



QUARTERLY STATEMENT

As of September 30, 2017
of the Condition and Affairs of the

Accident Insurance Company, Inc.

NAIC Group Code.....4680, 4680 (Current Period) (Prior Period)	NAIC Company Code..... 11573	Employer's ID Number..... 61-1440952
Organized under the Laws of NM	State of Domicile or Port of Entry NM	Country of Domicile US
Incorporated/Organized..... December 6, 2002	Commenced Business..... February 10, 2003	
Statutory Home Office	8500 Menaul Blvd NE, Suite 590..... Albuquerque NM US 87112 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	
Main Administrative Office	One Harbison Way, Suite 115..... Columbia SC US 29212 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	800-896-6884 <i>(Area Code) (Telephone Number)</i>
Mail Address	One Harbison Way, Suite 115..... Columbia SC US 29212 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>	
Primary Location of Books and Records	One Harbison Way, Suite 115..... Columbia SC US 29212 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	800-896-6884 <i>(Area Code) (Telephone Number)</i>
Internet Web Site Address	www.accinsco.com	
Statutory Statement Contact	Katheryne Anne Heath <i>(Name)</i> anne.heath@invopeo.com <i>(E-Mail Address)</i>	865-481-7965 <i>(Area Code) (Telephone Number) (Extension)</i> 877-396-6215 <i>(Fax Number)</i>

OFFICERS

Name	Title	Name	Title
1. William M. Arowood	President & CEO	2. Robert J. Arowood	Secretary & Treasurer
3.		4.	

OTHER

DIRECTORS OR TRUSTEES

William M. Arowood

Robert J. Arowood

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.

_____ (Signature) William M. Arowood _____ 1. (Printed Name) _____ President & CEO _____ (Title)	_____ (Signature) Robert J. Arowood _____ 2. (Printed Name) _____ Secretary & Treasurer _____ (Title)	_____ (Signature) _____ 3. (Printed Name) _____ (Title)
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Subscribed and sworn to before me
This _____ day of _____

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 Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....	26,491,424		26,491,424	39,180,965
2. Stocks:				
2.1 Preferred stocks.....	2,250,000		2,250,000	2,250,000
2.2 Common stocks.....			0	
3. Mortgage loans on real estate:				
3.1 First liens.....			0	
3.2 Other than first liens.....	4,916,292		4,916,292	
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	3,146,344		3,146,344	16,520,190
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....16,077,865), cash equivalents (\$.....0) and short-term investments (\$.....0).....	16,077,865		16,077,865	12,120,758
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives.....			0	
8. Other invested assets.....			0	
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets.....			0	
11. Aggregate write-ins for invested assets.....	9,805,529	0	9,805,529	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	62,687,453	0	62,687,453	70,071,914
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	517,520		517,520	678,865
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	2,300,068		2,300,068	3,755,401
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....1,965,825 earned but unbilled premiums).....	3,916,331		3,916,331	6,884,561
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	12,417,736		12,417,736	13,134,442
16.2 Funds held by or deposited with reinsured companies.....	321,030		321,030	321,030
16.3 Other amounts receivable under reinsurance contracts.....	(43,955)		(43,955)	(43,955)
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.....	3,966,675	1,397,288	2,569,387	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).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	1,223,814		1,223,814	907,144
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	8,936,130	5,359	8,930,771	4,607,773
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	96,242,802	1,402,647	94,840,155	100,317,175
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. Total (Lines 26 and 27).....	96,242,802	1,402,647	94,840,155	100,317,175

DETAILS OF WRITE-INS

1101. Assumed Marketable Securities and Cash.....	9,805,529		9,805,529	
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).....	9,805,529	0	9,805,529	0
2501. Other.....	307,773		307,773	307,773
2502. Mandatory Pool Receivables.....	925,236		925,236	
2503. FL Corporate Tax Receivable.....	4,465	4,465	0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	7,698,656	894	7,697,762	4,300,000
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	8,936,130	5,359	8,930,771	4,607,773

