



# ANNUAL STATEMENT

For the Year Ended December 31, 2012  
of the Condition and Affairs of the

## Medical Malpractice Joint Underwriting Association of Rhode Island

|   |  |  |
|---|--|--|
| NAIC Group Code..... ,<br>(Current Period) (Prior Period)                             | NAIC Company Code..... 13101   | Employer's ID Number..... 51-0140354   |
| Organized under the Laws of Rhode Island<br>Incorporated/Organized..... June 16, 1975 | State of Domicile or Port of Entry Rhode Island<br>Commenced Business..... July 1, 1975  | Country of Domicile US   |
| Statutory Home Office   | One Turks Head Place..... Providence ..... RI ..... 02903<br><i>(Street and Number) (City or Town, State, Country and Zip Code)</i>              |  |
| Main Administrative Office  | One Turks Head Place..... Providence ..... RI ..... 02903<br><i>(Street and Number) (City or Town, State, Country and Zip Code)</i>              | 401-369-8240<br><i>(Area Code) (Telephone Number)</i>  |
| Mail Address  | One Turks Head Place..... Providence ..... RI ..... 02903<br><i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i> |  |
| Primary Location of Books and Records   | One Turks Head Place..... Providence ..... RI ..... 02903<br><i>(Street and Number) (City or Town, State, Country and Zip Code)</i>              | 401-369-8240<br><i>(Area Code) (Telephone Number)</i>  |
| Internet Web Site Address   | www.rhodeislandjua.com   |  |
| Statutory Statement Contact   | Jerilynn Leahy<br><i>(Name)</i><br>jleahy@beechercarlson.com<br><i>(E-Mail Address)</i>  | 401-369-8245<br><i>(Area Code) (Telephone Number) (Extension)</i><br>401-369-8241<br><i>(Fax Number)</i> |

### OFFICERS

| Name              | Title               | Name               | Title      |
|-------------------|---------------------|--------------------|------------|
| 1. Maura Travers  | Chair               | 2. Robert Suglia # | Vice Chair |
| 3. Jerilynn Leahy | Assistant Secretary | 4.                 |            |

### OTHER

### DIRECTORS OR TRUSTEES

|                 |                 |                      |                     |
|-----------------|-----------------|----------------------|---------------------|
| Maura Travers   | Richard Cammet  | James Pascalides DPM | Kenneth B Nanian MD |
| Jan Feldman DDS | Robert Suglia   | Earl Cottam Jr.      | Geoffrey Hunt Jr.   |
| Michael Souza   | Timothy Knapp # | Don Baldini #        |                     |

State of.....  
County of.....

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.

|  |   |   |
|--|---|---|
| _____<br>(Signature)<br>Maura Travers<br>_____<br>1. (Printed Name)<br>Chair<br>_____<br>(Title) | _____<br>(Signature)<br>Robert Suglia<br>_____<br>2. (Printed Name)<br>Vice Chair<br>_____<br>(Title) | _____<br>(Signature)<br>Jerilynn Leahy<br>_____<br>3. (Printed Name)<br>Assistant Secretary<br>_____<br>(Title) |
|--|---|---|

Subscribed and sworn to before me  
This \_\_\_\_\_ day of \_\_\_\_\_ 2013

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

## ASSETS

|   | Current Year |                            |  | Prior Year                  |
|---|--------------|----------------------------|--|-----------------------------|
|   | 1<br>Assets  | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Cols. 1 - 2) | 4<br>Net<br>Admitted Assets |
| 1. Bonds (Schedule D).....  | 100,421,563  |                            | 100,421,563                                  | 103,833,669                 |
| 2. Stocks (Schedule D):   |              |                            |  |                             |
| 2.1 Preferred stocks.....   |              |                            | .0   |                             |
| 2.2 Common stocks.....  |              |                            | .0   |                             |
| 3. Mortgage loans on real estate (Schedule B):  |              |                            |  |                             |
| 3.1 First liens.....  |              |                            | .0   |                             |
| 3.2 Other than first liens.....   |              |                            | .0   |                             |
| 4. Real estate (Schedule A):  |              |                            |  |                             |
| 4.1 Properties occupied by the company (less \$.....0<br>encumbrances).....   |              |                            | .0   |                             |
| 4.2 Properties held for the production of income (less \$.....0<br>encumbrances).....   |              |                            | .0   |                             |
| 4.3 Properties held for sale (less \$.....0 encumbrances).....  |              |                            | .0   |                             |
| 5. Cash (\$.....903,102, Schedule E-Part 1), cash equivalents (\$.....0,<br>Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA).....  | 903,102      |                            | 903,102                                      | 1,933,332                   |
| 6. Contract loans (including \$.....0 premium notes).....   |              |                            | .0   |                             |
| 7. Derivatives (Schedule DB).....   |              |                            | .0   |                             |
| 8. Other invested assets (Schedule BA).....   | 50,679,922   |                            | 50,679,922                                   | 48,976,110                  |
| 9. Receivables for securities.....  |              |                            | .0   |                             |
| 10. Securities lending reinvested collateral assets (Schedule DL).....  |              |                            | .0   |                             |
| 11. Aggregate write-ins for invested assets.....  | 22,496       | 0                          | 22,496                                       | (11)                        |
| 12. Subtotals, cash and invested assets (Lines 1 to 11).....  | 152,027,083  | 0                          | 152,027,083                                  | 154,743,100                 |
| 13. Title plants less \$.....0 charged off (for Title insurers only).....   |              |                            | .0   |                             |
| 14. Investment income due and accrued.....  | 1,629,803    |                            | 1,629,803                                    | 1,706,958                   |
| 15. Premiums and considerations:  |              |                            |  |                             |
| 15.1 Uncollected premiums and agents' balances in the course of collection.....   | 193,429      |                            | 193,429                                      | 169,596                     |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred<br>and not yet due (including \$.....0 earned but unbilled premiums)..... | 335,730      |                            | 335,730                                      | 407,937                     |
| 15.3 Accrued retrospective premiums.....  |              |                            | .0   |                             |
| 16. Reinsurance:  |              |                            |  |                             |
| 16.1 Amounts recoverable from reinsurers.....   |              |                            | .0   |                             |
| 16.2 Funds held by or deposited with reinsured companies.....   |              |                            | .0   |                             |
| 16.3 Other amounts receivable under reinsurance contracts.....  |              |                            | .0   |                             |
| 17. Amounts receivable relating to uninsured plans.....   |              |                            | .0   |                             |
| 18.1 Current federal and foreign income tax recoverable and interest thereon.....   | 51,242       |                            | 51,242                                       | 1,517,636                   |
| 18.2 Net deferred tax asset.....  | 1,206,772    |                            | 1,206,772                                    | 1,003,088                   |
| 19. Guaranty funds receivable or on deposit.....  |              |                            | .0   |                             |
| 20. Electronic data processing equipment and software.....  |              |                            | .0   |                             |
| 21. Furniture and equipment, including health care delivery assets (\$.....0).....  |              |                            | .0   |                             |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....   |              |                            | .0   |                             |
| 23. Receivables from parent, subsidiaries and affiliates.....   |              |                            | .0   |                             |
| 24. Health care (\$.....0) and other amounts receivable.....  |              |                            | .0   |                             |
| 25. Aggregate write-ins for other than invested assets.....   | 23,053       | 0                          | 23,053                                       | 48,139                      |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts (Lines 12 to 25).....                                  | 155,467,112  | 0                          | 155,467,112                                  | 159,596,454                 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....  |              |                            | .0   |                             |
| 28. TOTALS (Lines 26 and 27).....   | 155,467,112  | 0                          | 155,467,112                                  | 159,596,454                 |

### DETAILS OF WRITE-INS

|  |        |   |        |        |
|--|--------|---|--------|--------|
| 1101. Pending Settlements.....   | 22,496 |   | 22,496 | (11)   |
| 1102.....  |        |   | .0     |        |
| 1103.....  |        |   | .0     |        |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | 0      | 0 | .0     | .0     |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....       | 22,496 | 0 | 22,496 | (11)   |
| 2501. Miscellaneous Accounts Receivable.....                             | 13,649 |   | 13,649 | 35,730 |
| 2502. Prepaid Losses.....  | 9,404  |   | 9,404  | 12,409 |
| 2503.....  |        |   | .0     |        |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0      | 0 | .0     | .0     |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 23,053 | 0 | 23,053 | 48,139 |

## LIABILITIES, SURPLUS AND OTHER FUNDS

|   | 1<br>Current Year | 2<br>Prior Year |
|---|-------------------|-----------------|
| 1. Losses (Part 2A, Line 35, Column 8).....   | 45,501,492        | 53,022,298      |
| 2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....  |                   |                 |
| 3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....   | 16,683,594        | 16,874,432      |
| 4. Commissions payable, contingent commissions and other similar charges.....   | 39,865            | 34,750          |
| 5. Other expenses (excluding taxes, licenses and fees).....   | 312,044           | 175,218         |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes).....   |                   |                 |
| 7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....   |                   |                 |
| 7.2 Net deferred tax liability.....   |                   |                 |
| 8. Borrowed money \$.....0 and interest thereon \$.....0.....   |                   |                 |
| 9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....0 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act)..... | 2,656,952         | 2,739,527       |
| 10. Advance premium.....  | 100,633           | 48,420          |
| 11. Dividends declared and unpaid:  |                   |                 |
| 11.1 Stockholders.....  |                   |                 |
| 11.2 Policyholders.....   |                   |                 |
| 12. Ceded reinsurance premiums payable (net of ceding commissions).....   |                   |                 |
| 13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....   |                   |                 |
| 14. Amounts withheld or retained by company for account of others.....  | 6,357,291         | 7,324,090       |
| 15. Remittances and items not allocated.....  |                   |                 |
| 16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....  |                   |                 |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates.....  |                   |                 |
| 18. Drafts outstanding.....   |                   |                 |
| 19. Payable to parent, subsidiaries and affiliates.....   |                   |                 |
| 20. Derivatives.....  |                   |                 |
| 21. Payable for securities.....   |                   |                 |
| 22. Payable for securities lending.....   |                   |                 |
| 23. Liability for amounts held under uninsured plans.....   |                   |                 |
| 24. Capital notes \$.....0 and interest thereon \$.....0.....   |                   |                 |
| 25. Aggregate write-ins for liabilities.....  | 0                 | 0               |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....  | 71,651,871        | 80,218,735      |
| 27. Protected cell liabilities.....   |                   |                 |
| 28. Total liabilities (Lines 26 and 27).....  | 71,651,871        | 80,218,735      |
| 29. Aggregate write-ins for special surplus funds.....  | 0                 | 0               |
| 30. Common capital stock.....   |                   |                 |
| 31. Preferred capital stock.....  |                   |                 |
| 32. Aggregate write-ins for other than special surplus funds.....   | 0                 | 0               |
| 33. Surplus notes.....  |                   |                 |
| 34. Gross paid in and contributed surplus.....  |                   |                 |
| 35. Unassigned funds (surplus).....   | 83,815,241        | 79,377,719      |
| 36. Less treasury stock, at cost:   |                   |                 |
| 36.1 .....0.000 shares common (value included in Line 30 \$.....0).....   |                   |                 |
| 36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....  |                   |                 |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....   | 83,815,241        | 79,377,719      |
| 38. TOTALS (Page 2, Line 28, Col. 3).....   | 155,467,112       | 159,596,454     |

### DETAILS OF WRITE-INS

|  |   |   |
|--|---|---|
| 2501. Unearned Finance Charge.....                                       |   |   |
| 2502. Premium Deficiency Reserve.....                                    |   |   |
| 2503. Losses Payable.....  |   |   |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0 | 0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 0 | 0 |
| 2901. ....   |   |   |
| 2902. ....   |   |   |
| 2903. ....   |   |   |
| 2998. Summary of remaining write-ins for Line 29 from overflow page..... | 0 | 0 |
| 2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....       | 0 | 0 |
| 3201. ....   |   |   |
| 3202. ....   |   |   |
| 3203. ....   |   |   |
| 3298. Summary of remaining write-ins for Line 32 from overflow page..... | 0 | 0 |
| 3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....       | 0 | 0 |

