  | 0  | 0  | 0   |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

| Line of Business            |  | 1<br>Amount Unearned<br>(Running One Year or<br>Less from Date of<br>Policy)<br>(a) | 2<br>Amount Unearned<br>(Running More Than<br>One Year from Date<br>of Policy)<br>(a) | 3<br>Earned<br>but<br>Unbilled Premium | 4<br>Reserve for Rate<br>Credits and<br>Retrospective<br>Adjustments Based<br>on Experience | 5<br>Total Reserve<br>for<br>Unearned Premiums<br>Cols. 1 + 2 + 3 + 4 |
|-----------------------------|--|---|---|--|---|---|
| 1.                          | Fire .....   | 1,519,480   |   |  |   | 1,519,480   |
| 2.                          | Allied lines .....   | 808,972   |   |  |   | 808,972   |
| 3.                          | Farmowners multiple peril .....                                  |   |   |  |   | 0   |
| 4.                          | Homeowners multiple peril .....                                  | 23,196,095  |   |  |   | 23,196,095  |
| 5.                          | Commercial multiple peril .....                                  | 4,727,571   |   |  |   | 4,727,571   |
| 6.                          | Mortgage guaranty .....  |   |   |  |   | 0   |
| 8.                          | Ocean marine .....   |   |   |  |   | 0   |
| 9.                          | Inland marine .....  | 366,308   |   |  |   | 366,308   |
| 10.                         | Financial guaranty .....   |   |   |  |   | 0   |
| 11.1                        | Medical malpractice - occurrence .....                           |   |   |  |   | 0   |
| 11.2                        | Medical malpractice - claims-made .....                          |   |   |  |   | 0   |
| 12.                         | Earthquake .....   |   |   |  |   | 0   |
| 13.                         | Group accident and health .....                                  |   |   |  |   | 0   |
| 14.                         | Credit accident and health (group and individual) .....          |   |   |  |   | 0   |
| 15.                         | Other accident and health .....                                  |   |   |  |   | 0   |
| 16.                         | Workers' compensation .....                                      | 13,778  |   |  |   | 13,778  |
| 17.1                        | Other liability - occurrence .....                               | 1,063,221   |   |  |   | 1,063,221   |
| 17.2                        | Other liability - claims-made .....                              |   |   |  |   | 0   |
| 18.1                        | Products liability - occurrence .....                            |   |   |  |   | 0   |
| 18.2                        | Products liability - claims-made .....                           |   |   |  |   | 0   |
| 19.1,19.2                   | Private passenger auto liability .....                           | 854,308   |   |  |   | 854,308   |
| 19.3,19.4                   | Commercial auto liability .....                                  | 20,593  |   |  |   | 20,593  |
| 21.                         | Auto physical damage .....                                       | 554,350   |   |  |   | 554,350   |
| 22.                         | Aircraft (all perils) .....                                      |   |   |  |   | 0   |
| 23.                         | Fidelity .....   |   |   |  |   | 0   |
| 24.                         | Surety .....   |   |   |  |   | 0   |
| 26.                         | Burglary and theft .....   |   |   |  |   | 0   |
| 27.                         | Boiler and machinery .....                                       |   |   |  |   | 0   |
| 28.                         | Credit .....   |   |   |  |   | 0   |
| 29.                         | International .....  |   |   |  |   | 0   |
| 30.                         | Warranty .....   |   |   |  |   | 0   |
| 31.                         | Reinsurance - Nonproportional Assumed Property .....             |   |   |  |   | 0   |
| 32.                         | Reinsurance - Nonproportional Assumed Liability .....            |   |   |  |   | 0   |
| 33.                         | Reinsurance - Nonproportional Assumed Financial Lines .....      |   |   |  |   | 0   |
| 34.                         | Aggregate write-ins for other lines of business .....            | 0   | 0   | 0                                      | 0   | 0   |
| 35.                         | TOTALS   | 33,124,676  | 0   | 0                                      | 0   | 33,124,676  |
| 36.                         | Accrued retrospective premiums based on experience .....         |   |   |  |   |   |
| 37.                         | Earned but unbilled premiums .....                               |   |   |  |   |   |
| 38.                         | Balance (Sum of Line 35 through 37)                              |   |   |  |   | 33,124,676  |
| <b>DETAILS OF WRITE-INS</b> |  |   |   |  |   |   |
| 3401.                       | .....  |   |   |  |   |   |
| 3402.                       | .....  |   |   |  |   |   |
| 3403.                       | .....  |   |   |  |   |   |
| 3498.                       | Sum. of remaining write-ins for Line 34 from overflow page ..... | 0   | 0   | 0                                      | 0   | 0   |
| 3499.                       | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)       | 0   | 0   | 0                                      | 0   | 0   |

(a) State here basis of computation used in each case . Semi-Monthly Pro-Rata.....

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

| Line of Business   | 1<br>Direct<br>Business<br>(a) | Reinsurance Assumed     |                             | Reinsurance Ceded     |                           | 6<br>Net Premiums<br>Written Cols.<br>1 + 2 + 3 - 4 - 5 |
|--|--------------------------------|-------------------------|-----------------------------|-----------------------|---------------------------|---|
|  |                                | 2<br>From<br>Affiliates | 3<br>From<br>Non-Affiliates | 4<br>To<br>Affiliates | 5<br>To<br>Non-Affiliates |   |
| 1. Fire .....  | 2,704,985                      |                         | 152,766                     |                       | 571,830                   | 2,285,921   |
| 2. Allied lines .....  | 1,447,859                      |                         | 82,070                      |                       | 307,240                   | 1,222,689   |
| 3. Farmowners multiple peril .....   |                                |                         |                             |                       |                           | 0   |
| 4. Homeowners multiple peril .....   | 44,234,355                     |                         | 397,348                     |                       | 7,302,882                 | 37,328,821  |
| 5. Commercial multiple peril .....   | 10,114,484                     |                         |                             |                       | 2,018,857                 | 8,095,627   |
| 6. Mortgage guaranty .....   |                                |                         |                             |                       | 0                         | 0   |
| 8. Ocean marine .....  |                                |                         |                             |                       |                           | 0   |
| 9. Inland marine .....   | 734,485                        |                         |                             |                       | 149,465                   | 585,020   |
| 10. Financial guaranty .....   |                                |                         |                             |                       |                           | 0   |
| 11.1 Medical malpractice -<br>occurrence .....                                   |                                |                         |                             |                       |                           | 0   |
| 11.2 Medical malpractice -<br>claims-made .....                                  |                                |                         |                             |                       |                           | 0   |
| 12. Earthquake .....   |                                |                         |                             |                       |                           | 0   |
| 13. Group accident and health .....  |                                |                         |                             |                       |                           | 0   |
| 14. Credit accident and health<br>(group and individual) .....                   |                                |                         |                             |                       |                           | 0   |
| 15. Other accident and health .....  |                                |                         |                             |                       |                           | 0   |
| 16. Workers' compensation .....  | 25,603                         |                         |                             |                       |                           | 25,603  |
| 17.1 Other liability - occurrence .....  | 2,726,582                      |                         | 133,907                     |                       | 836,488                   | 2,024,001   |
| 17.2 Other liability - claims-made .....   |                                |                         |                             |                       |                           | 0   |
| 18.1 Products liability -<br>occurrence .....                                    |                                |                         |                             |                       |                           | 0   |
| 18.2 Products liability -<br>claims-made .....                                   |                                |                         |                             |                       |                           | 0   |
| 19.1,19.2 Private passenger auto<br>liability .....                              | 1,678,740                      |                         | 393                         |                       | 122,965                   | 1,556,168   |
| 19.3,19.4 Commercial auto liability .....  | 47,976                         |                         |                             |                       | 3,517                     | 44,459  |
| 21. Auto physical damage .....   | 1,103,610                      |                         | 239                         |                       | 163,215                   | 940,634   |
| 22. Aircraft (all perils) .....  |                                |                         |                             |                       |                           | 0   |
| 23. Fidelity .....   |                                |                         |                             |                       |                           | 0   |
| 24. Surety .....   |                                |                         |                             |                       |                           | 0   |
| 26. Burglary and theft .....   |                                |                         |                             |                       |                           | 0   |
| 27. Boiler and machinery .....   |                                |                         |                             |                       |                           | 0   |
| 28. Credit .....   |                                |                         |                             |                       |                           | 0   |
| 29. International .....  |                                |                         |                             |                       |                           | 0   |
| 30. Warranty .....   |                                |                         |                             |                       |                           | 0   |
| 31. Reinsurance -<br>Nonproportional Assumed<br>Property .....                   | XXX                            |                         |                             |                       |                           | 0   |
| 32. Reinsurance -<br>Nonproportional Assumed<br>Liability .....                  | XXX                            |                         | (14,191)                    |                       |                           | (14,191)  |
| 33. Reinsurance -<br>Nonproportional Assumed<br>Financial Lines .....            | XXX                            |                         |                             |                       |                           | 0   |
| 34. Aggregate write-ins for other<br>lines of business .....                     | 0                              | 0                       | 0                           | 0                     | 0                         | 0   |
| 35. TOTALS   | 64,818,679                     | 0                       | 752,532                     | 0                     | 11,476,459                | 54,094,752  |
| <b>DETAILS OF WRITE-INS</b>  |                                |                         |                             |                       |                           |   |
| 3401. ....   |                                |                         |                             |                       |                           |   |
| 3402. ....   |                                |                         |                             |                       |                           |   |
| 3403. ....   |                                |                         |                             |                       |                           |   |
| 3498. Summary of remaining write-<br>ins for Line 34 from<br>overflow page ..... | 0                              | 0                       | 0                           | 0                     | 0                         | 0   |
| 3499. Totals (Lines 3401 through<br>3403 plus 3498) (Line 34<br>above) .....     | 0                              | 0                       | 0                           | 0                     | 0                         | 0   |

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

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

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

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE PROVIDENCE MUTUAL FIRE INSURANCE COMPANY**

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - LOSSES PAID AND INCURRED**

| Line of Business  | Losses Paid Less Salvage |                             |                               |  | 5<br>Net Losses<br>Unpaid<br>Current Year<br>(Part 2A, Col. 8) | 6<br>Net Losses<br>Unpaid<br>Prior Year | 7<br>Losses Incurred<br>Current Year<br>(Cols. 4 + 5 - 6) | 8<br>Percentage of Losses<br>Incurred<br>(Col. 7, Part 2)<br>to Premiums Earned<br>(Col. 4, Part 1) |
|---|--------------------------|-----------------------------|-------------------------------|--|--|---|---|---|
|   | 1<br>Direct Business     | 2<br>Reinsurance<br>Assumed | 3<br>Reinsurance<br>Recovered | 4<br>Net Payments<br>(Cols. 1 + 2 - 3) |  |   |   |   |
| 1. Fire   | 991,258                  | 103,232                     |                               | 1,094,490                              | 628,304  | 554,770                                 | 1,168,024   | 50.6  |
| 2. Allied lines   | 543,342                  | 31,583                      |                               | 574,925                                | 212,849  | 249,410                                 | 538,364   | 44.2  |
| 3. Farmowners multiple peril  |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 4. Homeowners multiple peril  | 18,721,309               | 230,036                     | 1,054,040                     | 17,897,305                             | 15,220,884   | 12,552,633                              | 20,565,556  | 55.1  |
| 5. Commercial multiple peril  | 3,655,442                | (504)                       | 11,094                        | 3,643,844                              | 5,514,844  | 6,077,858                               | 3,080,830   | 36.9  |
| 6. Mortgage guaranty  |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 8. Ocean marine   |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 9. Inland marine  | 164,990                  |                             |                               | 164,990                                | 87,131   | 58,196                                  | 193,925   | 30.9  |
| 10. Financial guaranty  |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 11.1 Medical malpractice - occurrence                               |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 11.2 Medical malpractice - claims-made                              |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 12. Earthquake  |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 13. Group accident and health                                       |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 14. Credit accident and health (group and individual)               |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 15. Other accident and health                                       |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 16. Workers' compensation   |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 17.1 Other liability - occurrence                                   | 1,565,659                | 23,132                      | 900,000                       | 688,791                                | 3,183,388  | 3,173,333                               | 698,846   | 32.6  |
| 17.2 Other liability - claims-made                                  |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 18.1 Products liability - occurrence                                |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 18.2 Products liability - claims-made                               |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 19.1,19.2 Private passenger auto liability                          | 837,896                  | 272                         |                               | 838,168                                | 1,737,983  | 1,470,932                               | 1,105,219   | 71.8  |
| 19.3,19.4 Commercial auto liability                                 |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 21. Auto physical damage  | 508,747                  |                             |                               | 508,747                                | 144,795  | 83,378                                  | 570,164   | 62.5  |
| 22. Aircraft (all perils)   |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 23. Fidelity  |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 24. Surety  |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 26. Burglary and theft  |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 27. Boiler and machinery  |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 28. Credit  |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 29. International   |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 30. Warranty  |                          |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 31. Reinsurance - Nonproportional Assumed Property                  | XXX                      |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 32. Reinsurance - Nonproportional Assumed Liability                 | XXX                      | (20)                        |                               | (20)                                   | 6,676  | 27,732                                  | (21,076)  | .0  |
| 33. Reinsurance - Nonproportional Assumed Financial Lines           | XXX                      |                             |                               | .0                                     | .0   | .0                                      | .0  | .0  |
| 34. Aggregate write-ins for other lines of business                 | .0                       | .0                          | .0                            | .0                                     | .0   | .0                                      | .0  | .0  |
| 35. TOTALS  | 26,988,643               | 387,731                     | 1,965,134                     | 25,411,240                             | 26,736,854   | 24,248,242                              | 27,899,852  | 51.2  |
| <b>DETAILS OF WRITE-INS</b>   |                          |                             |                               |  |  |   |   |   |
| 3401.   |                          |                             |                               |  |  |   |   |   |
| 3402.   |                          |                             |                               |  |  |   |   |   |
| 3403.   |                          |                             |                               |  |  |   |   |   |
| 3498. Summary of remaining write-ins for Line 34 from overflow page | .0                       | .0                          | .0                            | .0                                     | .0   | .0                                      | .0  | .0  |
| 3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)       | .0                       | .0                          | .0                            | .0                                     | .0   | .0                                      | .0  | .0  |