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$.....4,662,000).....	38,910,859	41,737,937
2. Reinsurance payable on paid losses and loss adjustment expenses.....	240,083	1,248,232
3. Loss adjustment expenses.....	9,547,236	11,323,016
4. Commissions payable, contingent commissions and other similar charges.....	158,564	349,810
5. Other expenses (excluding taxes, licenses and fees).....	609,061	843,471
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	377,739	1,932,566
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....	178	178
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$.....2,544,950 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).....	2,043,892	4,959,200
10. Advance premium.....	212,626	257,626
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	1,737,374	8,901,055
13. Funds held by company under reinsurance treaties.....	1,177,819	6,434,989
14. Amounts withheld or retained by company for account of others.....	90,443	184,424
15. Remittances and items not allocated.....		
16. Provision for reinsurance (including \$.....0 certified).....	4,864,210	6,091,705
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....		
20. Derivatives.....		116,109
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.....	6,794,410	2,884,772
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	66,764,492	87,265,088
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	66,764,492	87,265,088
29. Aggregate write-ins for special surplus funds.....	5,670,021	0
30. Common capital stock.....	2,500,000	2,500,000
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.....	32,180,037	30,150,000
35. Unassigned funds (surplus).....	(12,274,396)	(19,597,914)
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).....	28,075,662	13,052,086
38. Totals (Page 2, Line 28, Col. 3).....	94,840,155	100,317,174

DETAILS OF WRITE-INS

2501. Retroactive Reinsurance.....	142,040	2,884,772
2502. Assumed Reserves.....	6,652,370	
2503.		
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).....	6,794,410	2,884,772
2901. Special Surplus.....	5,670,021	
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).....	5,670,021	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 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct..... (written \$....11,775,217).....	25,184,360	55,006,067	68,542,487
1.2 Assumed..... (written \$....(2,396,199)).....	3,709,645	4,917,762	6,564,629
1.3 Ceded..... (written \$....7,280,598).....	20,172,831	38,098,642	50,973,863
1.4 Net..... (written \$....2,098,420).....	8,721,175	21,825,187	24,133,253
DEDUCTIONS:			
2. Losses incurred (current accident year \$....4,727,000):			
2.1 Direct.....	19,825,992	39,059,729	47,098,830
2.2 Assumed.....	2,112,343	1,109,331	2,658,140
2.3 Ceded.....	18,274,652	23,362,510	29,372,149
2.4 Net.....	3,663,683	16,806,550	20,384,821
3. Loss adjustment expenses incurred.....	82,883	3,535,200	4,527,035
4. Other underwriting expenses incurred.....	5,305,807	(1,724,106)	1,413,068
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	9,052,374	18,617,645	26,324,925
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	(331,199)	3,207,542	(2,191,672)
INVESTMENT INCOME			
9. Net investment income earned.....	1,672,974	3,119,599	4,104,022
10. Net realized capital gains (losses) less capital gains tax of \$.....0.....	(24,976)	(412,702)	(660,043)
11. Net investment gain (loss) (Lines 9 + 10).....	1,647,998	2,706,897	3,443,979
OTHER INCOME			
12. Net gain or (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.....	87,901	347,494	425,599
14. Aggregate write-ins for miscellaneous income.....	1,376,125	(6,962,290)	(6,275,618)
15. Total other income (Lines 12 through 14).....	1,464,026	(6,614,796)	(5,850,019)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	2,780,824	(700,356)	(4,597,713)
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).....	2,780,824	(700,356)	(4,597,713)
19. Federal and foreign income taxes incurred.....		87,261	87,261
20. Net income (Line 18 minus Line 19) (to Line 22).....	2,780,824	(787,617)	(4,684,974)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year.....	13,052,086	5,249,184	5,249,184
22. Net income (from Line 20).....	2,780,824	(787,617)	(4,684,974)
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....	2,338	386,017	782,869
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....	(1,012,064)	2,377,146	(658,160)
27. Change in nonadmitted assets.....	4,324,925	(4,006,906)	(298,130)
28. Change in provision for reinsurance.....	1,227,495	(1,489,930)	1,411,295
29. Change in surplus notes.....			
30. Surplus (contributed to) withdrawn from protected cells.....			
31. Cumulative effect of changes in accounting principles.....			
32. Capital changes:			
32.1 Paid in.....	2,030,037	11,250,000	
32.2 Transferred from surplus (Stock Dividend).....			
32.3 Transferred to surplus.....			
33. Surplus adjustments:			
33.1 Paid in.....			11,250,000
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.....			
37. Aggregate write-ins for gains and losses in surplus.....	5,670,021	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37).....	15,023,576	7,728,709	7,802,902
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	28,075,662	12,977,893	13,052,086
DETAILS OF WRITE-INS			
0501. Commutation Expense.....			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0	0
1401. Retroactive Reinsurance.....		315,553	
1402. Retroactive Reinsurance - ADC.....		(7,000,000)	(6,587,425)
1403. Investment Income on Funds Held.....		(277,843)	
1498. Summary of remaining write-ins for Line 14 from overflow page.....	1,376,125	0	311,807
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	1,376,125	(6,962,290)	(6,275,618)
3701. Special Surplus.....	5,670,021		
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	5,670,021	0	0