## STATEMENT OF INCOME

|  | 1<br>Current Year | 2<br>Prior Year |
|--|-------------------|-----------------|
| <b>UNDERWRITING INCOME</b>   |                   |                 |
| 1. Premiums earned (Part 1, Line 35, Column 4).....  | 3,233,374         | 3,534,207       |
| DEDUCTIONS   |                   |                 |
| 2. Losses incurred (Part 2, Line 35, Column 7).....  | 1,538,451         | 147,522         |
| 3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....  | 1,336,952         | (606,939)       |
| 4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....   | 2,376,192         | 2,313,776       |
| 5. Aggregate write-ins for underwriting deductions.....  | 0                 | 0               |
| 6. Total underwriting deductions (Lines 2 through 5).....  | 5,251,595         | 1,854,359       |
| 7. Net income of protected cells.....  |                   |                 |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....   | (2,018,221)       | 1,679,848       |
| <b>INVESTMENT INCOME</b>   |                   |                 |
| 9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....   | 6,047,099         | 6,514,241       |
| 10. Net realized capital gains (losses) less capital gains tax of \$.....394,294 (Exhibit of Capital Gains (Losses)).....                                    | 765,393           | 470,858         |
| 11. Net investment gain (loss) (Lines 9 + 10).....   | 6,812,492         | 6,985,099       |
| <b>OTHER INCOME</b>  |                   |                 |
| 12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....                                | 0                 |                 |
| 13. Finance and service charges not included in premiums.....  | 28,791            | 25,457          |
| 14. Aggregate write-ins for miscellaneous income.....  | (700,000)         | (715,000)       |
| 15. Total other income (Lines 12 through 14).....  | (671,209)         | (689,543)       |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....     | 4,123,062         | 7,975,404       |
| 17. Dividends to policyholders.....  |                   |                 |
| 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)..... | 4,123,062         | 7,975,404       |
| 19. Federal and foreign income taxes incurred.....   | 497,100           | 1,660,371       |
| 20. Net income (Line 18 minus Line 19) (to Line 22).....   | 3,625,962         | 6,315,033       |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>   |                   |                 |
| 21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....  | 79,377,719        | 73,903,946      |
| 22. Net income (from Line 20).....   | 3,625,962         | 6,315,033       |
| 23. Net transfers (to) from Protected Cell accounts.....   |                   |                 |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....206,678.....   | 401,198           | (568,681)       |
| 25. Change in net unrealized foreign exchange capital gain (loss).....   |                   |                 |
| 26. Change in net deferred income tax.....   | (355,239)         | (1,881,253)     |
| 27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....   |                   | 1,608,674       |
| 28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....  |                   |                 |
| 29. Change in surplus notes.....   |                   |                 |
| 30. Surplus (contributed to) withdrawn from protected cells.....   |                   |                 |
| 31. Cumulative effect of changes in accounting principles.....   | 765,601           |                 |
| 32. Capital changes:   |                   |                 |
| 32.1 Paid in.....  |                   |                 |
| 32.2 Transferred from surplus (Stock Dividend).....  |                   |                 |
| 32.3 Transferred to surplus.....   |                   |                 |
| 33. Surplus adjustments:   |                   |                 |
| 33.1 Paid in.....  |                   |                 |
| 33.2 Transferred to capital (Stock Dividend).....  |                   |                 |
| 33.3. Transferred from capital.....  |                   |                 |
| 34. Net remittances from or (to) Home Office.....  |                   |                 |
| 35. Dividends to stockholders.....   |                   |                 |
| 36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....   |                   |                 |
| 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).....   | 4,437,522         | 5,473,773       |
| 39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....   | 83,815,241        | 79,377,719      |
| <b>DETAILS OF WRITE-INS</b>  |                   |                 |
| 0501. Change in Premium Deficiency Reserve.....  |                   |                 |
| 0502. ....   |                   |                 |
| 0503. ....   |                   |                 |
| 0598. Summary of remaining write-ins for Line 5 from overflow page.....  | 0                 | 0               |
| 0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....  | 0                 | 0               |
| 1401. Gain or loss on retroactive reinsurance.....   | (700,000)         | (715,000)       |
| 1402. Other income.....  |                   |                 |
| 1403. ....   |                   |                 |
| 1498. Summary of remaining write-ins for Line 14 from overflow page.....   | 0                 | 0               |
| 1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....   | (700,000)         | (715,000)       |
| 3701. ....   |                   |                 |
| 3702. ....   |                   |                 |
| 3703. ....   |                   |                 |
| 3798. Summary of remaining write-ins for Line 37 from overflow page.....   | 0                 | 0               |
| 3799. Totals (Lines 3701 thru 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.....  | 3,251,386         | 3,274,843       |
| 2. Net investment income.....  | 6,554,744         | 6,854,722       |
| 3. Miscellaneous income.....   | (1,892,518)       | (690,139)       |
| 4. Total (Lines 1 through 3).....  | 7,913,612         | 9,439,426       |
| 5. Benefit and loss related payments.....  | 9,059,257         | 10,076,504      |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                    |                   |                 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions.....                                      | 3,482,445         | 4,184,075       |
| 8. Dividends paid to policyholders.....  |                   |                 |
| 9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....        | (575,000)         | 2,093,000       |
| 10. Total (Lines 5 through 9).....   | 11,966,702        | 16,353,579      |
| 11. Net cash from operations (Line 4 minus Line 10).....   | (4,053,090)       | (6,914,153)     |
| <b>CASH FROM INVESTMENTS</b>   |                   |                 |
| 12. Proceeds from investments sold, matured or repaid:   |                   |                 |
| 12.1 Bonds.....  | 16,131,687        | 22,384,903      |
| 12.2 Stocks.....   |                   |                 |
| 12.3 Mortgage loans.....   |                   |                 |
| 12.4 Real estate.....  |                   |                 |
| 12.5 Other invested assets.....  |                   |                 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....                           |                   |                 |
| 12.7 Miscellaneous proceeds.....   |                   | 0               |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7).....   | 16,131,687        | 22,384,903      |
| 13. Cost of investments acquired (long-term only):   |                   |                 |
| 13.1 Bonds.....  | 12,894,618        | 16,598,593      |
| 13.2 Stocks.....   |                   |                 |
| 13.3 Mortgage loans.....   |                   |                 |
| 13.4 Real estate.....  |                   |                 |
| 13.5 Other invested assets.....  |                   |                 |
| 13.6 Miscellaneous applications.....   | 214,209           | 1,349,522       |
| 13.7 Total investments acquired (Lines 13.1 to 13.6).....  | 13,108,827        | 17,948,115      |
| 14. Net increase (decrease) in contract loans and premium notes.....   |                   |                 |
| 15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....                                  | 3,022,860         | 4,436,788       |
| <b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>   |                   |                 |
| 16. Cash provided (applied):   |                   |                 |
| 16.1 Surplus notes, capital notes.....   |                   |                 |
| 16.2 Capital and paid in surplus, less treasury stock.....   |                   |                 |
| 16.3 Borrowed funds.....   |                   |                 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities.....                               |                   |                 |
| 16.5 Dividends to stockholders.....  |                   |                 |
| 16.6 Other cash provided (applied).....  |                   |                 |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)..... | 0                 | 0               |
| <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 Line 15 plus Line 17).....   | (1,030,230)       | (2,477,365)     |
| 19. Cash, cash equivalents and short-term investments:   |                   |                 |
| 19.1 Beginning of year.....  | 1,933,332         | 4,410,697       |
| 19.2 End of year (Line 18 plus Line 19.1).....   | 903,102           | 1,933,332       |

Note: Supplemental disclosures of cash flow information for non-cash transactions:

|               |  |  |
|---------------|--|--|
| 20.0001 ..... |  |  |
|---------------|--|--|

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS EARNED

|  | 1   | 2  | 3   | 4  |
|--|---|--|---|--|
| Line of Business   | Net<br>Premiums<br>Written per<br>Column 6, Part 1B | Unearned Premiums<br>December 31<br>Prior Year-<br>per Col. 3,<br>Last Year's Part 1 | Unearned Premiums<br>December 31<br>Current Year-<br>per Col. 5,<br>Part 1A | Premiums<br>Earned<br>During Year<br>(Cols. 1 + 2 - 3) |
| 1. Fire.....   |   |  |   | .0   |
| 2. Allied lines.....   |   |  |   | .0   |
| 3. Farmowners multiple peril.....                              |   |  |   | .0   |
| 4. Homeowners multiple peril.....                              |   |  |   | .0   |
| 5. Commercial multiple peril.....                              |   |  |   | .0   |
| 6. Mortgage guaranty.....                                      |   |  |   | .0   |
| 8. Ocean marine.....   |   |  |   | .0   |
| 9. Inland marine.....  |   |  |   | .0   |
| 10. Financial guaranty.....                                    |   |  |   | .0   |
| 11.1 Medical professional liability - occurrence.....          | 2,080,712   | 2,453,959  | 2,271,235   | 2,263,436  |
| 11.2 Medical professional liability - claims-made.....         | 656,351   | 179,186  | 294,059   | 541,478  |
| 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.....                                 |   |  |   | .0   |
| 17.1 Other liability - occurrence.....                         | 413,736   | 106,382  | 91,658  | 428,460  |
| 17.2 Other liability - claims-made.....                        |   |  |   | .0   |
| 17.3 Excess workers' compensation.....                         |   |  |   | .0   |
| 18.1 Products liability - occurrence.....                      |   |  |   | .0   |
| 18.2 Products liability - claims-made.....                     |   |  |   | .0   |
| 19.1, 19.2 Private passenger auto liability.....               |   |  |   | .0   |
| 19.3, 19.4 Commercial auto liability.....                      |   |  |   | .0   |
| 21. Auto physical damage.....                                  |   |  |   | .0   |
| 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   |
| 35. TOTALS.....  | 3,150,799   | 2,739,527  | 2,656,952   | 3,233,374  |

#### DETAILS OF WRITE-INS

|  |    |    |    |    |
|--|----|----|----|----|
| 3401. ....   |    |    |    | .0 |
| 3402. ....   |    |    |    | .0 |
| 3403. ....   |    |    |    | .0 |
| 3498. Summary of remaining write-ins for Line 34 from overflow page..... | .0 | .0 | .0 | .0 |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....       | .0 | .0 | .0 | .0 |

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1A - RECAPITULATION OF ALL PREMIUMS

|  | 1   | 2   | 3                              | 4  | 5  |
|--|---|---|--------------------------------|--|--|
| Line of Business   | Amount Unearned<br>(Running One Year<br>or Less from Date<br>of Policy) (a) | Amount Unearned<br>(Running More Than<br>One Year from<br>Date of Policy) (a) | Earned But<br>Unbilled Premium | Reserve for<br>Rate Credits<br>and Retrospective<br>Adjustments Based<br>on Experience | Total Reserve<br>for Unearned<br>Premiums<br>Cols. 1 + 2 + 3 + 4 |
| 1. Fire.....   |   |   |                                |  | 0  |
| 2. Allied lines.....   |   |   |                                |  | 0  |
| 3. Farmowners multiple peril.....                              |   |   |                                |  | 0  |
| 4. Homeowners multiple peril.....                              |   |   |                                |  | 0  |
| 5. Commercial multiple peril.....                              |   |   |                                |  | 0  |
| 6. Mortgage guaranty.....                                      |   |   |                                |  | 0  |
| 8. Ocean marine.....   |   |   |                                |  | 0  |
| 9. Inland marine.....  |   |   |                                |  | 0  |
| 10. Financial guaranty.....                                    |   |   |                                |  | 0  |
| 11.1 Medical professional liability - occurrence.....          | 2,271,235   |   |                                |  | 2,271,235  |
| 11.2 Medical professional liability - claims-made.....         | 294,059   |   |                                |  | 294,059  |
| 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.....                                 |   |   |                                |  | 0  |
| 17.1 Other liability - occurrence.....                         | 91,658  |   |                                |  | 91,658   |
| 17.2 Other liability - claims-made.....                        |   |   |                                |  | 0  |
| 17.3 Excess workers' compensation.....                         |   |   |                                |  | 0  |
| 18.1 Products liability - occurrence.....                      |   |   |                                |  | 0  |
| 18.2 Products liability - claims-made.....                     |   |   |                                |  | 0  |
| 19.1, 19.2 Private passenger auto liability.....               |   |   |                                |  | 0  |
| 19.3, 19.4 Commercial auto liability.....                      |   |   |                                |  | 0  |
| 21. Auto physical damage.....                                  |   |   |                                |  | 0  |
| 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.....  | 2,656,952   | 0   | 0                              | 0  | 2,656,952  |
| 36. Accrued retrospective premiums based on experience.....    |   |   |                                |  | 0  |
| 37. Earned but unbilled premiums.....                          |   |   |                                |  | 0  |
| 38. Balance (sum of Lines 35 through 37).....                  |   |   |                                |  | 2,656,952  |

#### DETAILS OF WRITE-INS

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| 3401. ....  |   |   |   |   | 0 |
| 3402. ....  |   |   |   |   | 0 |
| 3403. ....  |   |   |   |   | 0 |
| 3498. Summary of remaining write-ins for Line 34 from overflow page.... | 0 | 0 | 0 | 0 | 0 |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....      | 0 | 0 | 0 | 0 | 0 |

(a) State here basis of computation used in each case: Premiums earned ratably over the policy term.

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B - PREMIUMS WRITTEN

| Line of Business   | 1                         | Reinsurance Assumed     |                             | Reinsurance Ceded     |                           | 6<br>Net Premiums<br>Written<br>(Cols. 1 + 2 + 3<br>- 4 - 5) |
|--|---------------------------|-------------------------|-----------------------------|-----------------------|---------------------------|--|
|  | Direct<br>Business<br>(a) | 2<br>From<br>Affiliates | 3<br>From<br>Non-Affiliates | 4<br>To<br>Affiliates | 5<br>To<br>Non-Affiliates |  |
| 1. Fire.....   |                           |                         |                             |                       |                           | .0   |
| 2. Allied lines.....   |                           |                         |                             |                       |                           | .0   |
| 3. Farmowners multiple peril.....                              |                           |                         |                             |                       |                           | .0   |
| 4. Homeowners multiple peril.....                              |                           |                         |                             |                       |                           | .0   |
| 5. Commercial multiple peril.....                              |                           |                         |                             |                       |                           | .0   |
| 6. Mortgage guaranty.....                                      |                           |                         |                             |                       |                           | .0   |
| 8. Ocean marine.....   |                           |                         |                             |                       |                           | .0   |
| 9. Inland marine.....  |                           |                         |                             |                       |                           | .0   |
| 10. Financial guaranty.....                                    |                           |                         |                             |                       |                           | .0   |
| 11.1 Medical professional liability - occurrence.....          | 2,080,712                 |                         |                             |                       |                           | 2,080,712  |
| 11.2 Medical professional liability - claims-made.....         | 656,351                   |                         |                             |                       |                           | 656,351  |
| 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.....                                 |                           |                         |                             |                       |                           | .0   |
| 17.1 Other liability - occurrence.....                         | 413,736                   |                         |                             |                       |                           | 413,736  |
| 17.2 Other liability - claims-made.....                        |                           |                         |                             |                       |                           | .0   |
| 17.3 Excess workers' compensation.....                         |                           |                         |                             |                       |                           | .0   |
| 18.1 Products liability - occurrence.....                      |                           |                         |                             |                       |                           | .0   |
| 18.2 Products liability - claims-made.....                     |                           |                         |                             |                       |                           | .0   |
| 19.1, 19.2 Private passenger auto liability.....               |                           |                         |                             |                       |                           | .0   |
| 19.3, 19.4 Commercial auto liability.....                      |                           |                         |                             |                       |                           | .0   |
| 21. Auto physical damage.....                                  |                           |                         |                             |                       |                           | .0   |
| 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.....        | .XXX                      |                         |                             |                       |                           | .0   |
| 32. Reinsurance - nonproportional assumed liability.....       | .XXX                      |                         |                             |                       |                           | .0   |
| 33. Reinsurance - nonproportional assumed financial lines..... | .XXX                      |                         |                             |                       |                           | .0   |
| 34. Aggregate write-ins for other lines of business.....       | .0                        | .0                      | .0                          | .0                    | .0                        | .0   |
| 35. TOTALS.....  | 3,150,799                 | .0                      | .0                          | .0                    | .0                        | 3,150,799  |

#### DETAILS OF WRITE-INS

|   |    |    |    |    |    |    |
|---|----|----|----|----|----|----|
| 3401. ....  |    |    |    |    |    | .0 |
| 3402. ....  |    |    |    |    |    | .0 |
| 3403. ....  |    |    |    |    |    | .0 |
| 3498. Summary of remaining write-ins for Line 34 from overflow page.. | .0 | .0 | .0 | .0 | .0 | .0 |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 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 \$.0.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.0.