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ANNUAL STATEMENT FOR THE YEAR 2008 OF THE PROVIDENCE MUTUAL FIRE INSURANCE COMPANY

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

| Line of Business  | Reported Losses |                          |  |   | Incurred But Not Reported |                          |                        | 8<br>Net Losses Unpaid<br>(Cols. 4 + 5 + 6 - 7) | 9<br>Net Unpaid Loss Adjustment Expenses |
|---|-----------------|--------------------------|--|---|---------------------------|--------------------------|------------------------|---|--|
|   | 1<br>Direct     | 2<br>Reinsurance Assumed | 3<br>Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies | 4<br>Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3) | 5<br>Direct               | 6<br>Reinsurance Assumed | 7<br>Reinsurance Ceded |   |  |
| 1. Fire   | 498,650         | 38,308                   |  | 536,958   | 55,203                    | 36,143                   |                        | 628,304   | 153,797                                  |
| 2. Allied lines   | 148,146         | 21,894                   |  | 170,040   | 40,096                    | 2,713                    |                        | 212,849   | 52,436                                   |
| 3. Farmowners multiple peril  |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 4. Homeowners multiple peril  | 11,946,104      | 134,548                  | 1,205,867  | 10,874,785  | 4,924,560                 | 46,539                   | 625,000                | 15,220,884                                      | 4,097,306                                |
| 5. Commercial multiple peril  | 2,701,456       | 9,116                    |  | 2,710,572   | 3,136,272                 |                          | 332,000                | 5,514,844                                       | 2,228,383                                |
| 6. Mortgage guaranty  |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 8. Ocean marine   |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 9. Inland marine  | 46,438          | 693                      |  | 47,131  | 40,000                    |                          |                        | 87,131  | 22,292                                   |
| 10. Financial guaranty  |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 11.1 Medical malpractice - occurrence                               |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 11.2 Medical malpractice - claims-made                              |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 12. Earthquake  |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 13. Group accident and health                                       |                 |                          |  | 0   |                           |                          |                        | (a) 0   |  |
| 14. Credit accident and health (group and individual)               |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 15. Other accident and health                                       |                 |                          |  | 0   |                           |                          |                        | (a) 0   |  |
| 16. Workers' compensation   |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 17.1 Other liability - occurrence                                   | 993,421         | 74,876                   | 9,450  | 1,058,847   | 2,155,000                 | 144,541                  | 175,000                | 3,183,388                                       | 1,026,090                                |
| 17.2 Other liability - claims-made                                  |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 18.1 Products liability - occurrence                                |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 18.2 Products liability - claims-made                               |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 19.1,19.2 Private passenger auto liability                          | 1,147,945       | 33                       |  | 1,147,978   | 590,000                   | 5                        |                        | 1,737,983                                       | 356,695                                  |
| 19.3,19.4 Commercial auto liability                                 |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 21. Auto physical damage  | 94,793          |                          |  | 94,793  | 50,000                    | 2                        |                        | 144,795   | 29,717                                   |
| 22. Aircraft (all perils)   |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 23. Fidelity  |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 24. Surety  |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 26. Burglary and theft  |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 27. Boiler and machinery  |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 28. Credit  |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 29. International   |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 30. Warranty  |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 31. Reinsurance - Nonproportional Assumed Property                  | XXX             |                          |  | 0   | XXX                       |                          |                        | 0   |  |
| 32. Reinsurance - Nonproportional Assumed Liability                 | XXX             | 24                       |  | 24  | XXX                       | 6,652                    |                        | 6,676   |  |
| 33. Reinsurance - Nonproportional Assumed Financial Lines           | XXX             |                          |  | 0   | XXX                       |                          |                        | 0   |  |
| 34. Aggregate write-ins for other lines of business                 | 0               | 0                        | 0  | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 35. TOTALS  | 17,576,953      | 279,492                  | 1,215,317  | 16,641,128  | 10,991,131                | 236,595                  | 1,132,000              | 26,736,854                                      | 7,966,716                                |
| <b>DETAILS OF WRITE-INS</b>   |                 |                          |  |   |                           |                          |                        |   |  |
| 3401.   |                 |                          |  |   |                           |                          |                        |   |  |
| 3402.   |                 |                          |  |   |                           |                          |                        |   |  |
| 3403.   |                 |                          |  |   |                           |                          |                        |   |  |
| 3498. Summary of remaining write-ins for Line 34 from overflow page | 0               | 0                        | 0  | 0   | 0                         | 0                        | 0                      | 0   | 0  |
| 3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above)       | 0               | 0                        | 0  | 0   | 0                         | 0                        | 0                      | 0   | 0  |

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

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UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

|   | 1<br>Loss Adjustment<br>Expenses | 2<br>Other Underwriting<br>Expenses | 3<br>Investment<br>Expenses | 4<br>Total |
|---|----------------------------------|-------------------------------------|-----------------------------|------------|
| 1. Claim adjustment services:   |                                  |                                     |                             |            |
| 1.1 Direct .....  | 3,411,392                        |                                     |                             | 3,411,392  |
| 1.2 Reinsurance assumed .....   | 45,483                           |                                     |                             | 45,483     |
| 1.3 Reinsurance ceded .....   | (120,055)                        |                                     |                             | (120,055)  |
| 1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) .....                               | 3,576,930                        | 0                                   | 0                           | 3,576,930  |
| 2. Commission and brokerage:  |                                  |                                     |                             |            |
| 2.1 Direct, excluding contingent .....  |                                  | 12,935,496                          |                             | 12,935,496 |
| 2.2 Reinsurance assumed, excluding contingent .....                                     |                                  | 119,733                             |                             | 119,733    |
| 2.3 Reinsurance ceded, excluding contingent .....                                       |                                  | 933,910                             |                             | 933,910    |
| 2.4 Contingent-direct .....   |                                  | 1,794,177                           |                             | 1,794,177  |
| 2.5 Contingent-reinsurance assumed .....  |                                  |                                     |                             | 0          |
| 2.6 Contingent-reinsurance ceded .....  |                                  | 115,005                             |                             | 115,005    |
| 2.7 Policy and membership fees .....  |                                  |                                     |                             | 0          |
| 2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....        | 0                                | 13,800,491                          | 0                           | 13,800,491 |
| 3. Allowances to manager and agents .....   |                                  |                                     |                             | 0          |
| 4. Advertising .....  |                                  | 60,908                              |                             | 60,908     |
| 5. Boards, bureaus and associations .....   |                                  | 396,260                             |                             | 396,260    |
| 6. Surveys and underwriting reports .....   |                                  | 451,116                             |                             | 451,116    |
| 7. Audit of assureds' records .....   |                                  | 17,839                              |                             | 17,839     |
| 8. Salary and related items:  |                                  |                                     |                             |            |
| 8.1 Salaries .....  | 1,204,274                        | 2,747,757                           | 309,378                     | 4,261,409  |
| 8.2 Payroll taxes .....   | 99,908                           | 227,957                             | 25,666                      | 353,531    |
| 9. Employee relations and welfare .....   | 423,496                          | 966,278                             | 108,796                     | 1,498,570  |
| 10. Insurance .....   | 36,771                           | 83,900                              | 9,447                       | 130,118    |
| 11. Directors' fees .....   | 71,952                           | 164,171                             | 18,485                      | 254,608    |
| 12. Travel and travel items .....   | 49,432                           | 112,788                             | 12,699                      | 174,919    |
| 13. Rent and rent items .....   | 34,217                           | 78,072                              | 8,790                       | 121,079    |
| 14. Equipment .....   | 47,903                           | 109,299                             | 12,306                      | 169,508    |
| 15. Cost or depreciation of EDP equipment and software .....                            | 34,940                           | 79,722                              | 8,976                       | 123,638    |
| 16. Printing and stationery .....   | 47,491                           | 108,359                             | 12,201                      | 168,051    |
| 17. Postage, telephone and telegraph, exchange and express .....                        | 116,162                          | 265,044                             | 29,842                      | 411,048    |
| 18. Legal and auditing .....  | 56,991                           | 130,034                             | 253,858                     | 440,883    |
| 19. Totals (Lines 3 to 18) .....  | 2,223,537                        | 5,999,504                           | 810,444                     | 9,033,485  |
| 20. Taxes, licenses and fees:   |                                  |                                     |                             |            |
| 20.1 State and local insurance taxes deducting guaranty association credits of \$ ..... |                                  | 1,187,617                           |                             | 1,187,617  |
| 20.2 Insurance department licenses and fees .....                                       |                                  | 226,143                             |                             | 226,143    |
| 20.3 Gross guaranty association assessments .....                                       |                                  | (22,367)                            |                             | (22,367)   |
| 20.4 All other (excluding federal and foreign income and real estate) .....             |                                  |                                     |                             | 0          |
| 20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....                   | 0                                | 1,391,393                           | 0                           | 1,391,393  |
| 21. Real estate expenses .....  |                                  |                                     | 258,129                     | 258,129    |
| 22. Real estate taxes .....   |                                  |                                     | 73,463                      | 73,463     |
| 23. Reimbursements by uninsured plans .....   |                                  |                                     |                             | 0          |
| 24. Aggregate write-ins for miscellaneous expenses .....                                | 659,432                          | 1,504,604                           | 169,409                     | 2,333,445  |
| 25. Total expenses incurred .....   | 6,459,899                        | 22,695,992                          | 1,311,445 (a)               | 30,467,336 |
| 26. Less unpaid expenses - current year .....   | 7,966,716                        | 3,701,124                           | 233,564                     | 11,901,404 |
| 27. Add unpaid expenses - prior year .....  | 7,522,037                        | 3,590,110                           | 238,869                     | 11,351,016 |
| 28. Amounts receivable relating to uninsured plans, prior year .....                    | 0                                | 0                                   | 0                           | 0          |
| 29. Amounts receivable relating to uninsured plans, current year .....                  | 0                                | 0                                   | 0                           | 0          |
| 30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....                            | 6,015,220                        | 22,584,978                          | 1,316,750                   | 29,916,948 |
| <b>DETAILS OF WRITE-INS</b>   |                                  |                                     |                             |            |
| 2401. Software Maintenance.....   | 442,795                          | 1,010,313                           | 113,754                     | 1,566,862  |
| 2402. Outside Services.....   | 107,417                          | 245,089                             | 27,595                      | 380,101    |
| 2403. FAIR Plan - CAR - MAERP.....  | 91,016                           | 207,670                             | 23,382                      | 322,068    |
| 2498. Summary of remaining write-ins for Line 24 from overflow page .....               | 18,204                           | 41,532                              | 4,678                       | 64,414     |
| 2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above) .....                  | 659,432                          | 1,504,604                           | 169,409                     | 2,333,445  |