CASH FLOW

	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
CASH FROM OPERATIONS			
1. Premiums collected net of reinsurance.....	3,639,118	3,969,675	9,231,916
2. Net investment income.....	1,945,198	3,353,356	4,506,980
3. Miscellaneous income.....	1,464,026	(6,614,796)	(5,850,019)
4. Total (Lines 1 through 3).....	7,048,342	708,236	7,888,876
5. Benefit and loss related payments.....	5,774,056	4,930,094	9,693,104
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions.....	9,144,955	7,527,105	4,729,879
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....		87,083	87,083
10. Total (Lines 5 through 9).....	14,919,012	12,544,282	14,510,065
11. Net cash from operations (Line 4 minus Line 10).....	(7,870,669)	(11,836,046)	(6,621,189)
CASH FROM INVESTMENTS			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	14,893,855	9,829,414	19,733,381
12.2 Stocks.....			162,700
12.3 Mortgage loans.....			
12.4 Real estate.....	15,680,000		
12.5 Other invested assets.....			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....			
12.7 Miscellaneous proceeds.....			
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	30,573,855	9,829,414	19,896,081
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	3,267,500	1,345,000	3,440,513
13.2 Stocks.....			
13.3 Mortgage loans.....	5,000,000		
13.4 Real estate.....		4,750,000	5,465,320
13.5 Other invested assets.....			
13.6 Miscellaneous applications.....	9,805,529		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	18,073,029	6,095,000	8,905,833
14. Net increase or (decrease) in contract loans and premium notes.....			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	12,500,826	3,734,414	10,990,248
CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....			
16.2 Capital and paid in surplus, less treasury stock.....	2,030,037	11,250,000	11,250,000
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).....	(2,703,088)	1,100,234	(11,685,061)
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	(673,051)	12,350,234	(435,061)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	3,957,106	4,248,602	3,933,998
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	12,120,758	8,186,759	8,186,759
19.2 End of period (Line 18 plus Line 19.1).....	16,077,863	12,435,362	12,120,758

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

20.0001			
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NOTES TO FINANCIAL STATEMENTS**Note 1 – Summary of Significant Accounting Policies and Going Concern**

Accident Insurance Company, Inc. (the Company) is incorporated under the laws of the State of New Mexico. The Company writes workers' compensation and employer's liability, general liability and commercial automobile insurance.

The Company utilizes Appalachian Underwriters, Inc. (AUI), Cornerstone Underwriting Partners, LLC (CUP), Madison Insurance Group, Inc (MIG), Eastern Underwriting Managers, LLC (EUM) and Seguros Underwriters, LLC (SEG) as general agents to produce over 50% of the Company's direct business. AUI, CUP, MIG, EUM and SEG are affiliated with the Company through common ownership.