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - LOSSES PAID AND INCURRED**

| Line of Business   | Losses Paid Less Salvage |                          |                            |                                     | 5<br>Net Losses Unpaid Current Year (Part 2A, Col. 8) | 6<br>Net Losses Unpaid Prior Year | 7<br>Losses Incurred Current Year (Cols. 4 + 5 - 6) | 8<br>Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1) |
|--|--------------------------|--------------------------|----------------------------|-------------------------------------|---|-----------------------------------|---|---|
|  | 1<br>Direct Business     | 2<br>Reinsurance Assumed | 3<br>Reinsurance Recovered | 4<br>Net Payments (Cols. 1 + 2 - 3) |   |                                   |   |   |
| 1. Fire.....   |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 2. Allied lines.....   |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 3. Farmowners multiple peril.....                              |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 4. Homeowners multiple peril.....                              |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 5. Commercial multiple peril.....                              |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 6. Mortgage guaranty.....                                      |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 8. Ocean marine.....   |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 9. Inland marine.....  |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 10. Financial guaranty.....                                    |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 11.1 Medical professional liability - occurrence.....          | 5,554,757                |                          |                            | 5,554,757                           | 32,695,333  | 37,438,347                        | 811,743   | 35.9  |
| 11.2 Medical professional liability - claims-made.....         | 3,429,500                |                          |                            | 3,429,500                           | 11,992,065  | 14,353,953                        | 1,067,612   | 197.2   |
| 12. Earthquake.....  |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 13. Group accident and health.....                             |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 14. Credit accident and health (group and individual).....     |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 15. Other accident and health.....                             |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 16. Workers' compensation.....                                 |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 17.1 Other liability - occurrence.....                         | 75,000                   |                          |                            | 75,000                              | 814,094   | 1,229,998                         | (340,904)   | (79.6)  |
| 17.2 Other liability - claims-made.....                        |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 17.3 Excess workers' compensation.....                         |                          |                          |                            | 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.....               |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 19.3, 19.4 Commercial auto liability.....                      |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 21. Auto physical damage.....                                  |                          |                          |                            | 0                                   |   |                                   | 0   |   |
| 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                                   |   |                                   | 0   |   |
| 32. Reinsurance - nonproportional assumed liability.....       | XXX                      |                          |                            | 0                                   |   |                                   | 0   |   |
| 33. Reinsurance - nonproportional assumed financial lines..... | XXX                      |                          |                            | 0                                   |   |                                   | 0   |   |
| 34. Aggregate write-ins for other lines of business.....       | 0                        | 0                        | 0                          | 0                                   | 0   | 0                                 | 0   |   |
| 35. TOTALS.....  | 9,059,257                | 0                        | 0                          | 9,059,257                           | 45,501,492  | 53,022,298                        | 1,538,451   | 47.6  |

**DETAILS OF WRITE-INS**

|  |   |   |   |   |   |   |   |     |
|--|---|---|---|---|---|---|---|-----|
| 3401. ....   |   |   |   | 0 |   |   | 0 |     |
| 3402. ....   |   |   |   | 0 |   |   | 0 |     |
| 3403. ....   |   |   |   | 0 |   |   | 0 |     |
| 3498. Summary of remaining write-ins for Line 34 from overflow page..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....       | 0 | 0 | 0 | 0 | 0 | 0 | 0 |     |

**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 Excluding Incurred but not Reported (Cols. 1 + 2 - 3) | 5<br>Direct               | 6<br>Reinsurance Assumed | 7<br>Reinsurance Ceded |   |  |
| 1. Fire.....   |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 2. Allied lines.....   |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 3. Farmowners multiple peril.....                              |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 4. Homeowners multiple peril.....                              |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 5. Commercial multiple peril.....                              |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 6. Mortgage guaranty.....                                      |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 8. Ocean marine.....   |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 9. Inland marine.....  |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 10. Financial guaranty.....                                    |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 11.1 Medical professional liability - occurrence.....          | 8,780,000       |                          |  | 8,780,000   | 23,915,333                |                          |                        | 32,695,333                                      | 13,264,280                               |
| 11.2 Medical professional liability - claims-made.....         | 7,575,000       |                          |  | 7,575,000   | 4,417,065                 |                          |                        | 11,992,065                                      | 3,051,858                                |
| 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.....                         | 190,000         |                          |  | 190,000   | 624,094                   |                          |                        | 814,094   | 367,456                                  |
| 17.2 Other liability - claims-made.....                        |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 17.3 Excess workers' compensation.....                         |                 |                          |  | 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.....               |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 19.3, 19.4 Commercial auto liability.....                      |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 21. Auto physical damage.....                                  |                 |                          |  | 0   |                           |                          |                        | 0   |  |
| 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             |                          |  | 0   | XXX                       |                          |                        | 0   |  |
| 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.....  | 16,545,000      | 0                        | 0  | 16,545,000  | 28,956,492                | 0                        | 0                      | 45,501,492                                      | 16,683,594                               |

**DETAILS OF WRITE-INS**

|  |   |   |   |   |   |   |   |   |   |
|--|---|---|---|---|---|---|---|---|---|
| 3401. ....   |   |   |   | 0 |   |   |   | 0 |   |
| 3402. ....   |   |   |   | 0 |   |   |   | 0 |   |
| 3403. ....   |   |   |   | 0 |   |   |   | 0 |   |
| 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 thru 3403 plus 3498) (Line 34 above).....       | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

(a) Including \$.....0 for present value of life indemnity claims.

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - EXPENSES

|  | 1<br>Loss Adjustment<br>Expenses | 2<br>Other<br>Underwriting<br>Expenses | 3<br>Investment<br>Expenses | 4<br>Total    |
|--|----------------------------------|--|-----------------------------|---------------|
| 1. Claim adjustment services:  |                                  |  |                             |               |
| 1.1 Direct.....  | 1,336,952                        |  |                             | 1,336,952     |
| 1.2 Reinsurance assumed.....   |                                  |  |                             | .0            |
| 1.3 Reinsurance ceded.....   |                                  |  |                             | .0            |
| 1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....                                     | 1,336,952                        | .0                                     | .0                          | 1,336,952     |
| 2. Commission and brokerage:   |                                  |  |                             |               |
| 2.1 Direct, excluding contingent.....  |                                  | 118,942                                |                             | 118,942       |
| 2.2 Reinsurance assumed, excluding contingent.....   |                                  |  |                             | .0            |
| 2.3 Reinsurance ceded, excluding contingent.....   |                                  |  |                             | .0            |
| 2.4 Contingent - direct.....   |                                  |  |                             | .0            |
| 2.5 Contingent - reinsurance assumed.....  |                                  |  |                             | .0            |
| 2.6 Contingent - reinsurance ceded.....  |                                  |  |                             | .0            |
| 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                               | 118,942                                | .0                          | 118,942       |
| 3. Allowances to manager and agents.....   |                                  |  |                             | .0            |
| 4. Advertising.....  |                                  |  |                             | .0            |
| 5. Boards, bureaus and associations.....   |                                  |  |                             | .0            |
| 6. Surveys and underwriting reports.....   |                                  |  |                             | .0            |
| 7. Audit of assureds' records.....   |                                  |  |                             | .0            |
| 8. Salary and related items:   |                                  |  |                             |               |
| 8.1 Salaries.....  |                                  | 1,214,991                              |                             | 1,214,991     |
| 8.2 Payroll taxes.....   |                                  | 85,954                                 |                             | 85,954        |
| 9. Employee relations and welfare.....   |                                  | 15,583                                 |                             | 15,583        |
| 10. Insurance.....   |                                  | 77,904                                 |                             | 77,904        |
| 11. Directors' fees.....   |                                  | 4,675                                  |                             | 4,675         |
| 12. Travel and travel items.....   |                                  | 39,735                                 |                             | 39,735        |
| 13. Rent and rent items.....   |                                  | 114,249                                |                             | 114,249       |
| 14. Equipment.....   |                                  | 33,196                                 |                             | 33,196        |
| 15. Cost or depreciation of EDP equipment and software.....                                  |                                  |  |                             | .0            |
| 16. Printing and stationery.....   |                                  | 17,338                                 |                             | 17,338        |
| 17. Postage, telephone and telegraph, exchange and express.....                              |                                  | 20,509                                 |                             | 20,509        |
| 18. Legal and auditing.....  |                                  | 339,207                                |                             | 339,207       |
| 19. Totals (Lines 3 to 18).....  | .0                               | 1,963,341                              | .0                          | 1,963,341     |
| 20. Taxes, licenses and fees:  |                                  |  |                             |               |
| 20.1 State and local insurance taxes deducting guaranty association credits of \$.....0..... |                                  | 68,466                                 |                             | 68,466        |
| 20.2 Insurance department licenses and fees.....   |                                  | 102,191                                |                             | 102,191       |
| 20.3 Gross guaranty association assessments.....   |                                  |  |                             | .0            |
| 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                               | 170,657                                | .0                          | 170,657       |
| 21. Real estate expenses.....  |                                  |  |                             | .0            |
| 22. Real estate taxes.....   |                                  |  |                             | .0            |
| 23. Reimbursements by uninsured plans.....   |                                  |  |                             | .0            |
| 24. Aggregate write-ins for miscellaneous expenses.....                                      | .0                               | 123,252                                | 246,529                     | 369,781       |
| 25. Total expenses incurred.....   | 1,336,952                        | 2,376,192                              | 246,529                     | (a) 3,959,673 |
| 26. Less unpaid expenses - current year.....   | 16,683,594                       | 291,999                                | 59,911                      | 17,035,504    |
| 27. Add unpaid expenses - prior year.....  | 16,874,432                       | 154,750                                | 55,218                      | 17,084,400    |
| 28. Amounts receivable relating to uninsured plans, prior year.....                          |                                  |  |                             | .0            |
| 29. Amounts receivable relating to uninsured plans, current year.....                        |                                  |  |                             | .0            |
| 30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....                                  | 1,527,790                        | 2,238,943                              | 241,836                     | 4,008,569     |

#### DETAILS OF WRITE-INS

|  |    |         |         |         |
|--|----|---------|---------|---------|
| 2401. Investment Fees.....   |    |         | 246,529 | 246,529 |
| 2402. Interest/LOC Expense.....  |    | 2,768   |         | 2,768   |
| 2403. Contributions.....   |    | 10,287  |         | 10,287  |
| 2498. Summary of remaining write-ins for Line 24 from overflow page..... | .0 | 110,197 | .0      | 110,197 |
| 2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....       | .0 | 123,252 | 246,529 | 369,781 |

(a) Includes management fees of \$.....0 to affiliates and \$.....0 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).....631,474               | .....626,166               |
| 1.1 Bonds exempt from U.S. tax.....  | (a).....297,737               | .....385,337               |
| 1.2 Other bonds (unaffiliated).....  | (a).....4,126,088             | .....4,007,638             |
| 1.3 Bonds of affiliates.....   | (a).....                      | .....                      |
| 2.1 Preferred stocks (unaffiliated).....                                     | (b).....                      | .....                      |
| 2.11 Preferred stocks of affiliates.....                                     | (b).....                      | .....                      |
| 2.2 Common stocks (unaffiliated).....  | .....                         | .....                      |
| 2.21 Common stocks of affiliates.....  | .....                         | .....                      |
| 3. Mortgage loans.....   | (c).....                      | .....                      |
| 4. Real estate.....  | (d).....                      | .....                      |
| 5. Contract loans.....   | .....                         | .....                      |
| 6. Cash, cash equivalents and short-term investments.....                    | (e).....519                   | .....508                   |
| 7. Derivative instruments.....   | (f).....                      | .....                      |
| 8. Other invested assets.....  | .....1,597,346                | .....1,273,979             |
| 9. Aggregate write-ins for investment income.....                            | .....0                        | .....0                     |
| 10. Total gross investment income.....                                       | 6,653,164                     | 6,293,628                  |
| 11. Investment expenses.....   | .....                         | (g).....246,529            |
| 12. Investment taxes, licenses and fees, excluding federal income taxes..... | .....                         | (g).....                   |
| 13. Interest expense.....  | .....                         | (h).....                   |
| 14. Depreciation on real estate and other invested assets.....               | .....                         | (i).....0                  |
| 15. Aggregate write-ins for deductions from investment income.....           | .....                         | .....0                     |
| 16. Total deductions (Lines 11 through 15).....                              | .....                         | 246,529                    |
| 17. Net investment income (Line 10 minus Line 16).....                       | .....                         | 6,047,099                  |

#### DETAILS OF WRITE-INS

|  |        |        |
|--|--------|--------|
| 0901. ....   |        |        |
| 0902. ....   |        |        |
| 0903. ....   |        |        |
| 0998. Summary of remaining write-ins for Line 9 from overflow page.....  | .....0 | .....0 |
| 0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....        | .....0 | .....0 |
| 1501. ....   |        |        |
| 1502. ....   |        |        |
| 1503. ....   |        |        |
| 1598. Summary of remaining write-ins for Line 15 from overflow page..... |        | .....0 |
| 1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....       |        | .....0 |

- (a) Includes \$.....106,241 accrual of discount less \$.....440,022 amortization of premium and less \$.....50,042 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 \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....135 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<br>or Maturity | 2<br>Other<br>Realized<br>Adjustments | 3<br>Total Realized<br>Capital Gain (Loss)<br>(Columns 1 + 2) | 4<br>Change in<br>Unrealized<br>Capital Gain (Loss) | 5<br>Change in<br>Unrealized<br>Foreign Exchange<br>Capital Gain (Loss) |
|---|---|---------------------------------------|---|---|---|
| 1. U.S. government bonds.....                             | 41,400  |                                       | 41,400  |   |   |
| 1.1 Bonds exempt from U.S. tax.....                       |   |                                       | 0   |   |   |
| 1.2 Other bonds (unaffiliated).....                       | 107,373   |                                       | 107,373   | 9,969   |   |
| 1.3 Bonds of affiliates.....                              |   |                                       | 0   |   |   |
| 2.1 Preferred stocks (unaffiliated).....                  |   |                                       | 0   |   |   |
| 2.11 Preferred stocks of affiliates.....                  |   |                                       | 0   |   |   |
| 2.2 Common stocks (unaffiliated).....                     |   |                                       | 0   |   |   |
| 2.21 Common stocks of affiliates.....                     |   |                                       | 0   |   |   |
| 3. Mortgage loans.....                                    |   |                                       | 0   |   |   |
| 4. Real estate.....                                       |   |                                       | 0   |   |   |
| 5. Contract loans.....                                    |   |                                       | 0   |   |   |
| 6. Cash, cash equivalents and short-term investments..... |   |                                       | 0   |   |   |
| 7. Derivative instruments.....                            |   |                                       | 0   |   |   |
| 8. Other invested assets.....                             |   |                                       | 0   |   |   |
| 9. Aggregate write-ins for capital gains (losses).....    | 1,010,914   | 0                                     | 1,010,914   | 597,908   | 0   |
| 10. Total capital gains (losses).....                     | 1,159,687   | 0                                     | 1,159,687   | 607,877   | 0   |