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

EXHIBIT OF NET INVESTMENT INCOME

|   | 1<br>Collected<br>During Year | 2<br>Earned<br>During Year |
|---|-------------------------------|----------------------------|
| 1. U.S. Government bonds  | (a) 190,544                   | 229,160                    |
| 1.1 Bonds exempt from U.S. tax  | (a) 1,285,780                 | 1,247,833                  |
| 1.2 Other bonds (unaffiliated)  | (a) 1,077,165                 | 1,123,848                  |
| 1.3 Bonds of affiliates   | (a) 0                         | 0                          |
| 2.1 Preferred stocks (unaffiliated)                                     | (b) 146,498                   | 146,498                    |
| 2.11 Preferred stocks of affiliates                                     | (b) 0                         | 0                          |
| 2.2 Common stocks (unaffiliated)  | 1,728,066                     | 1,681,011                  |
| 2.21 Common stocks of affiliates  | 0                             | 0                          |
| 3. Mortgage loans   | (c) 0                         | 0                          |
| 4. Real estate  | (d) 120,000                   | 120,000                    |
| 5. Contract loans   | 0                             | 0                          |
| 6. Cash, cash equivalents and short-term investments                    | (e) 453,815                   | 429,987                    |
| 7. Derivative instruments   | (f) 0                         | 0                          |
| 8. Other invested assets  | 230,094                       | 200,265                    |
| 9. Aggregate write-ins for investment income                            | 202,003                       | 202,003                    |
| 10. Total gross investment income                                       | 5,433,965                     | 5,380,605                  |
| 11. Investment expenses   |                               | (g) 1,311,444              |
| 12. Investment taxes, licenses and fees, excluding federal income taxes |                               | (g) 0                      |
| 13. Interest expense  |                               | (h) 0                      |
| 14. Depreciation on real estate and other invested assets               |                               | (i) 136,020                |
| 15. Aggregate write-ins for deductions from investment income           |                               | 0                          |
| 16. Total deductions (Lines 11 through 15)                              |                               | 1,447,464                  |
| 17. Net investment income (Line 10 minus Line 16)                       |                               | 3,933,141                  |
| <b>DETAILS OF WRITE-INS</b>   |                               |                            |
| 0901. Pools & Associations  | 200,873                       | 200,873                    |
| 0902. Other   | 1,130                         | 1,130                      |
| 0903.   | 0                             | 0                          |
| 0998. Summary of remaining write-ins for Line 9 from overflow page      | 0                             | 0                          |
| 0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)        | 202,003                       | 202,003                    |
| 1501.   |                               |                            |
| 1502.   |                               |                            |
| 1503.   |                               |                            |
| 1598. Summary of remaining write-ins for Line 15 from overflow page     |                               | 0                          |
| 1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)       |                               | 0                          |

(a) Includes \$ 66,843 accrual of discount less \$ 586,130 amortization of premium and less \$ 84,907 paid for accrued interest on purchases.  
 (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.  
 (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.  
 (d) Includes \$ 120,000 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.  
 (e) Includes \$ 119,470 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.  
 (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.  
 (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
 (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.  
 (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

|  | 1<br>Realized<br>Gain (Loss)<br>On Sales or<br>Maturity | 2<br>Other<br>Realized<br>Adjustments | 3<br>Total Realized Capital<br>Gain (Loss)<br>(Columns 1 + 2) | 4<br>Change in Unrealized<br>Capital Gain (Loss) | 5.<br>Change in Unrealized<br>Foreign Exchange<br>Capital Gain (Loss) |
|--|---|---------------------------------------|---|--|---|
| 1. U.S. Government bonds   | 0   | 0                                     | 0   | 0  | 0   |
| 1.1 Bonds exempt from U.S. tax                                     | 0   | 0                                     | 0   | 0  | 0   |
| 1.2 Other bonds (unaffiliated)                                     | 191,326   | (2,089,898)                           | (1,898,572)   | (55,000)   | 0   |
| 1.3 Bonds of affiliates  | 0   | 0                                     | 0   | 0  | 0   |
| 2.1 Preferred stocks (unaffiliated)                                | (25,601)  | (2,035,065)                           | (2,060,666)   | (56,000)   | 0   |
| 2.11 Preferred stocks of affiliates                                | 0   | 0                                     | 0   | 0  | 0   |
| 2.2 Common stocks (unaffiliated)                                   | 4,964,419   | (5,585,026)                           | (620,607)   | (31,736,842)                                     | 0   |
| 2.21 Common stocks of affiliates                                   | 0   | 0                                     | 0   | 4,761  | 0   |
| 3. Mortgage loans  | 0   | 0                                     | 0   | 0  | 0   |
| 4. Real estate   | 238,441   | 0                                     | 238,441   | 0  | 0   |
| 5. Contract loans  | 0   | 0                                     | 0   | 0  | 0   |
| 6. Cash, cash equivalents and short-term investments               | 6,241   | 0                                     | 6,241   | 0  | 0   |
| 7. Derivative instruments  | 0   | 0                                     | 0   | 0  | 0   |
| 8. Other invested assets   | (879,865)   | 0                                     | (879,865)   | 156,168  | 0   |
| 9. Aggregate write-ins for capital gains (losses)                  | 0   | 0                                     | 0   | 0  | 0   |
| 10. Total capital gains (losses)                                   | 4,494,961   | (9,709,989)                           | (5,215,028)   | (31,686,913)                                     | 0   |
| <b>DETAILS OF WRITE-INS</b>  |   |                                       |   |  |   |
| 0901.  |   |                                       |   |  |   |
| 0902.  |   |                                       |   |  |   |
| 0903.  |   |                                       |   |  |   |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | 0   | 0                                     | 0   | 0  | 0   |
| 0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)   | 0   | 0                                     | 0   | 0  | 0   |

EXHIBIT OF NONADMITTED ASSETS

|  | 1  | 2                                | 3  |
|--|--|----------------------------------|--|
|  | Current Year Total<br>Nonadmitted Assets | Prior Year<br>Nonadmitted Assets | Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
| 1. Bonds (Schedule D).....   | 0  | 0                                | 0  |
| 2. Stocks (Schedule D):  |  |                                  |  |
| 2.1 Preferred stocks .....   | 0  | 0                                | 0  |
| 2.2 Common stocks .....  | 0  | 0                                | 0  |
| 3. Mortgage loans on real estate (Schedule B):   |  |                                  |  |
| 3.1 First liens .....  | 0  | 0                                | 0  |
| 3.2 Other than first liens .....   | 0  | 0                                | 0  |
| 4. Real estate (Schedule A):   |  |                                  |  |
| 4.1 Properties occupied by the company .....   | 0  | 0                                | 0  |
| 4.2 Properties held for the production of income.....  | 0  | 0                                | 0  |
| 4.3 Properties held for sale .....   | 0  | 0                                | 0  |
| 5. Cash (Schedule-E Part 1), cash equivalents (Schedule-E Part 2) and<br>short-term investments (Schedule DA).....     | 0  | 0                                | 0  |
| 6. Contract loans .....  | 0  | 0                                | 0  |
| 7. Other invested assets (Schedule BA) .....   | 0  | 0                                | 0  |
| 8. Receivables for securities .....  | 0  | 0                                | 0  |
| 9. Aggregate write-ins for invested assets .....   | 0  | 0                                | 0  |
| 10. Subtotals, cash and invested assets (Lines 1 to 9) .....   | 0  | 0                                | 0  |
| 11. Title plants (for Title insurers only).....  | 0  | 0                                | 0  |
| 12. Investment income due and accrued .....  | 0  | 0                                | 0  |
| 13. Premiums and considerations:   |  |                                  |  |
| 13.1 Uncollected premiums and agents' balances in the course of<br>collection .....                                    | 120,390                                  | 118,523                          | (1,867)  |
| 13.2 Deferred premiums, agents' balances and installments booked but deferred<br>and not yet due.....                  | 0  | 0                                | 0  |
| 13.3 Accrued retrospective premiums.....   | 0  | 0                                | 0  |
| 14. Reinsurance:   |  |                                  |  |
| 14.1 Amounts recoverable from reinsurers .....   | 0  | 0                                | 0  |
| 14.2 Funds held by or deposited with reinsured companies .....   | 0  | 0                                | 0  |
| 14.3 Other amounts receivable under reinsurance contracts .....  | 0  | 0                                | 0  |
| 15. Amounts receivable relating to uninsured plans .....   | 0  | 0                                | 0  |
| 16.1 Current federal and foreign income tax recoverable and interest thereon .....                                     | 0  | 0                                | 0  |
| 16.2 Net deferred tax asset.....   | 112,499                                  | 0                                | (112,499)  |
| 17. Guaranty funds receivable or on deposit .....  | 0  | 0                                | 0  |
| 18. Electronic data processing equipment and software.....   | 163,390                                  | 366,754                          | 203,364  |
| 19. Furniture and equipment, including health care delivery assets.....  | 383,059                                  | 477,618                          | 94,559   |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates .....                                       | 0  | 0                                | 0  |
| 21. Receivables from parent, subsidiaries and affiliates .....   | 0  | 0                                | 0  |
| 22. Health care and other amounts receivable.....  | 0  | 0                                | 0  |
| 23. Aggregate write-ins for other than invested assets .....   | 600                                      | 600                              | 0  |
| 24. Total assets excluding Separate Accounts, Segregated Accounts and<br>Protected Cell Accounts (Lines 10 to 23)..... | 779,938                                  | 963,495                          | 183,557  |
| 25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                                       | 0  | 0                                | 0  |
| 26. Total (Lines 24 and 25)  | 779,938                                  | 963,495                          | 183,557  |
| <b>DETAILS OF WRITE-INS</b>  |  |                                  |  |
| 0901. ....   |  |                                  |  |
| 0902. ....   |  |                                  |  |
| 0903. ....   |  |                                  |  |
| 0998. Summary of remaining write-ins for Line 9 from overflow page .....   | 0  | 0                                | 0  |
| 0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)   | 0  | 0                                | 0  |
| 2301. Other Assets.....  | 600                                      | 600                              | 0  |
| 2302. ....   |  |                                  |  |
| 2303. ....   |  |                                  |  |
| 2398. Summary of remaining write-ins for Line 23 from overflow page .....  | 0  | 0                                | 0  |
| 2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)  | 600                                      | 600                              | 0  |

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

#### A) Accounting Practices

The accompanying financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the State of Rhode Island Department of Business Regulation Insurance Division. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual (NAIC SAP) has been adopted as a prescribed or permitted practices by the State of Rhode Island Department of Business Regulation Insurance Division.

The Company, with the explicit permission of the State of Rhode Island Department of Business Regulation Insurance Division, records its investment in an unaudited wholly owned subsidiary as an admitted asset. If the investment was non-admitted, common stocks and statutory surplus would be decreased by \$1,301,468 and \$1,296,707 as of December 31, 2008 and 2007, respectively.

#### B) Use of Estimates in Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

#### C) Accounting Policies

Premiums are earned over the terms of the related insurance policies. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by semi-monthly pro-rata methods for direct and ceded business.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at either amortized cost using the interest method or the lower of amortized cost or fair market value.
3. Unaffiliated common stocks are stated at fair market value. Common stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
4. Redeemable preferred stocks in good standing are carried at amortized cost. Perpetual preferred stocks in good standing are carried at fair market value. Other preferred stocks not in good standing are carried at the lower of amortized cost or fair market value.
5. Loan-backed securities are stated at either amortized cost, using the interest method or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities except for interest only securities, EITF 90-20 eligible securities or securities where the yield had become negative that are valued using the prospective method.
6. Real estate is stated at cost less accumulated depreciation.
7. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessary based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

### 2. Accounting Changes and Corrections of Errors

There have been no accounting changes or corrections of errors during the statement periods.

### 3. Business Combinations and Goodwill

Not applicable.

### 4. Discontinued Operations

Not applicable.

### 5. Investments

#### A) Mortgage Loans

Not applicable.

#### B) Debt Restructuring

Not applicable.

#### C) Reverse Mortgages

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

## D) Loan-Backed Securities

- 1) When applying the retrospective method, the Company uses historical cash flows and has elected not to use book values as of January 1, 1994 as the cost for securities purchased prior to January 1, 1994.
- 2) Prepayment assumptions for mortgage-backed securities, Asset-backed securities and Collateralized Mortgage Obligations were generated using a purchased prepayment model. The prepayment model uses a number of factors to estimate prepayment activity including the time of year (seasonality), current levels of interest rates (refinancing incentive), economic activity (including housing turnover) and term and age of the underlying collateral (burnout, seasoning).
- 3) The market values of bonds and preferred stocks are based upon closing prices of publicly traded issues. The market value of other issues was obtained from FT-Interactive, Reuters, Kenney Information Systems, Lehman Brothers, Bear Stearns, Bloomberg or independent security dealers.
- 4) The company has no negative yield situations requiring a change from the retrospective to prospective method.

## E) Repurchase Agreements

Not applicable.

## F) Real Estate

Not applicable.

## G) Low-Income Housing Tax Credits

Not applicable.

## 6. Joint Ventures, Partnerships and Limited Liability Companies

- A) The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- B) The Company did not recognize an impairment write down during 2008.

## 7. Investment Income

Due and accrued income was included in investment income during the statement periods.

## 8. Derivative Instruments

Not applicable.