The Company entered into a service contract with AUI effective January 1, 2008, amended in 2010, for shared services including administrative processing, human resources and technology services. As part of this agreement, American Employer Group (AEG), an affiliate through common ownership, provides payroll services for the Company. Also as part of this agreement, RCS Risk Services, LLC (RCS), an affiliate through common ownership, provides policy inspection services for policies issued by the Company. Through this agreement, the technology services are provided to the Company by Information Technology Partners, Inc (ITP), and affiliate through common ownership.

The Company has a claims administration agreement with US Administrator Claims, LLC (USA Claim), an affiliate through common ownership. USA Claim adjudicates all of the direct business claims for the Company. The Company also utilizes Black Oak, LLC (Black Oak), and affiliate through common ownership, to perform ad hoc claims review and investigation services.

The Company has an asset leasing agreement with AIC Holdings, LLC, an affiliate, for the purpose of leasing its computer hardware and office equipment.

The Company has exposure to catastrophic claims, an inherent risk of the property-liability insurance business, which may contribute to material year-to-year fluctuations in the Company's results of operations and financial position. A catastrophic event is defined by the Company as an event that produces losses in excess of the Company's catastrophic reinsurance treaty which as of December 31, 2016 and December 31, 2015 was \$25 million, per occurrence. In the opinion of management, the Company has no material exposure to environmental asbestos and other mass tort claims.

The Company carries assets related to affiliates under certain agreements requiring the performance of the Company's affiliates. In the event the Company's affiliates are not able to perform under the respective agreements, the result would be material to the Company's financial condition and may impair the Company's ability to continue as a going concern.

The Company's statutory financial statements are presented on the basis of accounting practices prescribed or permitted by the New Mexico Office of Superintendent (NMOSI) (statutory basis). The NMOSI adopted the National Association of Insurance Commissioners' (NAIC) statutory accounting principles (SAP) as the basis of its statutory accounting practices. Accounting practices and procedures of the NAIC as prescribed or permitted by the Office of Superintendent of Insurance of the State of New Mexico comprise a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The more significant differences are as follows:

- Investment in bonds are generally carried at amortized cost, while under GAAP, they are carried at either amortized cost or fair value based on their classification according to the Company's ability and intent to hold or trade the securities.
- Investments in common stocks are valued as prescribed by the Securities valuation Office (SVO) of the NAIC, while under GAAP, they are deferred and amortized to income as premiums are earned or in relation to estimated gross profits.
- Acquisition costs, such as commissions and other costs related to acquiring new business are expensed as incurred, while under GAAP, they are deferred and amortized to income as premiums are earned or in relation to estimated gross profits.
- Current federal income taxes incurred are charged to income under statutory accounting and under GAAP. Under GAAP, the provision for deferred taxes on temporary differences between the financial reporting and tax basis of assets and liabilities is charged to income while under statutory accounting, this provision is charged to surplus. In addition, there are limitations as to the amount of deferred tax assets that may be reported as "admitted assets".
- Assets are reported under NAIC SAP at "admitted-asset" value and "nonadmitted" assets are excluded through a charge against surplus, while under GAAP, "nonadmitted assets" are reinstated to the balance sheet, net of any valuation allowance.
- The change in provision for reinsurance is charged or credited directly through surplus under SAP, while this provision is not recognized for GAAP purposes.
- The balance sheet under NAIC SAP is reported net of reinsurance, while under GAAP, the balance sheet reports reinsurance recoverable, including amounts related to losses incurred but not reported, and prepaid reinsurance premiums as assets.
- Comprehensive income and its components are not presented in the statutory basis financial statements.
- Subsidiaries are included as common stock carried under the equity method, with the equity in net income of subsidiaries credited directly to the Company's surplus for NAIC SAP, while GAAP requires either consolidation or the equity in earnings of subsidiaries or net income of subsidiaries to be credited to the income statement.
- The Company records workers' compensation premium under the installment method for NAIC SAP, while GAAP requires that premiums be recorded based on the total premium for the policy period.