#### DETAILS OF WRITE-INS

|   |           |   |           |         |   |
|---|-----------|---|-----------|---------|---|
| 0901. Stabilization Reserve Fund.....                                   | 1,010,914 |   | 1,010,914 | 597,908 |   |
| 0902. ....  |           |   | 0         |         |   |
| 0903. ....  |           |   | 0         |         |   |
| 0998. Summary of remaining write-ins for Line 9 from overflow page..... | 0         | 0 | 0         | 0       | 0 |
| 0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....       | 1,010,914 | 0 | 1,010,914 | 597,908 | 0 |

**EXHIBIT OF NONADMITTED ASSETS**

|   | 1<br>Current Year<br>Total<br>Nonadmitted Assets | 2<br>Prior Year<br>Total<br>Nonadmitted Assets | 3<br>Change in Total<br>Nonadmitted Assets<br>(Col. 2 - Col. 1) |
|---|--|--|---|
| 1. Bonds (Schedule D).....  |  |  | .0  |
| 2. Stocks (Schedule D):   |  |  |   |
| 2.1 Preferred stocks.....   |  |  | .0  |
| 2.2 Common stocks.....  |  |  | .0  |
| 3. Mortgage loans on real estate (Schedule B):  |  |  |   |
| 3.1 First liens.....  |  |  | .0  |
| 3.2 Other than first liens.....   |  |  | .0  |
| 4. Real estate (Schedule A):  |  |  |   |
| 4.1 Properties occupied by the company.....   |  |  | .0  |
| 4.2 Properties held for the production of income.....   |  |  | .0  |
| 4.3 Properties held for sale.....   |  |  | .0  |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2)<br>and short-term investments (Schedule DA).....          |  |  | .0  |
| 6. Contract loans.....  |  |  | .0  |
| 7. Derivatives (Schedule DB).....   |  |  | .0  |
| 8. Other invested assets (Schedule BA).....   |  |  | .0  |
| 9. Receivables for securities.....  |  |  | .0  |
| 10. Securities lending reinvested collateral assets (Schedule DL).....  |  |  | .0  |
| 11. Aggregate write-ins for invested assets.....  | .0   | .0   | .0  |
| 12. Subtotals, cash and invested assets (Lines 1 to 11).....  | .0   | .0   | .0  |
| 13. Title plants (for Title insurers only).....   |  |  | .0  |
| 14. Investment income due and accrued.....  |  |  | .0  |
| 15. Premiums and considerations:  |  |  |   |
| 15.1 Uncollected premiums and agents' balances in the course of collection.....   |  |  | .0  |
| 15.2 Deferred premiums, agents' balances and installments booked but<br>deferred and not yet due.....                       |  |  | .0  |
| 15.3 Accrued retrospective premiums.....  |  |  | .0  |
| 16. Reinsurance:  |  |  |   |
| 16.1 Amounts recoverable from reinsurers.....   |  |  | .0  |
| 16.2 Funds held by or deposited with reinsured companies.....   |  |  | .0  |
| 16.3 Other amounts receivable under reinsurance contracts.....  |  |  | .0  |
| 17. Amounts receivable relating to uninsured plans.....   |  |  | .0  |
| 18.1 Current federal and foreign income tax recoverable and interest thereon.....   |  |  | .0  |
| 18.2 Net deferred tax asset.....  |  |  | .0  |
| 19. Guaranty funds receivable or on deposit.....  |  |  | .0  |
| 20. Electronic data processing equipment and software.....  |  |  | .0  |
| 21. Furniture and equipment, including health care delivery assets.....   |  |  | .0  |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....   |  |  | .0  |
| 23. Receivables from parent, subsidiaries and affiliates.....   |  |  | .0  |
| 24. Health care and other amounts receivable.....   |  |  | .0  |
| 25. Aggregate write-ins for other than invested assets.....   | .0   | .0   | .0  |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected<br>Cell Accounts (Lines 12 through 25)..... | .0   | .0   | .0  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....  |  |  | .0  |
| 28. TOTALS (Lines 26 and 27).....   | .0   | .0   | .0  |

NONE

**DETAILS OF WRITE-INS**

|  |    |    |    |
|--|----|----|----|
| 1101.....  |    |    | .0 |
| 1102.....  |    |    | .0 |
| 1103.....  |    |    | .0 |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | .0 | .0 | .0 |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....       | .0 | .0 | .0 |
| 2501.....  |    |    | .0 |
| 2502.....  |    |    | .0 |
| 2503.....  |    |    | .0 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | .0 | .0 | .0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | .0 | .0 | .0 |

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**NOTES TO FINANCIAL STATEMENTS**


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**Note 1 - Summary of Significant Accounting Policies**

Medical Malpractice Joint Underwriting Association of Rhode Island ("the Association") is a joint underwriting association created by the state of Rhode Island. The Association was originally created in accordance with RI Gen. Law 42-35-3 by the adoption of Emergency Regulation XXI(21) by the Department of Business Regulation (the "Department") effective June 16, 1975. Subsequently, legislation was enacted which authorized the Department to promulgate regulations relating to medical malpractice insurance and validated Emergency Regulation XXI(21). It was the intent of the Department that the Association provides a continuing stable facility for medical malpractice insurance. Under the original plan of operation (approved June 25, 1975) and as amended and approved by the department on November 10, 2003, the Association was created to provide medical malpractice insurance for physicians, hospitals and other health care providers, on a self-supporting basis.

The Association is authorized to issue medical malpractice policies on a "claims made" or "occurrence" basis with limits not to exceed \$1,000,000 for each medical incident under one policy and in the aggregate of \$3,000,000 under one policy in any one year. The Association is also authorized to underwrite incidental coverage's for any health care provider that is also covered by the Association's medical malpractice, with limits of \$1,000,000 per incident and \$1,000,000 aggregate under a one year policy. Additionally, the Association is authorized to provide Commercial General Liability coverage to the health care providers with limits of \$1,000,000 per incident and \$2,000,000 aggregate under a one year policy. All policies are on an annual basis and shall be subject to the Group Retrospective Rating Plan and Stabilization Reserve Fund as authorized by Regulation 21. The Group Retrospective Rating Plan and stabilization reserve fund are described under note 24.

**A. Accounting Practices, impact of NAIC/state differences**

The accompanying financial statements of the Association have been prepared in conformity with accounting practices prescribed or permitted by the Department. Prescribed accounting practices include state laws, regulations and general administrative rules applicable to insurance companies domiciled in the State of Rhode Island; National Association of Insurance Commissioners' ("NAIC") *Annual Statement Instructions*; the NAIC *Accounting Practices and Procedures Manual*; the *Purposes and Procedures* and *Securities Valuation Manuals* of the NAIC Securities Valuation Office; NAIC official proceedings; and the NAIC *Examiner's and Market Conduct Handbooks*. Permitted statutory accounting practices encompass all accounting practices not so prescribed.

The Department requires insurance companies domiciled in the State of Rhode Island to prepare their statutory financial statements in accordance with the NAIC Accounting Practices and Procedures Manual and subject to Rhode Island Department of Business Regulation Gen. Law 42-35-3.

**B. Use of Estimates in the Preparation of the Financial Statements**

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

**C. Accounting Policies**

The Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds generally are stated at amortized cost, except for bonds that are rated by the NAIC as a class 3 - 6 which are reported at the lower of amortized cost or fair market value. Amortization is calculated using the scientific constant yield to worst method.
3. The Association holds no investments in common stocks.
4. The Association holds no investments in preferred stocks.
5. The Association holds no investments in first lien mortgage loans on real estate.
6. Investment grade loan-backed securities are stated at amortized value. The retrospective adjustment method is used to value all loan-backed securities. Non-investment grade loan-backed securities are stated at the lower of amortized value or fair value.
7. The Association has no subsidiaries.
8. The Association holds no interest in joint ventures or partnerships.
9. The Association does not invest in derivative instruments.
10. The Association does not have a premium deficiency reserve.

## NOTES TO FINANCIAL STATEMENTS

11. The reserve for unpaid losses and loss adjustment expenses represents the estimated unpaid ultimate liability for claims reported to the Association plus claims incurred but not yet reported and the related estimated loss adjustment expenses. In establishing this reserve, the Association utilizes the findings of an independent consulting actuary. The reserves for unpaid losses and loss adjustment expenses are estimated using individual case basis valuations and statistical analyses. Those estimates are subject to the effects of trends in loss severity and frequency.
12. The Association does not have a capitalization policy.
13. Not applicable as the Association does not write major medical insurance with prescription drug coverage.

### **Note 2 - Accounting Changes and Corrections of Errors**

- A. On November 6, 2011, SSAP No. 101, Income Taxes, A Replacement of SSAP No. 10R, and SSAP NO. 10, was adopted by the NAIC. SSAP No. 101 contains changes to accounting for current and deferred federal and foreign income taxes, effective on January 1, 2012. This guidance provides that the deferred tax asset admissibility guidance is no longer elective, and the reversal and surplus limitation parameters in the admissibility tests are determined based on the risk-based capital level. It also requires gross deferred tax assets to be reduced by a statutory valuation allowance if it is more likely than not that some portion or all of the gross deferred tax assets will not be realized. Finally, the guidance sets a more likely than not threshold for the recording of contingent tax liabilities. The cumulative effect of adopting this pronouncement is \$765,601.

The following summarizes the impact of adoption:

| Description                                    | December 31, 2012 | December 31, 2011 | Change  |
|--|-------------------|-------------------|---------|
| Net Admitted DTA                               | 1,768,689         | 1,003,088         | 765,601 |
| Net impact to surplus<br>Decrease / (Increase) | -                 | -                 | 765,601 |

### **Note 3 - Business Combinations and Goodwill**

Not applicable

### **Note 4 - Discontinued Operations**

Not applicable

### **Note 5 - Investments**

Not applicable

### **Note 6 - Joint Ventures, Partnerships and Limited Liability Companies**

Not applicable

### **Note 7 - Investment Income**

- A. The company does not admit investment income due and accrued if amounts are over 90 days past due (180 days for mortgage loans).
- B. Not applicable

### **Note 8 - Derivative Instruments**

Not applicable

### **Note 9 - Income Taxes**

- A. Components of the Net Deferred Tax Assets/(Liabilities) at December 31 are as follows:

#### **1. DTA/DTL Components**

|  | 12/31/12  |             |           | 12/31/11  |           |           | Change    |           |           |
|--|-----------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|  | Ordinary  | Capital     | Total     | Ordinary  | Capital   | Total     | Ordinary  | Capital   | Total     |
| (a) Gross deferred tax assets                                    | 2,380,602 | 0           | 2,380,602 | 2,733,834 | 0         | 2,733,834 | (353,232) | 0         | (353,232) |
| (b) Statutory valuation allowance adjustments                    | 0         | 0           | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| (c) Adjusted gross deferred tax assets                           | 2,380,602 | 0           | 2,380,602 | 2,733,834 | 0         | 2,733,834 | (353,232) | 0         | (353,232) |
| (d) Deferred tax assets nonadmitted                              | 0         | 0           | 0         | 0         | 0         | 0         | 0         | 0         | 0         |
| (e) Subtotal net admitted deferred tax asset                     | 2,380,602 | 0           | 2,380,602 | 2,733,834 | 0         | 2,733,834 | (353,232) | 0         | (353,232) |
| (f) Deferred tax liabilities                                     | 74,915    | 1,098,916   | 1,173,830 | 72,907    | 892,238   | 965,145   | 2,008     | 206,678   | 208,685   |
| (g) Net admitted deferred tax asset/(net deferred tax liability) | 2,305,687 | (1,098,916) | 1,206,772 | 2,660,927 | (892,238) | 1,768,689 | (355,239) | (206,678) | (561,917) |

**NOTES TO FINANCIAL STATEMENTS****2. Admission Calculation Components**

|  | <u>12/31/12</u> |         |            | <u>12/31/11</u> |         |            | <u>Change</u> |           |           |
|--|-----------------|---------|------------|-----------------|---------|------------|---------------|-----------|-----------|
|  | Ordinary        | Capital | Total      | Ordinary        | Capital | Total      | Ordinary      | Capital   | Total     |
| Admission Calculation Components Under paragraphs 11.a., 11.b., and 11.c.  |                 |         |            |                 |         |            |               |           |           |
| (a) Federal income taxes paid in prior years recoverable through loss carrybacks   | 1,206,772       | 0       | 1,206,772  | 1,380,901       | 0       | 1,380,901  | (174,129)     | 0         | (174,129) |
| (b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above after application of the threshold limitation. (the lesser of 2(b) 1 and 2(b) 2 below) | 0               | 0       | 0          | 387,788         | 0       | 387,788    | (387,788)     | 0         | (387,788) |
| 1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date   | 0               | 0       | 0          | 387,788         | 0       | 387,788    | (387,788)     | 0         | (387,788) |
| 2. Adjusted gross deferred tax assets allowed per limitation threshold   | xxx             | xxx     | 12,391,270 | xxx             | xxx     | 11,756,195 | xxx           | xxx       | 635,076   |
| (c) Adjusted gross deferred tax assets (excluding the amount of deferred ax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities  | 1,173,830       | 0       | 1,173,830  | 72,907          | 892,238 | 965,145    | 1,100,923     | (892,238) | 208,685   |
| (d) Deferred tax assets admitted as the result of application of SSAP No. 101.   | 2,380,602       | 0       | 2,380,602  | 1,841,596       | 892,238 | 2,733,834  | 539,006       | (892,238) | (353,232) |