## 9. Income Taxes

- A) The Components of the net deferred asset / (liability) at December 31 are as follows:

|  |                    |                     |
|--|--------------------|---------------------|
| Gross deferred tax assets              | \$ 7,773,295       | 5,451,135           |
| Gross deferred tax liabilities         | <u>(3,539,947)</u> | <u>(14,326,656)</u> |
| Net deferred tax asset / (liability)   | 4,233,348          | (8,875,521)         |
| Total deferred tax assets nonadmitted  | 112,499            | 0                   |
| Increase in deferred taxes nonadmitted | 112,499            | 0                   |

- B) Unrecognized DTL's

Not applicable.

## C) Current Tax and Change in Deferred Tax

Current income taxes incurred consist of the following major components at December 31, 2008 and 2007, respectively:

|                                 | <u>2008</u>     | <u>2007</u>      |
|---------------------------------|-----------------|------------------|
| Federal                         | \$ (1,981,052)  | 229,169          |
| Realized capital gains tax      | 2,402,540       | 2,992,214        |
| Prior year under (over) accrual | <u>(20,140)</u> | <u>(78,420)</u>  |
| Current year expense incurred   | <u>401,348</u>  | <u>3,142,963</u> |

## NOTES TO FINANCIAL STATEMENTS

The main components of Deferred Tax Assets and Deferred Tax Liabilities at December 31, 2008 and December 31, 2007 are as follows:

|                                       | <u>2008</u>    | <u>2007</u>    |
|---------------------------------------|----------------|----------------|
| <u>Deferred Tax Assets</u>            |                |                |
| Unearned premium reserve              | \$ 2,252,478   | 2,276,572      |
| Loss and LAE reserves                 | 1,060,596      | 1,009,402      |
| Impairment of Stocks & Bonds          | 3,295,091      | 1,098,085      |
| Investment in Partnership             | 327,766        | 332,385        |
| Anticipated salvage / subrogation     | 307,276        | 276,536        |
| Net operating loss carryforward       | 43,392         | 43,392         |
| Other                                 | <u>508,392</u> | <u>414,763</u> |
| Total Deferred Tax Assets             | 7,773,295      | 5,451,135      |
| Total Deferred Tax Assets Nonadmitted | 112,499        | 0              |
| <u>Deferred Tax Liabilities</u>       |                |                |
| Common stocks                         | 3,493,256      | 14,248,704     |
| Bond market discount                  | 14,225         | 29,872         |
| Accrued dividends                     | <u>32,466</u>  | <u>48,080</u>  |
| Total Deferred Tax Liabilities        | 3,539,947      | 14,326,656     |
| Net                                   | 4,223,348      | (8,875,521)    |

## D) Reconciliation of Federal Income Tax Rate to Actual Effective Rate

Among the more significant book to tax adjustments at December 31, 2008 and December 31, 2007 were the following:

|   | <u>2008</u>        | <u>2007</u>      |
|---|--------------------|------------------|
| Income tax expense computed at federal statutory rate | \$ (1,366,266)     | 2,783,121        |
| Change in non-admitted assets                         | (119,293)          | 124,857          |
| Dividend received deduction (net of proration)        | (306,810)          | (361,718)        |
| Tax exempt interest (net of proration)                | (360,624)          | (373,271)        |
| Prior year true-up of deferred taxes                  | 5,323              | 42,719           |
| Over/Under accrual of prior year taxes                | (20,140)           | (78,420)         |
| Other, net  | <u>215,737</u>     | <u>8,606</u>     |
| Current year expense incurred                         | <u>(1,952,073)</u> | <u>2,145,894</u> |
| Federal and foreign taxes incurred                    | 401,348            | 3,142,963        |
| Change in net deferred income tax                     | <u>(2,353,421)</u> | <u>(997,069)</u> |
|   | <u>(1,952,073)</u> | <u>2,145,894</u> |

## E) Operating Loss and Tax Credit Carryforwards

- At December 31, 2008 and 2007, the Company had unused operating loss carryforwards available of \$127,624 to offset against future taxable income.
- The amounts of federal income taxes incurred and available for recoupment in the event of future losses are:

|                      |            |
|----------------------|------------|
| Current year         | \$ 421,488 |
| First preceding year | 3,221,383  |

## F) Consolidated Federal Income Tax Return

- The Company's federal income tax return is consolidated with The Providence Plantations Insurance Company.
- Income taxes are allocated based on a ratio of each member's taxable income or loss to the consolidated taxable income. Intercompany tax balances are settled annually.

## 10. Information Concerning Parent, Subsidiaries and Affiliates

## A) Nature of Relationships

The Company is not directly or indirectly owned or controlled by any other entity.

B-K) Not applicable.

## 11. Debt

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

### 12. Retirement Plans, Deferred Compensation and Other Postretirement Benefit Plans

#### A) Defined Benefit Plan

Not applicable.

#### B) Defined Contribution Plan

The Company maintains a 401(k) / Profit Sharing Plan which covers substantially all officers and employees. Under this plan, the Company currently matches 25% of participants pre-tax contributions up to 10.5% of wages to the plan, the Company may contribute a percentage of participants taxable wage base without the requirement of a contribution by the participant and the Company may contribute a percentage of participants taxable wages based on the achievement of goals as stated in the employee incentive plan.

The Company maintains a nonqualified excess benefit plan which is credited for benefits which exceed the government's restrictions on how much pre-tax investment an employee may make.

#### C) Multiemployer Plans

Not applicable.

#### D) Consolidated / Holding Company Plans

Not applicable.

#### E&F) Postemployment Benefits and Compensated Absences

Not applicable.

### 13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

#### 1-5) Not applicable.

#### 6-7) Mutual Surplus & Advances

No restrictions have been placed upon the unassigned surplus funds and there are no outstanding unpaid advances to surplus as of the reporting periods.

#### 8-9) Not applicable.

#### 10) Changes in Unassigned Funds at December 31, 2008 and 2007.

| Description                 | Current Year Increase<br>(Decrease) in Surplus | Prior Year Increase<br>(Decrease) in Surplus |
|-----------------------------|--|--|
| Unrealized gains and losses | (20,913,363)                                   | (5,139,699)                                  |
| Net deferred income taxes   | 2,110,604                                      | 1,097,946                                    |
| Nonadmitted asset values    | 296,056  | 379,319                                      |
| Other                       | 0  | 2,000  |

#### 11-13) Not applicable.

### 14. Contingencies

#### A) Contingent Commitments

Not applicable.

#### B) Assessments

The Company is subject to guaranty fund assessments by the state in which it writes business. The Company has established a guaranty fund accrual which represents management's best estimate based on the information received by the Company as of the current reporting period.

#### C) Gain Contingencies

Not applicable.

#### D) Claims Relating to Extra Contractual Obligations & Bad Faith Losses

Not applicable.

#### E) All Other Contingencies

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

### 15. Leases

The Company does not have any material lease obligations at this time.

### 16. Information about Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

## 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A) Transfers of Receivables reported as Sales  
Not applicable.

B) Transfer and Servicing of Financial Assets  
Not applicable.

C) Wash Sales  
Not applicable.

## 18. Gain or Loss to the Insurer from Uninsured A&amp;H Plans and the Uninsured Portion of Partially Insured Plans

A) ASO Plans  
Not applicable.

B) ASC Plans  
Not applicable.

C) Medicare or Similarly Structured Cost Based Reimbursement Contract  
Not applicable.

## 19. Direct Premium Written / Produced by Managing General Agents / Third Party Administrators

Not applicable.

## 20. Other Items

A) Extraordinary Items  
Not applicable.

B) Troubled Debt Restructuring: Debtors  
Not applicable.

C) Other Disclosures  
1. Certain 2006 balances have been reclassified to conform to the 2007 Annual Statement presentation.

D) Uncollectible Premiums Receivable  
At December 31, 2008 the Company had admitted assets of \$8,232,000 in premiums receivable from agents and policyholders. The Company routinely assesses the collectibility of these receivables. Based on the Company experience, less than 2% of the balance may become uncollectible and the potential is not material to the Company's financial condition.

E) Business Interruption Insurance Recoveries  
Not applicable.

F) State Transferable Tax Credits  
Not applicable.

G) Hybrid Securities  
Not applicable.

## H) Subprime Mortgage Related Risk Exposure

The Company does not engage in direct subprime residential mortgage lending. The Company's exposure to subprime is limited to investments within the fixed income investment portfolio which contains securities collateralized by mortgages that have characteristics of subprime lending. Such characteristics include an interest rate above prime to borrowers who do not qualify for prime rate loans, borrowers with low credit ratings (FICO scores), unconventionally high initial loan-to-value ratios, and borrowers with less than conventional documentation of their income and / or net assets.

The Company minimizes risk exposure by holding securities which carry higher credit ratings and by monitoring the underlying collateral performance on an ongoing basis.

The chart below summarizes the Actual Cost, Book Adjusted Carrying Value and the Fair Value of subprime mortgage related risk exposure.

| <u>Cost</u> | <u>Book Adjusted Carrying Value</u> | <u>Fair Value</u> | <u>Other-than-temporary impairment losses recognized to date</u> |
|-------------|-------------------------------------|-------------------|--|
| \$3,464,203 | \$1,658,819                         | \$1,658,819       | \$1,961,553  |

## 21. Events Subsequent

Not applicable.

**NOTES TO FINANCIAL STATEMENTS**

22. Reinsurance

A) Unsecured Reinsurance Recoverables

The Company does not have any unsecured aggregate recoverables for losses; paid and unpaid including IBNR, loss adjustment expenses, and unearned premium that exceeds 3% of the Company's policyholder surplus.

B) Reinsurance Recoverable in Dispute

There are no individual reinsurance recoverables on paid and unpaid (including IBNR) losses in dispute by reason of notification, arbitration or litigation with any company which exceeds 5% of the Company's policyholder surplus or aggregate reinsurance recoverables on paid and unpaid (including IBNR) losses in dispute which exceed 10% of the Company's policyholder surplus.

C) Reinsurance Assumed and Ceded

|              | ASSUMED<br>REINSURANCE    |                             | CEDED<br>REINSURANCE      |                             | NET                       |                             |
|--------------|---------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|
|              | Premium<br>Reserve<br>(1) | Commission<br>Equity<br>(2) | Premium<br>Reserve<br>(3) | Commission<br>Equity<br>(4) | Premium<br>Reserve<br>(5) | Commission<br>Equity<br>(6) |
| Affiliates   | \$ 0                      | \$ 0                        | \$ 0                      | \$ 0                        | \$ 0                      | \$ 0                        |
| All Other    | 441,504                   | 69,812                      | 1,303,991                 | 106,759                     | (862,487)                 | (36,947)                    |
| <b>TOTAL</b> | <b>\$ 441,504</b>         | <b>\$ 69,812</b>            | <b>\$ 1,303,991</b>       | <b>\$ 106,759</b>           | <b>\$ (862,487)</b>       | <b>\$ (36,947)</b>          |

Direct Unearned Premium Reserve \$33,987,163.

D) Uncollectible Reinsurance

The Company has not written off any uncollectible reinsurance during the statement periods.

E) Commutation of Ceded Reinsurance

Not Applicable.

F) Retroactive Reinsurance

The Company was not involved in any retroactive reinsurance contracts.

G) Reinsurance Accounted for as a Deposit

Not applicable.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Company was not involved in any retrospectively rated contracts during the statement periods.

24. Change in Incurred Losses and Loss Adjustment Expenses

There have been no changes in the provision for incurred loss and loss adjustment expense attributable to insured events of prior years.

25. Intercompany Pooling Arrangements

Not applicable.

26. Structured Settlements

The Company has not purchased any annuities under which the claimant is payee but for which the Company is contingently liable.

27. Health Care Receivables

Not applicable.

28. Participating Policies

Not applicable.

29. Premium Deficiency Reserves

Not applicable.

30. High Deductibles

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

31. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses  
Not applicable.
32. Asbestos/Environmental Reserves  
The Company has minor exposure to asbestos and / or environmental claims.
33. Subscriber Savings Accounts  
Not applicable.
34. Multiple Peril Crop Insurance  
Not applicable.

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? ..... Yes [  ] No [  ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? ..... Yes [  ] No [  ] NA [  ]
- 1.3 State Regulating? ..... Rhode Island.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [  ] No [  ]
- 2.2 If yes, date of change: .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ....12/31/2006
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ....12/31/2006
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....10/25/2007
- 3.4 By what department or departments? Rhode Island.....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? ..... Yes [  ] No [  ] NA [  ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [  ] No [  ] NA [  ]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
  - 4.11 sales of new business? ..... Yes [  ] No [  ]
  - 4.12 renewals? ..... Yes [  ] No [  ]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
  - 4.21 sales of new business? ..... Yes [  ] No [  ]
  - 4.22 renewals? ..... Yes [  ] No [  ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [  ] No [  ]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| 1<br>Name of Entity | 2<br>NAIC Company Code | 3<br>State of Domicile |
|---------------------|------------------------|------------------------|
|                     |                        |                        |
|                     |                        |                        |
|                     |                        |                        |
|                     |                        |                        |

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? ..... Yes [  ] No [  ]
- 6.2 If yes, give full information .....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? ..... Yes [  ] No [  ]
- 7.2 If yes,
  - 7.21 State the percentage of foreign control .....
  - 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney - in - fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney - in - fact).

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

**GENERAL INTERROGATORIES**

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [ X ]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [ X ]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

| 1              | 2                         | 3   | 4   | 5   | 6    | 7   |
|----------------|---------------------------|-----|-----|-----|------|-----|
| Affiliate Name | Location<br>(City, State) | FRB | OCC | OTS | FDIC | SEC |
|                |                           |     |     |     |      |     |

- 9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
KPMG LLP, 50 Kennedy Plaza, Providence, RI 02903
- 10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?.....  
Patricia A. Teufel, FCAS, MAAA - KPMG LLP, One Financial Plaza, Hartford, CT 06103-4103
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]
  - 11.11 Name of real estate holding company .....
  - 11.12 Number of parcels involved.....
  - 11.13 Total book/adjusted carrying value..... \$.....
- 11.2 If yes, provide explanation
- 12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ X ]
- 12.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ X ]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] NA [ ]
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? ..... Yes [ X ] No [ ]
  - a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
  - b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
  - c. Compliance with applicable governmental laws, rules and regulations;
  - d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
  - e. Accountability for adherence to the code.
- 13.11 If the response to 13.1 is No, please explain:
- 13.2 Has the code of ethics for senior managers been amended?..... Yes [ ] No [ X ]
- 13.21 If the response to 13.2 is Yes, provide information related to amendment(s).
- 13.3 Have any provisions of the code of ethics been waived for any of the specified officers?..... Yes [ ] No [ X ]
- 13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).

**BOARD OF DIRECTORS**

- 14. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? ..... Yes [ X ] No [ ]
- 15. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? ..... Yes [ X ] No [ ]
- 16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?..... Yes [ X ] No [ ]

# GENERAL INTERROGATORIES

## FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? ..... Yes [ ] No [ X ]
- 18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.11 To directors or other officers .. \$ .....0
  - 18.12 To stockholders not officers ... \$ .....0
  - 18.13 Trustees, supreme or grand (Fraternal only) ..... \$ .....
- 18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 18.21 To directors or other officers ... \$ .....0
  - 18.22 To stockholders not officers .... \$ .....0
  - 18.23 Trustees, supreme or grand (Fraternal only) ..... \$ .....
- 19.1 Were any assets reported in the statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? ..... Yes [ ] No [ X ]
- 19.2 If yes, state the amount thereof at December 31 of the current year:
- 19.21 Rented from others ..... \$ .....
  - 19.22 Borrowed from others ..... \$ .....
  - 19.23 Leased from others ..... \$ .....
  - 19.24 Other ..... \$ .....
- 20.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? ..... Yes [ ] No [ X ]
- 20.2 If answer is yes:
- 20.21 Amount paid as losses or risk adjustment ..... \$ .....
  - 20.22 Amount paid as expenses ..... \$ .....
  - 20.23 Other amounts paid ..... \$ .....
- 21.1 Does the reporting entity report any amounts due from the parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [ ] No [ X ]
- 21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ .....

## INVESTMENT

- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3)..... Yes [ X ] No [ ]
- 22.2 If no, give full and complete information relating thereto:
- 22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 16 where this information is also provide)
- 22.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?..... Yes [ ] No [ ]
- 22.5 If answer to 22.4 is YES, report amount of collateral ..... \$ .....
- 22.6 If answer to 22.4 is NO, report amount of collateral..... \$ .....
- 23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3) ..... Yes [ ] No [ X ]
- 23.2 If yes, state the amount thereof at December 31 of the current year:
- 23.21 Subject to repurchase agreements ..... \$ .....
  - 23.22 Subject to reverse repurchase agreements..... \$ .....
  - 23.23 Subject to dollar repurchase agreements..... \$ .....
  - 23.24 Subject to reverse dollar repurchase agreements.... \$ .....
  - 23.25 Pledged as collateral..... \$ .....
  - 23.26 Placed under option agreements..... \$ .....
  - 23.27 Letter stock or securities restricted as to sale..... \$ .....
  - 23.28 On deposit with state or other regulatory body..... \$ .....
  - 23.29 Other..... \$ .....
- 23.3 For category (23.27) provide the following:

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

- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [ ] No [ X ]
- 24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ] NA [ ]  
If no, attach a description with this statement.
- 25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? ..... Yes [ ] No [ X ]
- 25.2 If yes, state the amount thereof at December 31 of the current year. .... \$ .....

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE PROVIDENCE MUTUAL FIRE INSURANCE COMPANY

GENERAL INTERROGATORIES

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

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

| 1<br>Name of Custodian(s) | 2<br>Custodian's Address  |
|---------------------------|---|
| Bank of America.....      | 111 Westminster Street RI 1-102-10-03 Providence, RI 02903..... |

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

| 1<br>Name(s) | 2<br>Location(s) | 2<br>Complete Explanation(s) |
|--------------|------------------|------------------------------|
| .....        | .....            | .....                        |

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? ..... Yes [ ] No [ X ]

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

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

26.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

| 1<br>Central Registration Depository Number(s) | 2<br>Name                                    | 2<br>Address   |
|--|--|--|
| SEC File #801-22445.....                       | General Re New England Asset Management..... | 76 Batterson Park Road, Farmington, CT 06032-3065..... |

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

27.2 If yes, complete the following schedule:

| 1<br>CUSIP #              | 2<br>Name of Mutual Fund                | 3<br>Book/Adjusted Carrying Value |
|---------------------------|---|-----------------------------------|
| 27.2001. 464287-20-0..... | ISHARES S&P 500 INDEX FUND.....         | 2,230,657                         |
| 27.2002. 464287-62-2..... | ISHARES RUSSELL 1000 INDEX.....         | 1,339,038                         |
| 27.2003. 464287-65-5..... | ISHARES RUSSELL 2000 INDEX.....         | 4,333                             |
| 27.2004. 464287-80-4..... | ISHARES S&P SMALLCAP 600.....           | 1,002,516                         |
| 27.2005. 595635-10-3..... | S&P 400 MIDCAP DEPOSITARY RECEIPTS..... | 1,078,476                         |
| 27.2006. 78462F-10-3..... | S&P 500 DEPOSITARY RECEIPTS.....        | 5,757,312                         |
| 27.2999 TOTAL             |   | 11,412,332                        |

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

| 1<br>Name of Mutual Fund (from above table) | 2<br>Name of Significant Holding Of the Mutual Fund | 3<br>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding | 4<br>Date of Valuation |
|---|---|---|------------------------|
| ISHARES S&P 500 Index Fund.....             | Exxon Mobile Corp.....                              | 115,102   | 12/31/2008.....        |
| ISHARES S&P 500 Index Fund.....             | Procter & Gamble Co.....                            | 52,197  | 12/31/2008.....        |
| ISHARES S&P 500 Index Fund.....             | General Electric Co.....                            | 48,182  | 12/31/2008.....        |
| ISHARES S&P 500 Index Fund.....             | AT&T, Inc.....                                      | 47,513  | 12/31/2008.....        |
| ISHARES S&P 500 Index Fund.....             | Johnson & Johnson.....                              | 47,067  | 12/31/2008.....        |
| ISHARES Russell 1000 Index.....             | Exxon Mobil Corp.....                               | 47,804  | 12/31/2008.....        |
| ISHARES Russell 1000 Index.....             | General Electric Co.....                            | 34,547  | 12/31/2008.....        |
| ISHARES Russell 1000 Index.....             | Microsoft Corp.....                                 | 26,513  | 12/31/2008.....        |
| ISHARES Russell 1000 Index.....             | AT&T, Inc.....                                      | 23,165  | 12/31/2008.....        |
| ISHARES Russell 1000 Index.....             | Procter & Gamble Co.....                            | 20,889  | 12/31/2008.....        |
| ISHARES Russell 2000 Index.....             | Ralcorp Holdings Inc.....                           | 19  | 12/31/2008.....        |
| ISHARES Russell 2000 Index.....             | Myriad Genetics Inc.....                            | 17  | 12/31/2008.....        |
| ISHARES Russell 2000 Index.....             | Alexion Pharmaceuticals Inc.....                    | 16  | 12/31/2008.....        |
| ISHARES Russell 2000 Index.....             | Waste Connections Inc.....                          | 15  | 12/31/2008.....        |
| ISHARES Russell 2000 Index.....             | Realty Income Corp.....                             | 13  | 12/31/2008.....        |
| ISHARES S&P Smallcap 600.....               | Piedmont Natural Gas Co.....                        | 7,118   | 12/31/2008.....        |
| ISHARES S&P Smallcap 600.....               | Iltron Inc.....                                     | 6,717   | 12/31/2008.....        |
| ISHARES S&P Smallcap 600.....               | Atmos Energy Corp.....                              | 6,617   | 12/31/2008.....        |
| ISHARES S&P Smallcap 600.....               | Senior Housing Prop Trust.....                      | 6,316   | 12/31/2008.....        |

**GENERAL INTERROGATORIES**

| 1<br>Name of Mutual Fund<br>(from above table) | 2<br>Name of Significant Holding<br>Of the Mutual Fund | 3<br>Amount of Mutual Fund's<br>Book/Adjusted Carrying Value<br>Attributable to the Holding | 4<br>Date of Valuation |
|--|--|---|------------------------|
| ISHARES S&P Smallcap 600.....                  | Watson Wyatt World Wide.....                           | 6,216   | 12/31/2008.....        |
| S&P 400 Midcap Depository<br>Receipts.....     | Everest Re Group Inc.....                              | 7,657   | 12/31/2008.....        |
| S&P 400 Midcap Depository<br>Receipts.....     | Vertex Pharmaceuticals.....                            | 7,441   | 12/31/2008.....        |
| S&P 400 Midcap Depository<br>Receipts.....     | Health Care REIT Inc.....                              | 7,117   | 12/31/2008.....        |
| S&P 400 Midcap Depository<br>Receipts.....     | W.R. Berkley Corp.....                                 | 7,010   | 12/31/2008.....        |
| S&P 400 Midcap Depository<br>Receipts.....     | O'Reilly Automotive Inc.....                           | 6,687   | 12/31/2008.....        |
| S&P 500 Depository Receipts.....               | Exxon Mobil Corp.....                                  | 297,077   | 12/31/2008.....        |
| S&P 500 Depository Receipts.....               | Procter & Gamble Co.....                               | 135,297   | 12/31/2008.....        |
| S&P 500 Depository Receipts.....               | General Electric.....                                  | 124,358   | 12/31/2008.....        |
| S&P 500 Depository Receipts.....               | AT&T, Inc.....   | 122,631   | 12/31/2008.....        |
| S&P 500 Depository Receipts.....               | Johnson & Johnson.....                                 | 121,479   | 12/31/2008.....        |

**GENERAL INTERROGATORIES**

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

|                            | 1<br>Statement (Admitted)<br>Value | 2<br>Fair Value | 3<br>Excess of Statement<br>over Fair Value (-)<br>or Fair Value<br>over Statement (+) |
|----------------------------|------------------------------------|-----------------|--|
| 28.1 Bonds.....            | 80,731,362                         | 81,642,674      | 911,312  |
| 28.2 Preferred stocks..... | 0                                  | 0               | 0  |
| 28.3 Totals                | 80,731,362                         | 81,642,674      | 911,312  |

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

29.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? ..... Yes [ X ] No [ ]

29.2 If no, list exceptions:

**OTHER**

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$ .....389,567

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

| 1<br>Name                      | 2<br>Amount Paid |
|--------------------------------|------------------|
| Insurance Services Office..... | 279,618          |

31.1 Amount of payments for legal expenses, if any?.....\$ .....43,815

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

| 1<br>Name                               | 2<br>Amount Paid |
|---|------------------|
| Edwards Angell Palmer & Dodge LLP ..... | 43,630           |

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$ .....0

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

| 1<br>Name | 2<br>Amount Paid |
|-----------|------------------|
| .....     |                  |
| .....     |                  |

**GENERAL INTERROGATORIES**

(continued)

**PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes [ ] No [ X ]
- 1.2 If yes, indicate premium earned on U.S. business only. .... \$ .....0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... \$ .....

1.31 Reason for excluding

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .... \$ .....
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. .... \$ .....0

1.6 Individual policies:

Most current three years:

- 1.61 Total premium earned ..... \$ .....0
- 1.62 Total incurred claims ..... \$ .....0
- 1.63 Number of covered lives ..... .....

All years prior to most current three years:

- 1.64 Total premium earned ..... \$ .....0
- 1.65 Total incurred claims ..... \$ .....0
- 1.66 Number of covered lives ..... .....