**3. Threshold used in 11.b.**

|   | <u>2012</u> | <u>2011</u> |
|---|-------------|-------------|
| (a) Ratio percentage used to determine recovery period and threshold limitation amount                                | 897%        | 842%        |
| (b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above. | 82,608,469  | 78,374,631  |

**4. Impact of tax planning strategies**

|  | <u>12/31/12</u> |           |         | <u>12/31/11</u> |           |         | <u>Change</u> |           |         |
|--|-----------------|-----------|---------|-----------------|-----------|---------|---------------|-----------|---------|
|  | Ordinary %      | Capital % | Total % | Ordinary %      | Capital % | Total % | Ordinary %    | Capital % | Total % |
| (a) Adjusted gross DTAs - (% of total adjusted gross DTAs)                     | 0.00%           | 0.00%     | 0.00%   | 0.00%           | 0.00%     | 0.00%   | 0.00%         | 0.00%     | 0.00%   |
| (b) Net admitted DTAs - (% of total net admitted adjusted gross DTAs)          | 0.00%           | 0.00%     | 0.00%   | 0.00%           | 0.00%     | 0.00%   | 0.00%         | 0.00%     | 0.00%   |
| (c) Does the Company's tax-planning strategies include the use of reinsurance? | Yes             |           | No      | X               |           |         |               |           |         |

B. In 2012 and 2011 there were no temporary differences for which a deferred tax liability was not established.

**NOTES TO FINANCIAL STATEMENTS**

C. Current income taxes incurred consist of the following major components:

|  | <u>12/31/12</u> | <u>12/31/11</u> | <u>Change</u> |
|--|-----------------|-----------------|---------------|
| 1. Current Income Tax                          |                 |                 |               |
| (a) Federal                                    | 485,380         | 1,708,890       | (1,223,510)   |
| (b) Foreign                                    | (940)           | (512)           | (428)         |
| (c) Subtotal                                   | 484,440         | 1,708,378       | (1,223,938)   |
| (d) Federal income tax on net capital gains    | 394,294         | 242,563         | 151,730       |
| (e) Utilization of capital loss carry-forwards | 0               | (25,562)        | 25,562        |
| (f) Other                                      | 12,660          | (22,445)        | 35,105        |
| (g) Federal and foreign income taxes incurred  | 891,394         | 1,902,934       | (1,011,540)   |
| 2. Deferred Tax Assets:                        |                 |                 |               |
| (a) Ordinary:                                  |                 |                 |               |
| (1) Discounting of unpaid losses               | 2,193,086       | 2,544,254       | (351,168)     |
| (2) Unearned premium reserves                  | 187,516         | 189,580         | (2,064)       |
| (3) Policyholder reserves                      | 0               | 0               | 0             |
| (4) Investments                                | 0               | 0               | 0             |
| (5) Deferred acquisition costs                 | 0               | 0               | 0             |
| (6) Policyholder dividends accrual             | 0               | 0               | 0             |
| (7) Fixed assets                               | 0               | 0               | 0             |
| (8) Compensation and benefits accrual          | 0               | 0               | 0             |
| (9) Pension accrual                            | 0               | 0               | 0             |
| (10) Receivables - nonadmitted                 | 0               | 0               | 0             |
| (11) Net operating loss carry-forward          | 0               | 0               | 0             |
| (12) Tax credit carry-forward                  | 0               | 0               | 0             |
| (13) Other assets - nonadmitted                | 0               | 0               | 0             |
| (14) Other                                     | 0               | 0               | 0             |
| Subtotal                                       | 2,380,602       | 2,733,834       | (353,232)     |
| (b) Statutory valuation allowance adjustment   | 0               | 0               | 0             |
| (c) Nonadmitted                                | 0               | 0               | 0             |
| (d) Admitted ordinary deferred tax assets      | 2,380,602       | 2,733,834       | (353,232)     |
| (e) Capital:                                   |                 |                 |               |
| (1) Investments                                | 0               | 0               | 0             |
| (2) Real estate                                | 0               | 0               | 0             |
| (3) Other                                      | 0               | 0               | 0             |
| Subtotal                                       | 0               | 0               | 0             |
| (f) Statutory valuation allowance adjustment   | 0               | 0               | 0             |
| (g) Nonadmitted                                | 0               | 0               | 0             |
| (h) Admitted capital deferred tax assets       | 0               | 0               | 0             |
| (i) Admitted deferred tax assets               | 2,380,602       | 2,733,834       | (353,232)     |
| 3. Deferred Tax Liabilities                    |                 |                 |               |
| (a) Ordinary                                   |                 |                 |               |
| (1) Investments                                | 0               | 0               | 0             |
| (2) Fixed assets                               | 0               | 0               | 0             |
| (3) Deferred and uncollected premium           | 0               | 0               | 0             |
| (4) Policyholder reserves                      | 0               | 0               | 0             |
| (5) Market discount on bonds                   | 72,382          | 71,216          | 1,166         |
| (6) Other - Accrued dividends                  | 2,533           | 1,691           | 842           |
| Subtotal                                       | 74,915          | 72,907          | 2,007         |
| (b) Capital                                    |                 |                 |               |
| (1) Investments                                | 1,098,916       | 892,238         | 206,678       |
| (2) Real estate                                | 0               | 0               | 0             |
| (3) Other                                      | 0               | 0               | 0             |
| Subtotal                                       | 1,098,916       | 892,238         | 206,678       |
| (c) Deferred tax liabilities                   | 1,173,830       | 965,145         | 208,685       |
| 4. Net deferred tax assets/(liabilities)       | 1,206,772       | 1,768,689       | (561,917)     |

D. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

|   | <u>12/31/12</u> | <u>Effective Tax Rate</u> |
|---|-----------------|---------------------------|
| Provision computed at statutory rate      | 1,535,901       | 34.00%                    |
| Tax exempt interest                       | (350,915)       | -7.77%                    |
| Travel & entertainment                    | 101             | 0.00%                     |
| Tax Exempt Expenses                       | 23,820          | 0.53%                     |
| Dividends received deduction              | (31,867)        | -0.71%                    |
| Proration                                 | 53,844          | 1.19%                     |
| Foreign Taxes                             | (941)           | -0.02%                    |
| Prior year/other                          | 16,690          | 0.37%                     |
| Total                                     | 1,246,633       | 27.60%                    |
| Federal and foreign income taxes incurred | 497,100         | 11.00%                    |
| Realized capital gains (losses) tax       | 394,294         | 8.73%                     |
| Change in net deferred income taxes       | 355,239         | 7.86%                     |
| Total statutory income taxes              | 1,246,633       | 27.60%                    |

**NOTES TO FINANCIAL STATEMENTS**

E. Carryforwards, recoverable taxes, and IRC Sec. 6603 deposits:

1. The Company does not have any loss or credit carryforwards for 2011 and 2012.
2. The following are federal income taxes incurred in the current and prior years that will be available for recoupment in the event of future losses:

|                               | <u>Ordinary</u> | <u>Capital</u> | <u>Total</u> |
|-------------------------------|-----------------|----------------|--------------|
| 12/31/12 (current year)       | \$420,630       | \$ 394,294     | \$ 814,924   |
| 12/31/11 (1st preceding year) | \$484,748       | \$ 217,001     | \$ 701,749   |
| 12/31/10 (2nd preceding year) | N/A             | \$ -           | \$ -         |

3. The Company has not made any deposits regarding the suspension of running interest (protective deposits) pursuant to Internal Revenue Code Section 6603.

F. The Company does not file as part of a consolidated return and is not a party to any tax sharing agreement.

G. The company has no federal or foreign tax loss contingencies as determined in accordance with SSAP No. 5R, Liabilities, Contingencies and Impairments of Assets, with the modifications provided in SSAP No. 101, Income Taxes - A Replacement of SSAP No. 10R and SSAP No. 10, for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

SSAP No. 101 requires that a valuation allowance be established to reduce gross deferred tax assets if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized. Valuation allowances on the gross deferred tax asset are evaluated based on management's assessment of the recoverability. Management determined that a valuation allowance was not necessary as management anticipates that it is more likely than not that the Company will be able to recover all of their deferred tax assets.

**Note 10 - Information Concerning Parent, Subsidiaries and Affiliates**

Not applicable

**Note 11 - Debt**

Not applicable

**Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

Not applicable

**Note 13 - Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**

Not applicable

**Note 14 - Contingencies**

- A. Not applicable
- B. Not applicable
- C. Not applicable
- D. The association is contingently liable under certain structured settlement agreements. These unassigned annuity agreements were purchased for 31 claimants. In many of these cases, these structured settlements require payments until 2015 and beyond. The contingent liability reserve is verified with the annuity carriers and updated annually. One of the annuity carriers, Executive Life of New York, was placed into rehabilitation in 1992 and in 2011 began liquidation proceedings. On April 16, 2012, a ruling was issued, related to annuities purchased from Executive Life of New York, which moved Executive Life of New York was found to be insolvent and directed to be liquidated. All annuities purchased after 1985 included a uniform qualified assignment and release from all future obligations. (See Note 27)
- E. Not applicable
- F. Not applicable

**Note 15 - Leases**

Not applicable

**Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk**

Not applicable

**Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

Not applicable

**Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

Not applicable

**NOTES TO FINANCIAL STATEMENTS****Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

The Association uses Beecher Carlson Insurance Services LLC as managing general agent. The FEIN for Beecher Carlson Insurance Services LLC is 95-3679538. Beecher Carlson Insurance Services LLC has an exclusive contract for all medical malpractice and general liability business written. The total direct premiums written in 2012 equal \$3,150,799. The terms of the contract give Beecher Carlson Insurance Services LLC authority for premium collection (P), claims adjustment (CA), claims payment (C), binding (B), reinsurance ceding (R) and underwriting authority (U).

**Note 20 - Fair Value Measurement**

## A. 1. Inputs Used for Assets and Liabilities Measured at Fair Value

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

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

Level 2 - Significant Other Observable Inputs: This category for items measured at fair value on a recurring basis includes bonds, preferred stocks and common stocks which are not exchange-traded. The estimated fair values of some of these items were determined by independent pricing services using observable inputs. Others were based on quotes from markets which were not considered actively traded.

Level 3 - Significant Unobservable Inputs: The Company has no assets or liabilities measured at fair value in this category.

| <b>Assets Measured at Fair Value</b> | <b><u>Level 1</u></b> | <b><u>Level 2</u></b> | <b><u>Level 3</u></b> | <b><u>Total</u></b> |
|--------------------------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Bonds                                | 0                     | 166,060               | 0                     | 166,060             |

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred between Levels 1 and 2. This policy also applies to transfers into or out of Level 3 as stated in paragraph 3 below.

## 2. Rollforward of Level 3 Items

The Company has no assets or liabilities measured at fair value in the Level 3 category.

## 3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year, no transfers into or out of Level 3 were required.

## 4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

The Company has no assets or liabilities measured at fair value in the Level 3 category.

Bonds carried at fair value categorized as Level 2 were valued using a market approach. These valuations were determined to be Level 2 valuations as quoted markets prices for similar instruments in an active market were utilized. This was accomplished by the use of matrix pricing. Matrix pricing takes quoted prices of bonds with similar features and applies analytic methods to determine the fair value of bonds held. Features that are inputs into the analysis include duration, credit quality, tax status and call and sinking fund features.

## 5. Derivative Fair Values

Not applicable

## B. Other Fair Value Disclosures

Not applicable

**NOTES TO FINANCIAL STATEMENTS**

## C. Fair Values for All Financial Instruments by Levels 1, 2 and 3

The table below reflects the fair values and admitted values of all admitted assets and liabilities that are financial instruments. The fair values are also categorized into the three-level fair value hierarchy as described above in Note 20A.

| Type of Financial Instrument                      | Fair Value  | Admitted Value | Level 1    | Level 2     | Level 3 | Not Practical (Carrying Value) |
|---|-------------|----------------|------------|-------------|---------|--------------------------------|
| Financial Instruments - assets                    |             |                |            |             |         |                                |
| Bonds   | 113,547,324 | 100,421,563    | -          | 113,064,093 | 483,231 | -                              |
| Cash, cash equivalents and short-term investments | 903,102     | 903,102        | 903,102    | -           | -       | -                              |
| Other invested assets                             | 52,636,914  | 50,679,922     | 16,878,611 | 35,758,303  | -       | -                              |
| Total assets                                      | 167,087,340 | 152,004,587    | 17,781,713 | 148,822,396 | 483,231 | -                              |

## D. Financial Instruments for which Not Practicable to Estimate Fair Values

Not applicable

**Note 21 - Other Items**

## A. Extraordinary items

Not applicable

## B. Troubled debt restructuring for debtors

Not applicable

## C. Other disclosures

Not applicable

## D. Uncollectable premiums receivable

Not applicable

## E. Business interruption insurance recoveries

Not applicable

## F. State transferable and non-transferable tax credits

Not applicable

## G. Subprime mortgage related risk exposure

(1) The Company's exposure to subprime lending in the fixed maturity (bond) investment portfolio which contains securities collateralized by mortgages that have characteristics of subprime lending such as low FICO score, adjustable rate mortgages and alternative documentation mortgages. These investments are in the form of asset-backed securities and collateralized mortgage obligations which are collateralized by subprime mortgages. The carrying value of these investments is approximately \$166 thousand as of December 31, 2012.

(2) Direct exposure through investments in subprime mortgage loans (Schedule B)

Not applicable

(3) Direct exposure through other investments

|                           | <u>Amortized Cost</u> | <u>Book/Adj. Carry Value</u> | <u>Fair Mkt Value</u> | <u>OTTI Recognized</u> |
|---------------------------|-----------------------|------------------------------|-----------------------|------------------------|
| Residential MBS Sub Prime | 175,734               | 166,060                      | 166,060               |                        |

**Note 22 - Events Subsequent**

Not applicable

**NOTES TO FINANCIAL STATEMENTS****Note 23 - Reinsurance**

## A. Unsecured Reinsurance Recoverables

Not applicable

## B. Reinsurance Recoverable in Dispute

Not applicable

## C. Reinsurance Assumed and Ceded

Not applicable

## D. Uncollectable Reinsurance

Not applicable

## E. Commutation of Ceded Reinsurance

Not applicable

## F. Retroactive Reinsurance

For the policy periods beginning April 1, 2012 and 2011 the Medical Malpractice Joint Underwriting Association of Rhode Island ("the Association") entered into three catastrophic reinsurance contracts. A "Form D Prior Notice of Transaction" was filed with the State of Rhode Island Insurance Department to meet the regulatory filing requirements given under R.I. Gen. Laws section 27-35-4(b)(3).

These reinsurance contracts are intended to cover any losses that arise out of litigated court rulings that are in excess of the original policy limits of \$1,000,000. The Association has a 5% coinsurance under each of the three contracts. The contracts were placed through Lloyd & Partners Limited. For information on participation please refer to Schedule F.

There were three reinsurance contracts for the term April 1, 2012 through April 1, 2013. The premium of the reinsurance contracts is \$700,000. Contract details are:

| Contract Number | Consideration | Layer                    |
|-----------------|---------------|--------------------------|
| PH1203179       | \$300,000     | 1,000,000 to 5,000,000   |
| PH1203180       | \$200,000     | 5,000,000 to 10,000,000  |
| PH1203181       | \$200,000     | 10,000,000 to 20,000,000 |
| Total           | \$700,000     |                          |

There were three reinsurance contracts for the term April 1, 2011 through April 1, 2012. The premium of the reinsurance contracts is \$715,000. Contract details are:

| Contract Number | Consideration | Layer                    |
|-----------------|---------------|--------------------------|
| PH1102498       | \$305,000     | 1,000,000 to 5,000,000   |
| PH1102499       | \$205,000     | 5,000,000 to 10,000,000  |
| PH1102500       | \$205,000     | 10,000,000 to 20,000,000 |
| Total           | \$715,000     |                          |

## G. Reinsurance Accounted for as a Deposit

Not applicable

## H. Run-off Agreements

Not applicable

**Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination**

Pursuant to section 6 of regulation 21, all policies issued by the Association are subject to a non-profit Group Retrospective Rating Plan ("GRRP"). The GRRP document was submitted and approved by the Director of the Department of Business Regulation. Under the plan of the GRRP, the final premium for policy holders of the association, as a group, will be equal to the administrative expenses, loss and loss adjustment expenses and taxes, plus a reasonable allowance for contingencies and servicing. Policy holders shall be given full credit for all investment income, net of expenses and a reasonable management fee on policyholder supplied funds. Section 2 of the GRRP document state that the association shall return to its policy holders insured during each annual rating period any excess premiums computed to be due for such annual rating period. Such premium returns shall be made through the stabilization reserve fund ten years after the expiration of each annual rating period or when all reported claims for annual rating period are closed, whichever is later.

**NOTES TO FINANCIAL STATEMENTS**

Section 7 of the regulation creates a stabilization reserve fund ("SRF"). All funds in the SRF are to be held in trust and used to replenish the underwriting fund, if and when necessary, at the sole discretion of the director. All investment income of the SRF, less all expenses of administering the SRF, are to be credited annually to the underwriting fund of the Association.

Any funds left in the SRF after all retrospective premium charges have been paid to the underwriting fund are to be returned to the policyholders under procedures authorized by the director. Section 4 of the GRRP document requires the SRF funds on policies which have been terminated at the insured's request or otherwise shall be held in trust for ten years from the date of termination and shall be distributed at that time or when all reported claims against the policyholder are closed, whichever is later.

**Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses**

Activity in the liability for unpaid losses and LAE is summarized as follows:

| <b>Losses &amp; LAE (000's omitted)</b>    | <b>12/31/2012</b> | <b>12/31/2011</b> |
|--|-------------------|-------------------|
| Unpaid losses and LAE at beginning of year | 69,897            | 82,299            |
| Losses and LAE incurred in current year:   | 2,875             | (459)             |
| Income Statement amounts                   | 2,875             | (459)             |
| Losses and LAE paid in current year:       | (10,587)          | (11,943)          |
| Underwriting exhibits paid amounts         | (10,587)          | (11,943)          |
| Unpaid losses and LAE at end of period     | 62,185            | 69,897            |

**Note 26 - Intercompany Pooling Arrangements**

Not applicable

**Note 27 - Structured Settlements**

A. The company has purchased annuities from life insurers under which the claimants are payees. These annuities have not been used to reduce unpaid losses as of the end of the current year, because all of them were purchased in prior years. (See Note 14)

B.

| <b>Life Insurance Company</b> | <b>Licensed in Companies State of Domicile</b> | <b>Statement Value (i.e., Present Value of Annuities)</b> |
|-------------------------------|--|---|
| Cigna Financial               | N/A  | \$1,668,148   |
| Monarch Life                  | YES  | 241,681   |
| First Colony                  | N/A  | 2,509,421   |
| Genworth Life                 | YES  | 135,274   |
| Aurora National Life          | YES  | 4,392,741   |
| Colonial Penn                 | YES  | 1,320,002   |
| AXA Equitable                 | N/A  | 1,063,934   |
| Executive Life of NY          | YES  | 2,177,266   |
| Total                         |  | \$13,508,467  |

Executive Life of NY was placed into rehabilitation in 1992 and in 2011 began liquidation proceedings.

**Note 28 - Health Care Receivables**

Not applicable

**Note 29 - Participating Policies**

Not applicable

**Note 30 - Premium Deficiency Reserves**

Not applicable

**Note 31 - High Deductibles**

Not applicable

**Note 32 - Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

Not applicable

**Note 33 - Asbestos/Environmental Reserves**

Not applicable

**NOTES TO FINANCIAL STATEMENTS**

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**Note 34 - Subscriber Savings Accounts**

Not applicable

**Note 35 - Multiple Peril Crop Insurance**

Not applicable

**Note 36 - Financial Guarantee 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 [X]
- 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 [ ] N/A [X]
- 1.3 State regulating? Yes [ ] No [ ] N/A [X]
- 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 [X]
- 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. 12/31/2010
- 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. 12/31/2010
- 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). 04/11/2012
- 3.4 By what department or departments?  
State of Rhode Island Department of Business Regulation, Insurance Division

- 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 [X] No [ ] N/A [ ]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]
- 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 [X]
- 4.12 renewals? Yes [ ] No [X]
- 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 [X]
- 4.22 renewals? Yes [ ] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]
- 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 Co. 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 [X]
- 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 [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control .....%
- 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

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

- 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 Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Saslow, Lufkin & Buggy, LLP 10 Tower Lane, Avon, CT 06001

- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption: \_\_\_\_\_

- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption: \_\_\_\_\_

- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ] N/A [ ]
- 10.6 If the answer to 10.5 is no or n/a, please explain. \_\_\_\_\_

11. 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?  
Timothy J. Cremin, FCAS, MAAA, Milliman, 289 Edgewater Drive, Wakefield, MA 01880-6215

## GENERAL INTERROGATORIES

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [ X ]

12.11 Name of real estate holding company

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12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

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12.2 If yes, provide explanation.

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13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

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13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

14.1 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.

14.11 If the response to 14.1 is no, please explain:

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14.2 Has the code of ethics for senior managers been amended? Yes [ X ] No [ ]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

Added Rule No. 8: In the event that any liability insurance company becomes responsible for any deficit that the MMJUA may incur, this shall not, as such, be considered to be a conflict of interest for any Board member.

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14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [ X ]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

---

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [ X ]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

| 1   | 2                               | 3   | 4      |
|---|---------------------------------|---|--------|
| American Bankers Association (ABA) Routing Number | Issuing or Confirming Bank Name | Circumstances That Can Trigger the Letter of Credit | Amount |
|   |                                 |   |        |

### PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16. 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 [ ]

17. 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 [ ]

18. 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 [ ]

### PART 1 - COMMON INTERROGATORIES - FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [ X ]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers \$.....0

20.12 To stockholders not officers \$.....0

20.13 Trustees, supreme or grand (Fraternal only) \$.....0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers \$.....0

20.22 To stockholders not officers \$.....0

20.23 Trustees, supreme or grand (Fraternal only) \$.....0

21.1 Were any assets reported in this 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 ]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others .....

21.22 Borrowed from others .....

21.23 Leased from others .....

21.24 Other .....

22.1 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 ]

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment .....

22.22 Amount paid as expenses .....

22.23 Other amounts paid .....

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [ X ]

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. .....

### PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.01 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 24.03)? Yes [ X ] No [ ]

24.02 If no, give full and complete information relating thereto.

---

**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

24.03 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 17 where this information is also provided).

N/A

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [X]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. ....

24.06 If answer to 24.04 is no, report amount of collateral for other programs. ....

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. ....

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2. ....

24.103 Total payable for securities lending reported on the liability page. ....

25.1 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 21.1 and 24.03) Yes [ ] No [X]

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements .....

25.22 Subject to reverse repurchase agreements .....

25.23 Subject to dollar repurchase agreements .....

25.24 Subject to reverse dollar repurchase agreements .....

25.25 Pledged as collateral .....

25.26 Placed under option agreements .....

25.27 Letter stock or securities restricted as to sale .....

25.28 On deposit with state or other regulatory body .....

25.29 Other .....

25.3 For category (25.27) provide the following:

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

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [X]  
If no, attach a description with this statement.

27.1 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]

27.2 If yes, state the amount thereof at December 31 of the current year: .....

28. 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 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

28.01 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              | 100 Westminster St., Providence, RI 02903 |
| The Washington Trust Company | 23 Broad Street, Westerly, RI 02891       |

28.02 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) | 3<br>Complete Explanation(s) |
|--------------|------------------|------------------------------|
|--------------|------------------|------------------------------|

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]

28.04 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 |
|--------------------|--------------------|---------------------|-------------|
|--------------------|--------------------|---------------------|-------------|

28.05 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    | 3<br>Address                                 |
|--|--------------|--|
| 107423   | Conning Inc. | One Financial Plaza, Hartford, CT 06103-2627 |

29.1 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 [ ] No [X]

29.2 If yes, complete the following schedule:

| 1<br>CUSIP #   | 2<br>Name of Mutual Fund | 3<br>Book/Adj. Carrying Value |
|----------------|--------------------------|-------------------------------|
| 29.2999. TOTAL |                          | 0                             |

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

| 1<br>Name of Mutual Fund (from the 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 Holding | 4<br>Date of Valuation |
|---|---|---|------------------------|
|---|---|---|------------------------|

30. 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) Value | 2<br>Fair Value | 3<br>Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
|----------------------------|---------------------------------|-----------------|--|
| 30.1 Bonds.....            | 100,421,563                     | 113,547,329     | 13,125,766   |
| 30.2 Preferred stocks..... |                                 |                 | 0  |
| 30.3 Totals.....           | 100,421,563                     | 113,547,329     | 13,125,766   |

30.4 Describe the sources or methods utilized in determining the fair values:  
Statement values of bonds and preferred stock have been determined in accordance with the guidelines of the NAIC. Fair Value is primarily determined by a widely accepted third party vendor, followed by a hierarchy using broker/dealer quotes, Bloomberg, Yield Book analytic model and a benchmark to index model.

**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ ] No [X]
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [ ]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.
- 
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]
- 32.2 If no, list exceptions:
- 

**PART 1 - COMMON INTERROGATORIES - OTHER**

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....0
- 33.2 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 |
|-----------|------------------|
|           |                  |

- 34.1 Amount of payments for legal expenses, if any? \$.....109,900
- 34.2 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 |
|-------------------|------------------|
| Hanson Curran LLP | 92,756           |

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0
- 35.2 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

### PART 2 - PROPERTY AND 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. ....  
 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. ....  
 1.6 Individual policies:  
 Most current three years:  
 1.61 Total premium earned .....  
 1.62 Total incurred claims .....  
 1.63 Number of covered lives .....  
 All years prior to most current three years:  
 1.64 Total premium earned .....  
 1.65 Total incurred claims .....  
 1.66 Number of covered lives .....  
 1.7 Group policies:  
 Most current three years:  
 1.71 Total premium earned .....  
 1.72 Total incurred claims .....  
 1.73 Number of covered lives .....  
 All years prior to most current three years:  
 1.74 Total premium earned .....  
 1.75 Total incurred claims .....  
 1.76 Number of covered lives .....

2. Health test:

|                                  | 1<br>Current Year | 2<br>Prior Year   |
|----------------------------------|-------------------|-------------------|
| 2.1 Premium Numerator.....       | \$.....0          | \$.....0          |
| 2.2 Premium Denominator.....     | \$.....3,233,374  | \$.....3,534,207  |
| 2.3 Premium Ratio (2.1/2.2)..... | .....0.0          | .....0.0          |
| 2.4 Reserve Numerator.....       | \$.....0          | \$.....0          |
| 2.5 Reserve Denominator.....     | \$.....64,842,038 | \$.....72,636,257 |
| 2.6 Reserve Ratio (2.4/2.5)..... | .....0.0          | .....0.0          |

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [ ] No [X]  
 3.2 If yes, state the amount of calendar year premiums written on:  
 3.21 Participating policies .....  
 3.22 Non-participating policies .....

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

- 4.1 Does the reporting entity issue assessable policies? Yes [ ] No [ ]  
 4.2 Does the reporting entity issue non-assessable policies? Yes [ ] 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 [ ] N/A [X]  
 5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [X]  
 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 [X]  
 5.5 If yes, give full information:  
 \_\_\_\_\_  
 \_\_\_\_\_

- 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:  
An actuarial analysis performed by Milliman, which is based on an analysis of historical data.

- 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 Association entered into three catastrophic reinsurance contracts to cover losses from litigated court rulings in excess of the original policy limits. Please see Note 23 for additional and by contract information.

- 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 [X] 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 unreinsured 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 [X]  
 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 [ ]

**GENERAL INTERROGATORIES**

**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

- 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 this risk, or portion thereof, reinsured? Yes [ ] No [ X ]
- 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 [ X ]
- 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 arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under 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 [ X ]
- 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 31 of SSAP No. 62R, 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 [ X ]
- 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 [ X ]  
 (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 [ X ]  
 (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 [ X ]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance 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 [ X ]
- 11.1 Has this reporting entity guaranteed policies issued by any other reporting 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 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:  
 12.11 Unpaid losses \$.....0  
 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds: \$.....0
- 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 [ ] N/A [ 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 a 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 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): \$.....3,000,000
- 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. .....0

## GENERAL INTERROGATORIES

### PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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 the 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: .....

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 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 .....