1.7 Group policies:

Most current three years:

- 1.71 Total premium earned ..... \$ .....0
- 1.72 Total incurred claims ..... \$ .....0
- 1.73 Number of covered lives ..... .....

All years prior to most current three years:

- 1.74 Total premium earned ..... \$ .....0
- 1.75 Total incurred claims ..... \$ .....0
- 1.76 Number of covered lives ..... .....

2. Health Test:

|     |                         | 1                  |    | 2               |
|-----|-------------------------|--------------------|----|-----------------|
|     |                         | Current Year       |    | Prior Year      |
| 2.1 | Premium Numerator       | \$ .....0          | \$ | .....0          |
| 2.2 | Premium Denominator     | \$ .....54,449,069 | \$ | .....52,079,606 |
| 2.3 | Premium Ratio (2.1/2.2) | .....0.000         |    | .....0.000      |
| 2.4 | Reserve Numerator       | \$ .....0          | \$ | .....0          |
| 2.5 | Reserve Denominator     | \$ .....34,703,570 | \$ | .....65,249,272 |
| 2.6 | Reserve Ratio (2.4/2.5) | .....0.000         |    | .....0.000      |

- 3.1 Does the reporting entity issue both participating and non-participating policies? ..... Yes [ X ] No [ ]

3.2 If yes, state the amount of calendar year premiums written on:

- 3.21 Participating policies..... \$ .....7,462,620
- 3.22 Non-participating policies..... \$ .....55,506,613

4. For Mutual reporting entities and Reciprocal Exchanges only:

- 4.1 Does the reporting entity issue assessable policies?..... Yes [ ] No [ X ]
- 4.2 Does the reporting entity issue non-assessable policies?..... Yes [ X ] No [ ]
- 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?..... %
- 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums..... \$ .....

5. For Reciprocal Exchanges Only:

- 5.1 Does the exchange appoint local agents?..... Yes [ ] No [ ]

5.2 If yes, is the commission paid:

- 5.21 Out of Attorney's-in-fact compensation..... Yes [ ] No [ ] NA [ ]
- 5.22 As a direct expense of the exchange..... Yes [ ] No [ ] NA [ ]

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

- 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?..... Yes [ ] No [ ]

5.5 If yes, give full information

## GENERAL INTERROGATORIES

### PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:.....  
N/A.....
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:.....  
The Company uses computer modeling software to estimate its probable maximum loss as a result of a hurricane.....
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....  
The Company maintains a catastrophic reinsurance program to protect it from an excessive loss arising from a hurricane. ....
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?..... Yes  No
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.  
.....
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?..... Yes  No
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.....
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?..... Yes  No
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?..... Yes  No
- 8.2 If yes, give full information  
.....
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:  
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;  
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;  
(c) Aggregate stop loss reinsurance coverage;  
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;  
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or  
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity..... Yes  No
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling agreements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member, where:  
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or  
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract..... Yes  No
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:  
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;  
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and  
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 30 of SSAP No. 62, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:  
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or  
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?..... Yes  No
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:  
(a) The entity does not utilize reinsurance; or,..... Yes  No   
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or..... Yes  No   
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement..... Yes  No
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?..... Yes  No  N/A

**GENERAL INTERROGATORIES**  
**PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force:..... Yes [ ] No [ X ]  
 11.2 If yes, give full information .....
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 13.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:  
 12.11 Unpaid losses..... \$ .....  
 12.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$ .....
- 12.2 Of the amount on Line 13.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?..... \$ .....
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? ..... Yes [ ] No [ ] NA [ X ]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:  
 12.41 From..... %  
 12.42 To..... %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? ..... Yes [ ] No [ X ]
- 12.6 If yes, state the amount thereof at December 31 of the current year:  
 12.61 Letters of Credit..... \$ .....  
 12.62 Collateral and other funds..... \$ .....
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): ..... \$ ..... 500,000  
 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? ..... Yes [ ] No [ X ]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. .... 3
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? ..... Yes [ ] No [ X ]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants: .....
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? ..... Yes [ ] No [ ]
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? ..... Yes [ ] No [ ]
- 14.5 If answer to 14.4 is no, please explain: .....
- 15.1 Has the reporting entity guaranteed any financed premium accounts? ..... Yes [ ] No [ X ]
- 15.2 If yes, give full information .....
- 16.1 Does the reporting entity write any warranty business? ..... Yes [ ] No [ X ]
- If yes, disclose the following information for each of the following types of warranty coverage:

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

\* Disclose type of coverage:

**GENERAL INTERROGATORIES**  
**PART 2 - PROPERTY & CASUALTY INTERROGATORIES**

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5. Yes [ ] No [ X ]

Incurred but not reported losses on contracts not in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:

- 17.11 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5 \$ .....
- 17.12 Unfunded portion of Interrogatory 17.11..... \$ .....
- 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 \$ .....
- 17.14 Case reserves portion of Interrogatory 17.11..... \$ .....
- 17.15 Incurred but not reported portion of Interrogatory 17.11..... \$ .....
- 17.16 Unearned premium portion of Interrogatory 17.11..... \$ .....
- 17.17 Contingent commission portion of Interrogatory 17.11..... \$ .....

Provide the following information for all other amounts included in Schedule F – Part 3 and excluded from Schedule F – Part 5, not included above.

- 17.18 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5 \$ .....
- 17.19 Unfunded portion of Interrogatory 17.18..... \$ .....
- 17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 \$ .....
- 17.21 Case reserves portion of Interrogatory 17.18..... \$ .....
- 17.22 Incurred but not reported portion of Interrogatory 17.18..... \$ .....
- 17.23 Unearned premium portion of Interrogatory 17.18..... \$ .....
- 17.24 Contingent commission portion of Interrogatory 17.18..... \$ .....

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE PROVIDENCE MUTUAL FIRE INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

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

|   | 1<br>2008   | 2<br>2007   | 3<br>2006   | 4<br>2005   | 5<br>2004   |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Gross Premiums Written</b><br>(Page 8, Part 1B, Cols. 1, 2 & 3)  |             |             |             |             |             |
| 1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)  | 4,613,201   | 4,835,397   | 5,146,910   | 5,109,290   | 4,386,758   |
| 2. Property lines (Lines 1, 2, 9, 12, 21 & 26)  | 6,226,014   | 6,342,227   | 6,151,322   | 6,040,351   | 5,628,324   |
| 3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)  | 54,746,187  | 55,320,762  | 52,775,913  | 51,355,591  | 47,530,371  |
| 4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)   | 0           | 0           | 0           | 0           | 0           |
| 5. Nonproportional reinsurance lines (Lines 31, 32 & 33)  | (14,191)    | (634)       | (1,501)     | (1,299)     | (413)       |
| 6. Total (Line 35)  | 65,571,211  | 66,497,752  | 64,072,644  | 62,503,933  | 57,545,040  |
| <b>Net Premiums Written</b> (Page 8, Part 1B, Col. 6)   |             |             |             |             |             |
| 7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)  | 3,650,231   | 3,826,403   | 3,996,170   | 3,982,099   | 3,210,293   |
| 8. Property lines (Lines 1, 2, 9, 12, 21 & 26)  | 5,034,264   | 4,885,129   | 5,213,785   | 5,370,091   | 5,018,558   |
| 9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)  | 45,424,448  | 44,516,066  | 45,352,459  | 46,399,034  | 42,744,477  |
| 10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)  | 0           | 0           | 0           | 0           | 0           |
| 11. Nonproportional reinsurance lines (Lines 31, 32 & 33)   | (14,191)    | (634)       | (1,501)     | (1,299)     | (413)       |
| 12. Total (Line 35)   | 54,094,752  | 53,226,964  | 54,560,913  | 55,749,925  | 50,972,915  |
| <b>Statement of Income</b> (Page 4)   |             |             |             |             |             |
| 13. Net underwriting gain (loss) (Line 8)   | (2,606,674) | (2,131,435) | 1,813,528   | (176,977)   | (3,783,150) |
| 14. Net investment gain (loss) (Line 11)  | (3,684,427) | 7,449,183   | 11,124,306  | 8,039,286   | 9,467,882   |
| 15. Total other income (Line 15)  | 243,989     | 223,638     | 88,874      | 191,718     | 201,266     |
| 16. Dividends to policyholders (Line 17)  | 373,856     | 347,951     | 1,142,528   | 1,074,751   | 1,425,237   |
| 17. Federal and foreign income taxes incurred (Line 19)   | (2,001,192) | 150,749     | 3,652,165   | 2,405,705   | 1,193,970   |
| 18. Net income (Line 20)  | (4,419,776) | 5,042,686   | 8,232,015   | 4,573,571   | 3,266,791   |
| <b>Balance Sheet Lines</b> (Pages 2 and 3)  |             |             |             |             |             |
| 19. Total admitted assets excluding protected cell business (Page 2, Line 24, Col. 3)   | 162,966,097 | 193,127,122 | 191,112,980 | 175,970,235 | 173,014,176 |
| 20. Premiums and considerations (Page 2, Col. 3)  |             |             |             |             |             |
| 20.1 In course of collection (Line 13.1)  | 1,403,422   | 7,598,065   | 7,449,443   | 7,220,874   | 6,748,821   |
| 20.2 Deferred and not yet due (Line 13.2)   | 6,828,831   | 0           | 0           | 0           | 0           |
| 20.3 Accrued retrospective premiums (Line 13.3)   | 0           | 0           | 0           | 0           | 0           |
| 21. Total liabilities excluding protected cell business (Page 3, Line 24)   | 72,714,115  | 80,060,877  | 79,428,987  | 76,280,445  | 74,573,088  |
| 22. Losses (Page 3, Line 1)   | 26,736,854  | 24,248,242  | 21,818,239  | 21,925,365  | 20,844,541  |
| 23. Loss adjustment expenses (Page 3, Line 3)   | 7,966,716   | 7,522,037   | 7,011,130   | 6,612,722   | 5,733,653   |
| 24. Unearned premiums (Page 3, Line 9)  | 33,124,676  | 33,478,993  | 32,331,635  | 31,782,728  | 29,275,837  |
| 25. Capital paid up (Page 3, Lines 28 & 29)   | 0           | 0           | 0           | 0           | 0           |
| 26. Surplus as regards policyholders (Page 3, Line 35)  | 90,251,982  | 113,066,245 | 111,683,993 | 99,689,790  | 98,441,088  |
| <b>Cash Flow</b> (Page 5)   |             |             |             |             |             |
| 27. Net cash from operations (Line 11)  | 1,705,841   | 5,099,667   | 2,697,459   | 4,643,754   | 4,160,467   |
| <b>Risk-Based Capital Analysis</b>  |             |             |             |             |             |
| 28. Total adjusted capital  | 90,251,982  | 113,066,245 | 111,683,993 | 99,689,790  | 98,441,088  |
| 29. Authorized control level risk-based capital   | 8,692,034   | 11,346,178  | 11,096,004  | 9,759,668   | 10,122,405  |
| <b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b><br>(Page 2, Col. 3)(Item divided by Page 2, Line 10, Col. 3) x 100.0                   |             |             |             |             |             |
| 30. Bonds (Line 1)  | 43.2        | 30.8        | 33.2        | 39.7        | 34.3        |
| 31. Stocks (Lines 2.1 & 2.2)  | 38.8        | 53.9        | 54.7        | 46.0        | 47.9        |
| 32. Mortgage loans on real estate (Lines 3.1 and 3.2)   | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| 33. Real estate (Lines 4.1, 4.2 & 4.3)  | 2.4         | 2.0         | 2.1         | 2.4         | 2.5         |
| 34. Cash, cash equivalents and short-term investments (Line 5)  | 14.5        | 12.1        | 9.9         | 11.8        | 14.7        |
| 35. Contract loans (Line 6)   | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| 36. Other invested assets (Line 7)  | 1.2         | 1.2         | 0.0         | 0.0         | 0.0         |
| 37. Receivables for securities (Line 8)   | 0.0         | 0.0         | 0.0         | 0.1         | 0.6         |
| 38. Aggregate write-ins for invested assets (Line 9)  | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| 39. Cash, cash equivalents and invested assets (Line 10)  | 100.0       | 100.0       | 100.0       | 100.0       | 100.0       |
| <b>Investments in Parent, Subsidiaries and Affiliates</b>   |             |             |             |             |             |
| 40. Affiliated bonds, (Sch. D, Summary, Line 25, Col. 1)  | 0           | 0           | 0           | 0           | 0           |
| 41. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)  | 0           | 0           | 0           | 0           | 0           |
| 42. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 1)   | 1,301,468   | 1,296,707   | 1,238,667   | 1,223,100   | 1,221,662   |
| 43. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)   | 0           | 0           | 0           | 0           | 0           |
| 44. Affiliated mortgage loans on real estate  | 0           | 0           | 0           | 0           | 0           |
| 45. All other affiliated  | 0           | 0           | 0           | 0           | 0           |
| 46. Total of above Lines 40 to 45   | 1,301,468   | 1,296,707   | 1,238,667   | 1,223,100   | 1,221,662   |
| 47. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 46 above divided by Page 3, Col. 1, Line 35 x 100.0) | 1.4         | 1.1         | 1.1         | 1.2         | 1.2         |

**FIVE-YEAR HISTORICAL DATA**

(Continued)

|  | 1<br>2008    | 2<br>2007   | 3<br>2006  | 4<br>2005   | 5<br>2004   |
|--|--------------|-------------|------------|-------------|-------------|
| <b>Capital and Surplus Accounts (Page 4)</b>   |              |             |            |             |             |
| 48. Net unrealized capital gains (losses) (Line 24) .....  | (20,913,363) | (5,139,699) | 3,487,573  | (5,389,266) | (4,023,381) |
| 49. Dividends to stockholders (Line 35) .....  | 0            | 0           | 0          | 0           | 0           |
| 50. Change in surplus as regards policyholders for the year (Line 38) .....  | (22,814,263) | 1,382,252   | 11,994,203 | 1,248,702   | 1,781,696   |
| <b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>   |              |             |            |             |             |
| 51. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....  | 2,426,959    | 1,719,739   | 1,741,196  | 1,299,914   | 1,093,075   |
| 52. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....  | 2,343,152    | 2,605,890   | 1,967,439  | 2,578,365   | 2,302,383   |
| 53. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....  | 22,606,283   | 19,967,050  | 20,410,775 | 23,053,624  | 19,926,359  |
| 54. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....   | 0            | 0           | 0          | 0           | 0           |
| 55. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....  | (20)         | 158         | (1,836)    | 49,816      | 2,356       |
| 56. Total (Line 35) .....  | 27,376,374   | 24,292,837  | 24,117,574 | 26,981,719  | 23,324,173  |
| <b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>  |              |             |            |             |             |
| 57. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....  | 1,526,959    | 1,224,739   | 1,527,446  | 1,299,914   | 793,075     |
| 58. Property lines (Lines 1, 2, 9, 12, 21 & 26) .....  | 2,343,152    | 2,605,418   | 1,913,215  | 2,507,699   | 2,302,383   |
| 59. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) .....  | 21,541,149   | 19,194,969  | 20,302,703 | 21,355,582  | 17,960,515  |
| 60. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) .....   | 0            | 0           | 0          | 0           | 0           |
| 61. Nonproportional reinsurance lines (Lines 31, 32 & 33) .....  | (20)         | 158         | (1,836)    | 49,816      | 2,356       |
| 62. Total (Line 35) .....  | 25,411,240   | 23,025,284  | 23,741,528 | 25,213,011  | 21,058,329  |
| <b>Operating Percentages (Page 4)<br/>(Item divided by Page 4, Line 1) x 100.0</b>   |              |             |            |             |             |
| 63. Premiums earned (Line 1) .....   | 100.0        | 100.0       | 100.0      | 100.0       | 100.0       |
| 64. Losses incurred (Line 2) .....   | 51.2         | 48.9        | 43.8       | 49.4        | 49.6        |
| 65. Loss expenses incurred (Line 3) .....  | 11.9         | 12.3        | 10.9       | 10.7        | 12.0        |
| 66. Other underwriting expenses incurred (Line 4) .....  | 41.7         | 42.9        | 42.0       | 40.3        | 46.5        |
| 67. Net underwriting gain (loss) (Line 8) .....  | (4.8)        | (4.1)       | 3.4        | (0.3)       | (8.2)       |
| <b>Other Percentages</b>   |              |             |            |             |             |
| 68. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0) .....   | 41.5         | 41.6        | 41.4       | 38.1        | 41.8        |
| 69. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....   | 63.1         | 61.2        | 54.6       | 60.1        | 61.7        |
| 70. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 35, Col. 1 x 100.0) .....   | 59.9         | 47.1        | 48.9       | 55.9        | 51.8        |
| <b>One Year Loss Development (000 omitted)</b>   |              |             |            |             |             |
| 71. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Col. 11) .....  | 273          | 364         | 1,052      | (432)       | (857)       |
| 72. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 71 above divided by Page 4, Line 21, Col. 1 x 100.0) .....                 | 0.2          | 0.3         | 1.1        | (0.4)       | (0.9)       |
| <b>Two Year Loss Development (000 omitted)</b>   |              |             |            |             |             |
| 73. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12) .....                         | 1,330        | 3,099       | 947        | (195)       | (1,724)     |
| 74. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 73 above divided by Page 4, Line 21, Col. 2 x 100.0) ..... | 1.2          | 3.1         | 1.0        | (0.2)       | (2.0)       |

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**  
**SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

| Years in Which Premiums Were Earned and Losses Were Incurred | Premiums Earned         |            |                        | Loss and Loss Expense Payments |            |                                       |            |                              |            |  | 12<br>Number of Claims Reported - Direct and Assumed |  |
|--|-------------------------|------------|------------------------|--------------------------------|------------|---------------------------------------|------------|------------------------------|------------|--|--|--|
|  | 1<br>Direct and Assumed | 2<br>Ceded | 3<br>Net (Cols. 1 - 2) | Loss Payments                  |            | Defense and Cost Containment Payments |            | Adjusting and Other Payments |            | 10<br>Salvage and Subrogation Received |  | 11<br>Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9) |
|  |                         |            |                        | 4<br>Direct and Assumed        | 5<br>Ceded | 6<br>Direct and Assumed               | 7<br>Ceded | 8<br>Direct and Assumed      | 9<br>Ceded |  |  |  |
|  |                         |            |                        |                                |            |                                       |            |                              |            |  |  |  |
| 1. Prior   | XXX                     | XXX        | XXX                    | 199                            | 0          | 40                                    | 0          | 12                           | 0          | (20)                                   | 251  | XXX  |
| 2. 1999  | 28,255                  | 2,157      | 26,098                 | 13,909                         | 1,546      | 918                                   | 105        | 2,289                        | 7          | 179                                    | 15,458   | XXX  |
| 3. 2000  | 29,289                  | 2,312      | 26,977                 | 13,922                         | 819        | 726                                   | 65         | 2,538                        | 221        | 955                                    | 16,081   | XXX  |
| 4. 2001  | 31,282                  | 2,697      | 28,585                 | 14,437                         | 1,243      | 722                                   | 29         | 2,868                        | 112        | 254                                    | 16,643   | XXX  |
| 5. 2002  | 35,885                  | 3,714      | 32,171                 | 16,221                         | 1,299      | 979                                   | 3          | 3,091                        | 53         | 471                                    | 18,936   | XXX  |
| 6. 2003  | 44,466                  | 4,891      | 39,575                 | 23,897                         | 2,998      | 980                                   | 29         | 3,969                        | 57         | 940                                    | 25,762   | XXX  |
| 7. 2004  | 52,699                  | 6,484      | 46,215                 | 24,114                         | 1,321      | 1,431                                 | 0          | 3,701                        | 89         | 261                                    | 27,836   | XXX  |
| 8. 2005  | 59,998                  | 6,755      | 53,243                 | 26,143                         | 1,557      | 806                                   | 0          | 4,358                        | 21         | 315                                    | 29,729   | XXX  |
| 9. 2006  | 63,351                  | 9,339      | 54,012                 | 19,762                         | 223        | 495                                   | 46         | 4,094                        | 5          | 417                                    | 24,077   | XXX  |
| 10. 2007   | 64,988                  | 12,909     | 52,079                 | 21,681                         | 951        | 214                                   | 0          | 4,067                        | 19         | 331                                    | 24,992   | XXX  |
| 11. 2008   | 65,866                  | 11,417     | 54,449                 | 16,400                         | 296        | 54                                    | 0          | 2,837                        | 9          | 210                                    | 18,986   | XXX  |
| 12. Totals   | XXX                     | XXX        | XXX                    | 190,685                        | 12,253     | 7,365                                 | 277        | 33,824                       | 593        | 4,313                                  | 218,751  | XXX  |

|            | Losses Unpaid            |             |                          |             | Defense and Cost Containment Unpaid |             |                          |             | Adjusting and Other Unpaid |             | 23<br>Salvage and Subrogation Anticipated | 24<br>Total Net Losses and Expenses Unpaid | 25<br>Number of Claims Outstanding - Direct and Assumed |
|------------|--------------------------|-------------|--------------------------|-------------|-------------------------------------|-------------|--------------------------|-------------|----------------------------|-------------|---|--|---|
|            | Case Basis               |             | Bulk + IBNR              |             | Case Basis                          |             | Bulk + IBNR              |             | 21<br>Direct and Assumed   | 22<br>Ceded |   |  |   |
|            | 13<br>Direct and Assumed | 14<br>Ceded | 15<br>Direct and Assumed | 16<br>Ceded | 17<br>Direct and Assumed            | 18<br>Ceded | 19<br>Direct and Assumed | 20<br>Ceded |                            |             |   |  |   |
|            |                          |             |                          |             |                                     |             |                          |             |                            |             |   |  |   |
| 1. ....    | 216                      | 0           | 7                        | 0           | 0                                   | 0           | 46                       | 0           | 25                         | 0           | 0   | 294  | XXX   |
| 2. ....    | 17                       | 0           | 0                        | 0           | 0                                   | 0           | 3                        | 0           | 4                          | 0           | 0   | 24   | XXX   |
| 3. ....    | 36                       | 0           | 0                        | 0           | 0                                   | 0           | 0                        | 0           | 9                          | 0           | 0   | 45   | XXX   |
| 4. ....    | 131                      | 0           | 0                        | 0           | 0                                   | 0           | 14                       | 0           | 28                         | 0           | 0   | 173  | XXX   |
| 5. ....    | 71                       | 0           | 500                      | 55          | 0                                   | 0           | 101                      | 0           | 35                         | 7           | 0   | 645  | XXX   |
| 6. ....    | 912                      | 280         | 503                      | 56          | 0                                   | 0           | 247                      | 0           | 107                        | 51          | 0   | 1,382                                      | XXX   |
| 7. ....    | 1,513                    | 0           | 503                      | 57          | 0                                   | 0           | 416                      | 0           | 103                        | 10          | 0   | 2,468                                      | XXX   |
| 8. ....    | 2,066                    | 1           | 518                      | 58          | 0                                   | 0           | 452                      | 0           | 266                        | 10          | 0   | 3,233                                      | XXX   |
| 9. ....    | 1,729                    | 44          | 1,109                    | 113         | 0                                   | 0           | 393                      | 5           | 397                        | 18          | 0   | 3,448                                      | XXX   |
| 10. ....   | 3,485                    | 536         | 1,788                    | 170         | 0                                   | 0           | 318                      | 0           | 1,188                      | 106         | 0   | 5,967                                      | XXX   |
| 11. ....   | 7,680                    | 354         | 6,299                    | 623         | 0                                   | 0           | 136                      | 0           | 4,031                      | 146         | 0   | 17,023                                     | XXX   |
| 12. Totals | 17,856                   | 1,215       | 11,227                   | 1,132       | 0                                   | 0           | 2,126                    | 5           | 6,193                      | 348         | 0   | 34,702                                     | XXX   |

|            | Total Losses and Loss Expenses Incurred |             |           | Loss and Loss Expense Percentage (Incurred/Premiums Earned) |             |           | Nontabular Discount |                    | 34<br>Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves After Discount |                            |
|------------|---|-------------|-----------|---|-------------|-----------|---------------------|--------------------|--|---|----------------------------|
|            | 26<br>Direct and Assumed                | 27<br>Ceded | 28<br>Net | 29<br>Direct and Assumed                                    | 30<br>Ceded | 31<br>Net | 32<br>Loss          | 33<br>Loss Expense |  | 35<br>Losses Unpaid                       | 36<br>Loss Expenses Unpaid |
|            |   |             |           |   |             |           |                     |                    |  |   |                            |
| 1. ....    | XXX                                     | XXX         | XXX       | XXX   | XXX         | XXX       | 0                   | 0                  | XXX  | 223                                       | 71                         |
| 2. ....    | 17,140                                  | 1,658       | 15,482    | 60.7  | 76.9        | 59.3      | 0                   | 0                  |  | 17  | 7                          |
| 3. ....    | 17,231                                  | 1,105       | 16,126    | 58.8  | 47.8        | 59.8      | 0                   | 0                  |  | 36  | 9                          |
| 4. ....    | 18,200                                  | 1,384       | 16,816    | 58.2  | 51.3        | 58.8      | 0                   | 0                  |  | 131                                       | 42                         |
| 5. ....    | 20,998                                  | 1,417       | 19,581    | 58.5  | 38.2        | 60.9      | 0                   | 0                  |  | 516                                       | 129                        |
| 6. ....    | 30,615                                  | 3,471       | 27,144    | 68.9  | 71.0        | 68.6      | 0                   | 0                  |  | 1,079                                     | 303                        |
| 7. ....    | 31,781                                  | 1,477       | 30,304    | 60.3  | 22.8        | 65.6      | 0                   | 0                  |  | 1,959                                     | 509                        |
| 8. ....    | 34,609                                  | 1,647       | 32,962    | 57.7  | 24.4        | 61.9      | 0                   | 0                  |  | 2,525                                     | 708                        |
| 9. ....    | 27,979                                  | 454         | 27,525    | 44.2  | 4.9         | 51.0      | 0                   | 0                  |  | 2,681                                     | 767                        |
| 10. ....   | 32,741                                  | 1,782       | 30,959    | 50.4  | 13.8        | 59.4      | 0                   | 0                  |  | 4,567                                     | 1,400                      |
| 11. ....   | 37,437                                  | 1,428       | 36,009    | 56.8  | 12.5        | 66.1      | 0                   | 0                  |  | 13,002                                    | 4,021                      |
| 12. Totals | XXX                                     | XXX         | XXX       | XXX   | XXX         | XXX       | 0                   | 0                  | XXX  | 26,736                                    | 7,966                      |