18.1 Do you act as a custodian for health savings account? Yes [ ] No [X]  
 18.2 If yes, please provide the amount of custodial funds held as of the reporting date. .....  
 18.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]  
 18.4 If yes, please provide the balance of the funds administered as of the reporting date. .....

**FIVE-YEAR HISTORICAL DATA**

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

|   | 1<br>2012   | 2<br>2011   | 3<br>2010   | 4<br>2009   | 5<br>2008   |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>   |             |             |             |             |             |
| 1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....   | 3,150,799   | 3,261,384   | 4,124,240   | 5,793,031   | 5,759,707   |
| 2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....   |             |             |             |             |             |
| 3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....   |             |             |             |             |             |
| 4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....  |             |             |             |             |             |
| 5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....   |             |             |             |             |             |
| 6. Total (Line 35).....   | 3,150,799   | 3,261,384   | 4,124,240   | 5,793,031   | 5,759,707   |
| <b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>   |             |             |             |             |             |
| 7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....   | 3,150,799   | 3,261,384   | 4,124,240   | 5,793,031   | 5,759,707   |
| 8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....   |             |             |             |             |             |
| 9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....   |             |             |             |             |             |
| 10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....   |             |             |             |             |             |
| 11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....  |             |             |             |             |             |
| 12. Total (Line 35).....  | 3,150,799   | 3,261,384   | 4,124,240   | 5,793,031   | 5,759,707   |
| <b>Statement of Income (Page 4)</b>   |             |             |             |             |             |
| 13. Net underwriting gain (loss) (Line 8).....  | (2,018,221) | 1,679,848   | (2,478,378) | 4,313,027   | 3,632,607   |
| 14. Net investment gain (loss) (Line 11).....   | 6,812,492   | 6,985,099   | 7,410,734   | 7,240,996   | 6,461,952   |
| 15. Total other income (Line 15).....   | (671,209)   | (689,543)   | 3,299,597   | (745,611)   | (840,108)   |
| 16. Dividends to policyholders (Line 17).....   |             |             |             |             |             |
| 17. Federal and foreign income taxes incurred (Line 19).....  | 497,100     | 1,660,371   | 1,643,439   | 2,354,231   | 1,699,948   |
| 18. Net income (Line 20).....   | 3,625,962   | 6,315,033   | 6,588,514   | 8,454,182   | 7,554,503   |
| <b>Balance Sheet Lines (Pages 2 and 3)</b>  |             |             |             |             |             |
| 19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....  | 155,467,112 | 159,596,454 | 166,842,716 | 163,083,902 | 158,927,416 |
| 20. Premiums and considerations (Page 2, Col. 3):   |             |             |             |             |             |
| 20.1 In course of collection (Line 15.1).....   | 193,429     | 169,596     | 278,331     | 560,364     | 264,598     |
| 20.2 Deferred and not yet due (Line 15.2).....  | 335,730     | 407,937     | 393,075     | 788,469     | 784,315     |
| 20.3 Accrued retrospective premiums (Line 15.3).....  |             |             |             |             |             |
| 21. Total liabilities excluding protected cell business (Page 3, Line 26).....  | 71,651,871  | 80,218,735  | 92,938,770  | 96,864,141  | 104,332,113 |
| 22. Losses (Page 3, Line 1).....  | 45,501,492  | 53,022,298  | 62,967,076  | 60,957,000  | 64,727,000  |
| 23. Loss adjustment expenses (Page 3, Line 3).....  | 16,683,594  | 16,874,432  | 19,331,497  | 23,210,140  | 26,445,115  |
| 24. Unearned premiums (Page 3, Line 9).....   | 2,656,952   | 2,739,527   | 3,012,350   | 4,365,057   | 4,336,431   |
| 25. Capital paid up (Page 3, Lines 30 & 31).....  |             |             |             |             |             |
| 26. Surplus as regards policyholders (Page 3, Line 37).....   | 83,815,241  | 79,377,719  | 73,903,946  | 66,219,761  | 54,595,303  |
| <b>Cash Flow (Page 5)</b>   |             |             |             |             |             |
| 27. Net cash from operations (Line 11).....   | (4,053,090) | (6,914,153) | 1,534,072   | 787,237     | 457,859     |
| <b>Risk-Based Capital Analysis</b>  |             |             |             |             |             |
| 28. Total adjusted capital.....   | 83,815,241  | 79,377,719  | 73,903,946  | 66,219,761  | 54,595,303  |
| 29. Authorized control level risk-based capital.....  | 9,204,273   | 9,307,462   | 7,967,098   | 8,022,789   | 8,822,222   |
| <b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b><br>(Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0                          |             |             |             |             |             |
| 30. Bonds (Line 1).....   | 66.1        | 67.1        | 67.6        | 67.6        | 68.8        |
| 31. Stocks (Lines 2.1 & 2.2).....   |             |             |             |             |             |
| 32. Mortgage loans on real estate (Lines 3.1 & 3.2).....  |             |             |             |             |             |
| 33. Real estate (Lines 4.1, 4.2 & 4.3).....   |             |             |             |             |             |
| 34. Cash, cash equivalents and short-term investments (Line 5).....   | 0.6         | 1.2         | 2.7         | 4.3         | 5.4         |
| 35. Contract loans (Line 6).....  |             |             |             |             |             |
| 36. Derivatives (Line 7).....   |             |             |             | XXX         | XXX         |
| 37. Other invested assets (Line 8).....   | 33.3        | 31.7        | 29.7        | 28.2        | 25.9        |
| 38. Receivable for securities (Line 9).....   |             |             |             |             |             |
| 39. Securities lending reinvested collateral assets (Line 10).....  |             |             |             | XXX         | XXX         |
| 40. Aggregate write-ins for invested assets (Line 11).....  | 0.0         |             | 0.0         | 0.0         | 0.0         |
| 41. Cash, cash equivalents and invested assets (Line 12).....   | 100.0       | 100.0       | 100.0       | 100.0       | 100.0       |
| <b>Investments in Parent, Subsidiaries and Affiliates</b>   |             |             |             |             |             |
| 42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....  |             |             |             |             |             |
| 43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....   |             |             |             |             |             |
| 44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....  |             |             |             |             |             |
| 45. Affiliated short-term investments<br>(subtotals included in Schedule DA, Verification, Column 5, Line 10).....  |             |             |             |             |             |
| 46. Affiliated mortgage loans on real estate.....   |             |             |             |             |             |
| 47. All other affiliated.....   |             |             |             |             |             |
| 48. Total of above lines 42 to 47.....  | 0           | 0           | 0           | 0           | 0           |
| 49. Total investment in parent included in Lines 42 to 47 above.....  |             |             |             |             |             |
| 50. Percentage of investments in parent, subsidiaries and affiliates to surplus<br>as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)..... | 0.0         |             |             |             |             |

**FIVE-YEAR HISTORICAL DATA**

(Continued)

|   | 1         | 2          | 3         | 4          | 5           |
|---|-----------|------------|-----------|------------|-------------|
|   | 2012      | 2011       | 2010      | 2009       | 2008        |
| <b>Capital and Surplus Accounts (Page 4)</b>  |           |            |           |            |             |
| 51. Net unrealized capital gains (losses) (Line 24).....  | 401,198   | (568,681)  | 1,317,510 | 3,432,271  | (3,047,236) |
| 52. Dividends to stockholders (Line 35).....  |           |            |           |            |             |
| 53. Change in surplus as regards policyholders for the year (Line 38).....  | 4,437,522 | 5,473,773  | 7,684,185 | 11,624,459 | 4,339,589   |
| <b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>  |           |            |           |            |             |
| 54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....  | 9,059,257 | 10,092,300 | 6,011,036 | 3,875,387  | 7,700,989   |
| 55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....  |           |            |           |            |             |
| 56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....  |           |            |           |            |             |
| 57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....   |           |            |           |            |             |
| 58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....  |           |            |           |            |             |
| 59. Total (Line 35).....  | 9,059,257 | 10,092,300 | 6,011,036 | 3,875,387  | 7,700,989   |
| <b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>   |           |            |           |            |             |
| 60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....  | 9,059,257 | 10,092,300 | 6,011,036 | 3,875,387  | 7,700,989   |
| 61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....  |           |            |           |            |             |
| 62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....  |           |            |           |            |             |
| 63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....   |           |            |           |            |             |
| 64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....  |           |            |           |            |             |
| 65. Total (Line 35).....  | 9,059,257 | 10,092,300 | 6,011,036 | 3,875,387  | 7,700,989   |
| <b>Operating Percentages</b><br>(Page 4) (Item divided by Page 4, Line 1) x 100.0   |           |            |           |            |             |
| 66. Premiums earned (Line 1).....   | 100.0     | 100.0      | 100.0     | 100.0      | 100.0       |
| 67. Losses incurred (Line 2).....   | 47.6      | 4.2        | 146.5     | 1.8        | 27.8        |
| 68. Loss expenses incurred (Line 3).....  | 41.3      | (17.2)     | (37.9)    | (18.7)     | 3.5         |
| 69. Other underwriting expenses incurred (Line 4).....  | 73.5      | 65.5       | 45.8      | 42.1       | 25.6        |
| 70. Net underwriting gain (loss) (Line 8).....  | (62.4)    | 47.5       | (45.3)    | 74.8       | 43.0        |
| <b>Other Percentages</b>  |           |            |           |            |             |
| 71. 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).....   | 96.7      | 92.1       | (31.3)    | 54.7       | 52.1        |
| 72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....   | 88.9      | (13.0)     | 108.6     | (16.9)     | 31.4        |
| 73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....  | 3.8       | 4.1        | 5.6       | 8.7        | 10.6        |
| <b>One Year Loss Development (000 omitted)</b>  |           |            |           |            |             |
| 74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....  | (3,637)   | (8,254)    | (6,657)   | (10,753)   | (11,832)    |
| 75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100).....                   | (4.6)     | (11.2)     | (10.1)    | (19.7)     | (23.5)      |
| <b>Two Year Loss Development (000 omitted)</b>  |           |            |           |            |             |
| 76. 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).....                           | (13,233)  | (13,007)   | (18,309)  | (22,664)   | (20,099)    |
| 77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)..... | (17.9)    | (19.6)     | (33.5)    | (45.1)     | (43.3)      |

If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of

SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [ ] No [ ]

If no, please explain:

---

## 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 |            |                                       |            |                              |            | 10<br>Salvage and Subrogation Received | 11<br>Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9) | 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 |            |  |  |  |
|  |                         |            |                        | 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.....               |                                |            | .63                                   |            | .14                          |            |  | .77  | XXX.....   |
| 2. 2003.....   | 4,135                   |            | 4,135                  | 5,225                          |            | 1,630                                 |            | 722                          |            |  | 7,577  | XXX.....   |
| 3. 2004.....   | 7,374                   |            | 7,374                  | 7,213                          |            | 1,969                                 |            | 967                          |            |  | 10,149   | XXX.....   |
| 4. 2005.....   | 9,986                   |            | 9,986                  | 9,140                          |            | 2,648                                 |            | 749                          |            |  | 12,537   | XXX.....   |
| 5. 2006.....   | 9,320                   |            | 9,320                  | 4,514                          |            | 1,443                                 |            | 795                          |            |  | 6,752  | XXX.....   |
| 6. 2007.....   | 10,577                  |            | 10,577                 | 6,245                          |            | 1,779                                 |            | 528                          |            |  | 8,552  | XXX.....   |
| 7. 2008.....   | 8,447                   |            | 8,447                  | 4,719                          |            | 954                                   |            | 525                          |            |  | 6,198  | XXX.....   |
| 8. 2009.....   | 5,764                   |            | 5,764                  | 250                            |            | 547                                   |            | 491                          |            |  | 1,288  | XXX.....   |
| 9. 2010.....   | 5,477                   |            | 5,477                  | 831                            |            | 312                                   |            | 349                          |            |  | 1,492  | XXX.....   |
| 10. 2011.....  | 3,534                   |            | 3,534                  | 348                            |            | 60                                    |            | 253                          |            |  | 661  | XXX.....   |
| 11. 2012.....  | 3,233                   |            | 3,233                  | 26                             |            | 72                                    |            | 154                          |            |  | 252  | XXX.....   |
| 12. Totals.....  | XXX.....                | XXX.....   | XXX.....               | 38,511                         | 0          | 11,477                                | 0          | 5,547                        | 0          | 0                                      | 55,535   | 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. Prior.....   | 500                      |             | 309                      |             | 59                                  |             | 38                       |             | 47                         |             |   | 953  | XXX.....  |
| 2. 2003.....    |                          |             | 41                       |             |                                     |             | 11                       |             | 4                          |             |   | 56   | XXX.....  |
| 3. 2004.....    | 1,025                    |             | 311                      |             | 90                                  |             | 58                       |             | 67                         |             |   | 1,551                                      | XXX.....  |
| 4. 2005.....    | 1,080                    |             | 590                      |             | 280                                 |             | 133                      |             | 103                        |             |   | 2,186                                      | XXX.....  |
| 5. 2006.....    | 650                      |             | 1,597                    |             | 42                                  |             | 169                      |             | 156                        |             |   | 2,614                                      | XXX.....  |
| 6. 2007.....    | 2,325                    |             | 2,197                    |             | 395                                 |             | 427                      |             | 293                        |             |   | 5,637                                      | XXX.....  |
| 7. 2008.....    | 3,060                    |             | 4,958                    |             | 380                                 |             | 748                      |             | 551                        |             |   | 9,697                                      | XXX.....  |
| 8. 2009.....    | 2,360                    |             | 3,801                    |             | 572                                 |             | 2,050                    |             | 544                        |             |   | 9,327                                      | XXX.....  |
| 9. 2010.....    | 2,690                    |             | 5,462                    |             | 268                                 |             | 2,306                    |             | 687                        |             |   | 11,413                                     | XXX.....  |
| 10. 2011.....   | 1,650                    |             | 5,175                    |             | 240                                 |             | 2,489                    |             | 642                        |             |   | 10,196                                     | XXX.....  |
| 11. 2012.....   | 1,205                    |             | 4,516                    |             | 239                                 |             | 2,051                    |             | 544                        |             |   | 8,555                                      | XXX.....  |
| 12. Totals..... | 16,545                   | 0           | 28,957                   | 0           | 2,565                               | 0           | 10,480                   | 0           | 3,638                      | 0           | 0   | 62,185                                     | 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. Prior.. | XXX.....                                | XXX.....    | XXX.....  | XXX.....  | XXX.....    | XXX.....  |                     |                    | XXX.....   | .809                                      | .144                       |
| 2. 2003..  | 7,633                                   | 0           | 7,633     | 184.6   | 0.0         | 184.6     |                     |                    |  | .41                                       | .15                        |
| 3. 2004..  | 11,700                                  | 0           | 11,700    | 158.7   | 0.0         | 158.7     |                     |                    |  | 1,336                                     | .215                       |
| 4. 2005..  | 14,723                                  | 0           | 14,723    | 147.4   | 0.0         | 147.4     |                     |                    |  | 1,670                                     | .516                       |
| 5. 2006..  | 9,366                                   | 0           | 9,366     | 100.5   | 0.0         | 100.5     |                     |                    |  | 2,247                                     | .367                       |
| 6. 2007..  | 14,189                                  | 0           | 14,189    | 134.1   | 0.0         | 134.1     |                     |                    |  | 4,522                                     | 1,115                      |
| 7. 2008..  | 15,895                                  | 0           | 15,895    | 188.2   | 0.0         | 188.2     |                     |                    |  | 8,018                                     | 1,679                      |
| 8. 2009..  | 10,615                                  | 0           | 10,615    | 184.2   | 0.0         | 184.2     |                     |                    |  | 6,161                                     | 3,166                      |
| 9. 2010..  | 12,905                                  | 0           | 12,905    | 235.6   | 0.0         | 235.6     |                     |                    |  | 8,152                                     | 3,261                      |
| 10. 2011.. | 10,857                                  | 0           | 10,857    | 307.2   | 0.0         | 307.2     |                     |                    |  | 6,825                                     | 3,371                      |
| 11. 2012.. | 8,807                                   | 0           | 8,807     | 272.4   | 0.0         | 272.4     |                     |                    |  | 5,721                                     | 2,834                      |
| 12. Totals | XXX.....                                | XXX.....    | XXX.....  | XXX.....  | XXX.....    | XXX.....  | 0                   | 0                  | XXX.....   | 45,502                                    | 16,683                     |

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.