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

**ANNUAL STATEMENT FOR THE YEAR 2008 OF THE PROVIDENCE MUTUAL FIRE INSURANCE COMPANY**

**SCHEDULE P - PART 2 - SUMMARY**

| Years in Which Losses Were Incurred | INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) |        |        |        |        |        |        |        |        |        | DEVELOPMENT |          |
|-------------------------------------|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------|----------|
|                                     | 1  | 2      | 3      | 4      | 5      | 6      | 7      | 8      | 9      | 10     | 11          | 12       |
|                                     | 1999   | 2000   | 2001   | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | One Year    | Two Year |
| 1. Prior                            | 5,931  | 6,242  | 6,274  | 7,149  | 6,708  | 6,273  | 6,250  | 6,171  | 6,313  | 6,404  | 91          | 233      |
| 2. 1999                             | 13,932   | 12,599 | 13,405 | 13,524 | 13,409 | 13,451 | 13,534 | 13,181 | 13,183 | 13,196 | 13          | 15       |
| 3. 2000                             | XXX  | 14,521 | 13,463 | 14,071 | 14,379 | 14,223 | 14,385 | 14,276 | 13,800 | 13,800 | 0           | (476)    |
| 4. 2001                             | XXX  | XXX    | 15,061 | 13,621 | 14,015 | 14,193 | 14,218 | 14,328 | 14,545 | 14,032 | (513)       | (296)    |
| 5. 2002                             | XXX  | XXX    | XXX    | 17,678 | 16,077 | 16,179 | 16,247 | 16,365 | 16,524 | 16,515 | (9)         | 150      |
| 6. 2003                             | XXX  | XXX    | XXX    | XXX    | 22,720 | 22,132 | 22,479 | 22,372 | 23,027 | 23,176 | 149         | 804      |
| 7. 2004                             | XXX  | XXX    | XXX    | XXX    | XXX    | 24,703 | 23,609 | 25,408 | 25,979 | 26,599 | 620         | 1,191    |
| 8. 2005                             | XXX  | XXX    | XXX    | XXX    | XXX    | XXX    | 27,722 | 27,395 | 28,172 | 28,369 | 197         | 974      |
| 9. 2006                             | XXX  | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 24,322 | 22,639 | 23,057 | 418         | (1,265)  |
| 10. 2007                            | XXX  | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 26,522 | 25,829 | (693)       | XXX      |
| 11. 2008                            | XXX  | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 29,296 | XXX         | XXX      |
| <b>12. Totals</b>                   |  |        |        |        |        |        |        |        |        |        | 273         | 1,330    |

**SCHEDULE P - PART 3 - SUMMARY**

| Years in Which Losses Were Incurred | CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) |        |        |        |        |        |        |        |        |        | 11  | 12   |
|-------------------------------------|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|---|--|
|                                     | 1   | 2      | 3      | 4      | 5      | 6      | 7      | 8      | 9      | 10     | Number of Claims Closed With Loss Payment | Number of Claims Closed Without Loss Payment |
|                                     | 1999  | 2000   | 2001   | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   |   |  |
| 1. Prior                            | 000   | 2,021  | 3,503  | 4,352  | 4,878  | 5,192  | 5,721  | 5,856  | 5,896  | 6,135  | XXX                                       | XXX  |
| 2. 1999                             | 7,747   | 10,058 | 11,100 | 11,882 | 12,653 | 12,787 | 13,016 | 13,161 | 13,169 | 13,176 | XXX                                       | XXX  |
| 3. 2000                             | XXX   | 7,142  | 10,626 | 11,615 | 12,220 | 13,538 | 13,675 | 13,754 | 13,764 | 13,764 | XXX                                       | XXX  |
| 4. 2001                             | XXX   | XXX    | 8,695  | 11,444 | 12,108 | 12,959 | 13,522 | 13,667 | 13,876 | 13,887 | XXX                                       | XXX  |
| 5. 2002                             | XXX   | XXX    | XXX    | 8,072  | 12,966 | 14,073 | 14,776 | 15,321 | 15,841 | 15,898 | XXX                                       | XXX  |
| 6. 2003                             | XXX   | XXX    | XXX    | XXX    | 12,315 | 17,979 | 19,731 | 20,842 | 21,519 | 21,850 | XXX                                       | XXX  |
| 7. 2004                             | XXX   | XXX    | XXX    | XXX    | XXX    | 12,479 | 19,631 | 21,390 | 22,733 | 24,224 | XXX                                       | XXX  |
| 8. 2005                             | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | 15,056 | 22,717 | 24,137 | 25,392 | XXX                                       | XXX  |
| 9. 2006                             | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 13,376 | 18,833 | 19,988 | XXX                                       | XXX  |
| 10. 2007                            | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 14,654 | 20,944 | XXX                                       | XXX  |
| 11. 2008                            | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 16,158 | XXX                                       | XXX  |

**SCHEDULE P - PART 4 - SUMMARY**

| Years in Which Losses Were Incurred | BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) |       |       |       |       |       |       |       |       |       |
|-------------------------------------|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                     | 1   | 2     | 3     | 4     | 5     | 6     | 7     | 8     | 9     | 10    |
|                                     | 1999  | 2000  | 2001  | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  | 2008  |
| 1. Prior                            | 2,278   | 1,803 | 1,231 | 1,338 | 946   | 547   | 110   | 63    | 103   | 53    |
| 2. 1999                             | 3,053   | 791   | 893   | 534   | 451   | 438   | 426   | 3     | 2     | 3     |
| 3. 2000                             | XXX   | 3,014 | 894   | 880   | 685   | 465   | 448   | 461   | 0     | 0     |
| 4. 2001                             | XXX   | XXX   | 3,304 | 1,017 | 960   | 624   | 461   | 476   | 544   | 14    |
| 5. 2002                             | XXX   | XXX   | XXX   | 3,638 | 1,231 | 1,029 | 583   | 552   | 535   | 546   |
| 6. 2003                             | XXX   | XXX   | XXX   | XXX   | 4,185 | 1,386 | 1,139 | 658   | 700   | 694   |
| 7. 2004                             | XXX   | XXX   | XXX   | XXX   | XXX   | 4,482 | 1,429 | 1,621 | 1,022 | 862   |
| 8. 2005                             | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | 4,630 | 1,679 | 1,579 | 912   |
| 9. 2006                             | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | 5,094 | 1,770 | 1,384 |
| 10. 2007                            | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | 5,619 | 1,936 |
| 11. 2008                            | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | XXX   | 5,812 |

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

| States, etc.  | 1<br>Active Status | Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken |                             | 4<br>Dividends Paid or Credited to Policyholders on Direct Business | 5<br>Direct Losses Paid (Deducting Salvage) | 6<br>Direct Losses Incurred | 7<br>Direct Losses Unpaid | 8<br>Finance and Service Charges Not Included in Premiums | 9<br>Direct Premium Written for Federal Purchasing Groups (Included in Col. 2) |  |
|---|--------------------|--|-----------------------------|---|---|-----------------------------|---------------------------|---|--|--|
|   |                    | 2<br>Direct Premiums Written   | 3<br>Direct Premiums Earned |   |   |                             |                           |   |  |  |
| 1. Alabama  | AL                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 2. Alaska   | AK                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 3. Arizona  | AZ                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 4. Arkansas   | AR                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 5. California   | CA                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 6. Colorado   | CO                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 7. Connecticut  | CT                 | L  | 2,477,677                   | 2,407,132   | 0   | 1,384,872                   | 1,258,980                 | 1,264,103   | 10,296   |  |
| 8. Delaware   | DE                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 9. District of Columbia   | DC                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 10. Florida   | FL                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 11. Georgia   | GA                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 12. Hawaii  | HI                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 13. Idaho   | ID                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 14. Illinois  | IL                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 15. Indiana   | IN                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 16. Iowa  | IA                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 17. Kansas  | KS                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 18. Kentucky  | KY                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 19. Louisiana   | LA                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 20. Maine   | ME                 | L  | 1,329,514                   | 1,376,378   | 0   | 388,106                     | 687,308                   | 784,411   | 8,481  |  |
| 21. Maryland  | MD                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 22. Massachusetts   | MA                 | L  | 25,076,743                  | 26,066,039  | 373,131                                     | 10,661,344                  | 10,363,821                | 11,247,844  | 136,845  |  |
| 23. Michigan  | MI                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 24. Minnesota   | MN                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 25. Mississippi   | MS                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 26. Missouri  | MO                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 27. Montana   | MT                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 28. Nebraska  | NE                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 29. Nevada  | NV                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 30. New Hampshire   | NH                 | L  | 3,425,669                   | 3,562,340   | 0   | 3,107,451                   | 3,575,803                 | 1,706,895   | 19,731   |  |
| 31. New Jersey  | NJ                 | L  | 12,258,833                  | 12,114,157  | 0   | 5,484,455                   | 5,499,976                 | 5,829,705   | 43,542   |  |
| 32. New Mexico  | NM                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 33. New York  | NY                 | L  | 4,901,128                   | 4,689,600   | 0   | 753,755                     | 950,897                   | 1,588,946   | 1,842  |  |
| 34. North Carolina  | NC                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 35. North Dakota  | ND                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 36. Ohio  | OH                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 37. Oklahoma  | OK                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 38. Oregon  | OR                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 39. Pennsylvania  | PA                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 40. Rhode Island  | RI                 | L  | 15,340,507                  | 14,862,395  | 274   | 5,190,146                   | 6,115,287                 | 6,146,182   | 88,966   |  |
| 41. South Carolina  | SC                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 42. South Dakota  | SD                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 43. Tennessee   | TN                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 44. Texas   | TX                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 45. Utah  | UT                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 46. Vermont   | VT                 | L  | 8,607                       | 8,870   | 453   | 18,514                      | 15,514                    | 0   | 12   |  |
| 47. Virginia  | VA                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 48. Washington  | WA                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 49. West Virginia   | WV                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 50. Wisconsin   | WI                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 51. Wyoming   | WY                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 52. American Samoa  | AS                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 53. Guam  | GU                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 54. Puerto Rico   | PR                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 55. U.S. Virgin Islands   | VI                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 56. Northern Mariana Islands  | MP                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 57. Canada  | CN                 | N  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 58. Aggregate other alien   | OT                 | XXX  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 59. Totals  | (a) 8              |  | 64,818,679                  | 65,086,911  | 373,857                                     | 26,988,643                  | 28,467,585                | 28,568,084  | 309,715  |  |
| <b>DETAILS OF WRITE-INS</b>   |                    |  |                             |   |   |                             |                           |   |  |  |
| 5801.   | XXX                |  |                             |   |   |                             |                           |   |  |  |
| 5802.   | XXX                |  |                             |   |   |                             |                           |   |  |  |
| 5803.   | XXX                |  |                             |   |   |                             |                           |   |  |  |
| 5898. Summary of remaining write-ins for Line 58 from overflow page | XXX                |  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |
| 5899. Totals (Lines 5801 through 5803 + 5898) (Line 58 above)       | XXX                |  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |  |

(a) Insert the number of L responses except for Canada and Other Alien.

**Explanation of basis of allocation of premiums by states, etc.**

Direct underwriting activity is compiled on an individual state basis.

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

| Group Code | Group Name           | NAIC # | State of Domicile | FEI #      | Company Name                                 |
|------------|----------------------|--------|-------------------|------------|--|
| 382        | The Providence Group | 15040  | Rhode Island      | 05-0204000 | The Providence Mutual Fire Insurance Company |
| 382        | The Providence Group | 33430  | Rhode Island      | 05-0428479 | The Providence Plantations Insurance Company |

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| Schedule B – Verification Between Years     | SI02 |
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