**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       |
|                                     | 2003   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | One Year    | Two Year |
| 1. Prior.....                       | 50,761   | 44,988 | 38,994 | 32,340 | 27,263 | 22,965 | 21,635 | 21,345 | 21,802 | 22,356 | 554         | 1,011    |
| 2. 2003.....                        | 11,018   | 11,775 | 11,520 | 9,499  | 10,139 | 9,819  | 8,643  | 7,326  | 7,073  | 6,907  | (166)       | (419)    |
| 3. 2004.....                        | XXX  | 19,616 | 20,208 | 17,475 | 17,094 | 14,813 | 12,378 | 11,653 | 11,207 | 10,666 | (541)       | (987)    |
| 4. 2005.....                        | XXX  | XXX    | 26,232 | 23,735 | 20,330 | 18,352 | 16,222 | 14,987 | 14,483 | 13,871 | (612)       | (1,116)  |
| 5. 2006.....                        | XXX  | XXX    | XXX    | 20,175 | 18,723 | 17,176 | 15,283 | 10,860 | 9,725  | 8,415  | (1,310)     | (2,445)  |
| 6. 2007.....                        | XXX  | XXX    | XXX    | XXX    | 22,864 | 21,456 | 19,588 | 17,359 | 15,089 | 13,368 | (1,721)     | (3,991)  |
| 7. 2008.....                        | XXX  | XXX    | XXX    | XXX    | XXX    | 14,912 | 14,991 | 17,654 | 17,178 | 14,819 | (2,359)     | (2,835)  |
| 8. 2009.....                        | XXX  | XXX    | XXX    | XXX    | XXX    | XXX    | 10,414 | 11,313 | 9,590  | 9,580  | (10)        | (1,733)  |
| 9. 2010.....                        | XXX  | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 12,587 | 10,683 | 11,869 | 1,186       | (718)    |
| 10. 2011.....                       | XXX  | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 8,620  | 9,962  | 1,342       | XXX      |
| 11. 2012.....                       | XXX  | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 8,109  | XXX         | XXX      |
| 12. Totals.....                     |  |        |        |        |        |        |        |        |        |        | (3,637)     | (13,233) |

**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 |
|                                     | 2003  | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   |   |  |
| 1. Prior.....                       | .000  | 10,080 | 13,163 | 15,468 | 16,772 | 19,027 | 19,277 | 20,431 | 21,387 | 21,450 | XXX                                       | XXX  |
| 2. 2003.....                        | 13  | 75     | 612    | 940    | 2,853  | 6,037  | 6,160  | 6,666  | 6,811  | 6,855  | XXX                                       | XXX  |
| 3. 2004.....                        | XXX   | 25     | 360    | 1,271  | 4,274  | 5,440  | 5,975  | 6,212  | 6,765  | 9,182  | XXX                                       | XXX  |
| 4. 2005.....                        | XXX   | XXX    | 94     | 325    | 891    | 2,640  | 4,102  | 7,584  | 11,296 | 11,788 | XXX                                       | XXX  |
| 5. 2006.....                        | XXX   | XXX    | XXX    | 47     | 323    | 1,029  | 2,514  | 3,314  | 5,145  | 5,957  | XXX                                       | XXX  |
| 6. 2007.....                        | XXX   | XXX    | XXX    | XXX    | 128    | 776    | 2,234  | 3,101  | 5,754  | 8,024  | XXX                                       | XXX  |
| 7. 2008.....                        | XXX   | XXX    | XXX    | XXX    | XXX    | 28     | 726    | 1,374  | 2,821  | 5,673  | XXX                                       | XXX  |
| 8. 2009.....                        | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | 41     | 140    | 346    | 797    | XXX                                       | XXX  |
| 9. 2010.....                        | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 19     | 442    | 1,143  | XXX                                       | XXX  |
| 10. 2011.....                       | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 19     | 408    | XXX                                       | XXX  |
| 11. 2012.....                       | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 98     | 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    |
|                                     | 2003  | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011  | 2012  |
| 1. Prior.....                       | 24,796  | 18,795 | 12,309 | 7,953  | 4,669  | 1,895  | 622    | 101    | 73    | 347   |
| 2. 2003.....                        | 10,144  | 9,294  | 7,269  | 4,357  | 3,022  | 2,382  | 1,606  | 294    | 142   | 52    |
| 3. 2004.....                        | XXX   | 18,522 | 15,616 | 11,690 | 8,690  | 6,007  | 3,235  | 1,468  | 819   | 369   |
| 4. 2005.....                        | XXX   | XXX    | 24,167 | 21,160 | 14,449 | 9,854  | 5,695  | 2,687  | 1,542 | 723   |
| 5. 2006.....                        | XXX   | XXX    | XXX    | 18,696 | 14,553 | 12,542 | 9,546  | 4,405  | 2,291 | 1,766 |
| 6. 2007.....                        | XXX   | XXX    | XXX    | XXX    | 18,567 | 16,450 | 13,029 | 7,933  | 5,026 | 2,624 |
| 7. 2008.....                        | XXX   | XXX    | XXX    | XXX    | XXX    | 12,419 | 9,831  | 10,047 | 7,848 | 5,706 |
| 8. 2009.....                        | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | 8,658  | 8,886  | 6,878 | 5,851 |
| 9. 2010.....                        | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 10,799 | 8,599 | 7,768 |
| 10. 2011.....                       | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | 7,938 | 7,664 |
| 11. 2012.....                       | XXX   | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX    | XXX   | 6,567 |

# Medical Malpractice Joint Underwriting Association of Rhode Island 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 Premiums Written for Federal Purchasing Groups (Incl. in Col. 2) |
|-------------------------------------|--------------------|--|-----------------------------|---|---|-----------------------------|---------------------------|---|--|
|                                     |                    | 2<br>Direct Premiums Written   | 3<br>Direct Premiums Earned |   |   |                             |                           |   |  |
| 1. Alabama.....AL                   | N                  |  |                             |   |   |                             |                           |   |  |
| 2. Alaska.....AK                    | N                  |  |                             |   |   |                             |                           |   |  |
| 3. Arizona.....AZ                   | N                  |  |                             |   |   |                             |                           |   |  |
| 4. Arkansas.....AR                  | N                  |  |                             |   |   |                             |                           |   |  |
| 5. California.....CA                | N                  |  |                             |   |   |                             |                           |   |  |
| 6. Colorado.....CO                  | N                  |  |                             |   |   |                             |                           |   |  |
| 7. Connecticut.....CT               | N                  |  |                             |   |   |                             |                           |   |  |
| 8. Delaware.....DE                  | N                  |  |                             |   |   |                             |                           |   |  |
| 9. District of Columbia.....DC      | N                  |  |                             |   |   |                             |                           |   |  |
| 10. Florida.....FL                  | N                  |  |                             |   |   |                             |                           |   |  |
| 11. Georgia.....GA                  | N                  |  |                             |   |   |                             |                           |   |  |
| 12. Hawaii.....HI                   | N                  |  |                             |   |   |                             |                           |   |  |
| 13. Idaho.....ID                    | N                  |  |                             |   |   |                             |                           |   |  |
| 14. Illinois.....IL                 | N                  |  |                             |   |   |                             |                           |   |  |
| 15. Indiana.....IN                  | N                  |  |                             |   |   |                             |                           |   |  |
| 16. Iowa.....IA                     | N                  |  |                             |   |   |                             |                           |   |  |
| 17. Kansas.....KS                   | N                  |  |                             |   |   |                             |                           |   |  |
| 18. Kentucky.....KY                 | N                  |  |                             |   |   |                             |                           |   |  |
| 19. Louisiana.....LA                | N                  |  |                             |   |   |                             |                           |   |  |
| 20. Maine.....ME                    | N                  |  |                             |   |   |                             |                           |   |  |
| 21. Maryland.....MD                 | N                  |  |                             |   |   |                             |                           |   |  |
| 22. Massachusetts.....MA            | N                  |  |                             |   |   |                             |                           |   |  |
| 23. Michigan.....MI                 | N                  |  |                             |   |   |                             |                           |   |  |
| 24. Minnesota.....MN                | N                  |  |                             |   |   |                             |                           |   |  |
| 25. Mississippi.....MS              | N                  |  |                             |   |   |                             |                           |   |  |
| 26. Missouri.....MO                 | N                  |  |                             |   |   |                             |                           |   |  |
| 27. Montana.....MT                  | N                  |  |                             |   |   |                             |                           |   |  |
| 28. Nebraska.....NE                 | N                  |  |                             |   |   |                             |                           |   |  |
| 29. Nevada.....NV                   | N                  |  |                             |   |   |                             |                           |   |  |
| 30. New Hampshire.....NH            | N                  |  |                             |   |   |                             |                           |   |  |
| 31. New Jersey.....NJ               | N                  |  |                             |   |   |                             |                           |   |  |
| 32. New Mexico.....NM               | N                  |  |                             |   |   |                             |                           |   |  |
| 33. New York.....NY                 | N                  |  |                             |   |   |                             |                           |   |  |
| 34. North Carolina.....NC           | N                  |  |                             |   |   |                             |                           |   |  |
| 35. North Dakota.....ND             | N                  |  |                             |   |   |                             |                           |   |  |
| 36. Ohio.....OH                     | N                  |  |                             |   |   |                             |                           |   |  |
| 37. Oklahoma.....OK                 | N                  |  |                             |   |   |                             |                           |   |  |
| 38. Oregon.....OR                   | N                  |  |                             |   |   |                             |                           |   |  |
| 39. Pennsylvania.....PA             | N                  |  |                             |   |   |                             |                           |   |  |
| 40. Rhode Island.....RI             | L                  | 3,150,799  | 3,233,374                   |   | 9,059,257                                   | 1,538,451                   | 45,501,492                |   |  |
| 41. South Carolina.....SC           | N                  |  |                             |   |   |                             |                           |   |  |
| 42. South Dakota.....SD             | N                  |  |                             |   |   |                             |                           |   |  |
| 43. Tennessee.....TN                | N                  |  |                             |   |   |                             |                           |   |  |
| 44. Texas.....TX                    | N                  |  |                             |   |   |                             |                           |   |  |
| 45. Utah.....UT                     | N                  |  |                             |   |   |                             |                           |   |  |
| 46. Vermont.....VT                  | N                  |  |                             |   |   |                             |                           |   |  |
| 47. Virginia.....VA                 | N                  |  |                             |   |   |                             |                           |   |  |
| 48. Washington.....WA               | N                  |  |                             |   |   |                             |                           |   |  |
| 49. West Virginia.....WV            | N                  |  |                             |   |   |                             |                           |   |  |
| 50. Wisconsin.....WI                | N                  |  |                             |   |   |                             |                           |   |  |
| 51. Wyoming.....WY                  | N                  |  |                             |   |   |                             |                           |   |  |
| 52. American Samoa.....AS           | N                  |  |                             |   |   |                             |                           |   |  |
| 53. Guam.....GU                     | N                  |  |                             |   |   |                             |                           |   |  |
| 54. Puerto Rico.....PR              | N                  |  |                             |   |   |                             |                           |   |  |
| 55. US Virgin Islands.....VI        | N                  |  |                             |   |   |                             |                           |   |  |
| 56. Northern Mariana Islands.....MP | N                  |  |                             |   |   |                             |                           |   |  |
| 57. Canada.....CAN                  | N                  |  |                             |   |   |                             |                           |   |  |
| 58. Aggregate Other Alien.....OT    | XXX                | 0  | 0                           | 0   | 0   | 0                           | 0                         | 0   | 0  |
| 59. Totals.....                     | (a).....1          | 3,150,799  | 3,233,374                   | 0   | 9,059,257                                   | 1,538,451                   | 45,501,492                | 0   | 0  |

**DETAILS OF WRITE-INS**

|  |     |   |   |   |   |   |   |   |   |
|--|-----|---|---|---|---|---|---|---|---|
| 58001.....   | XXX |   |   |   |   |   |   |   |   |
| 58002.....   | XXX |   |   |   |   |   |   |   |   |
| 58003.....   | XXX |   |   |   |   |   |   |   |   |
| 58998. Summary of remaining write-ins for Line 58 from overflow page | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)   | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

Explanation of Basis of Allocation of Premiums by States, etc.

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

PART 1 – ORGANIZATIONAL CHART

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