A. Accounting Practices

	SSAP #	F/S Page	F/S Line #	Current Period	2016
NET INCOME					
(1) Accident Insurance Company, Inc. state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ 2,780,824	\$ (4,684,974)
(2) State Prescribed Practice that is an increase/(decrease) from NAIC SAP				\$	\$
(3) State Permitted Practice that is an increase/(decrease) from NAIC					

NOTES TO FINANCIAL STATEMENTS

	SSAP #	F/S Page	F/S Line #	Current Period	2016
SAP				\$	\$
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 2,780,824	\$ (4,684,974)
SURPLUS					
(5) Accident Insurance Company, Inc. state basis (Page 3, line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 28,075,662	\$ 13,052,086
(6) State Prescribed Practice that is an increase/(decrease) from NAIC SAP				\$	\$
(7) State Permitted Practice that is an increase/(decrease) from NAIC SAP				\$	\$
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 28,075,662	\$ 13,052,086

B. Use of Estimates in the Preparation of the Financial Statement

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

Estimates and assumptions which, in the opinion of management, are significant to the underlying amounts included in the financial statements and for which it would be reasonably possible that future events or information could change these estimates include: 1) Company net loss and loss adjustment expense reserves, 2) Second and Subsequent Injury Fund assessment accruals, 3) National Worker's Compensation Reinsurance Pool, 4) Amounts receivable and payable under reinsurance agreements and 5) deferred income taxes. These estimates are discussed further below:

1. Company net loss and loss adjustment expense (lae) reserves - The Company engages an independent actuary to develop its loss and lae reserves and related estimated reinsurance recoverable amounts. Loss and lae reserves reflect the cost of present and future estimated payments on losses and the adjudication of losses prior to the end of the accounting period, whether or not reported to the Company. The Company's actuary utilizes historical claims loss, premium data and industry development factors. In the opinion of management, its reserves as developed by its actuary are adequate based on Company loss data, historical claims and industry development factors.
2. Second and Subsequent Injury Fund Assessment Accruals – The Company is subject to loss-based assessments from the South Carolina Second Injury Fund and the Georgia Subsequent Injury Trust Fund. Assessments are accrued based on the data provided in the annual report issued by the South Carolina Second Injury Fund and the Georgia Subsequent Injury Trust Fund. Accrued assessments are classified as taxes, licenses and fees payable in the accompanying statutory basis statements of admitted assets, liabilities and stockholder's surplus. Given the changes and dissolution of the South Carolina Second Injury Fund and the Georgia Subsequent Injury Trust Fund, the Company engaged its independent actuary to develop its accrual methodology, the results of which are reflected in the Company's 2017 and 2016 financial statements.
3. National Workers' Compensation Reinsurance Pool – While the National Pool is "national" in name and affords administrative efficiencies and conveniences to carriers and insured's across many state lines, its financial structure is state specific. Carriers share in the Pool results for those states where they are participating, in proportion to their share of the total voluntary market for workers' compensation in that state. Losses and other accrued amounts are determined by the administrator and are recorded by the Company. Reserves and accruals are classified in other receivables, losses, and accounts payable and accrued expenses in the statements of admitted assets, liabilities and stockholder's surplus. Earned Premiums, losses, administrative expenses and changes in reserves and accruals are included in the accompanying statutory basis statements of income.
4. Amounts Receivable and Payable under Reinsurance Agreements – Amounts receivable and payable under reinsurance agreements are based on the terms of the agreement and include estimated assessments, loss reserves and reinstatement premium.
5. Deferred Income Tax Assets and Liabilities - Deferred Income Tax Assets and Liabilities are computed annually in accordance with Statement of Statutory Accounting Principles (SSAP) No. 101 Income Taxes, based on the expected taxability or deductibility of current income and expense in future periods, including loss and lae reserves, assessments and unrealized losses on investments.

C. Accounting Policy**Premiums**

Premiums are earned on a pro rata basis over the terms of the related insurance policies and the terms of the reinsurance contracts. Effective January 1, 2016, the Company began recording its workers' compensation premiums under the installment method. Under the installment method, premiums are recorded to written premium as policies are billed. Unearned premium reserves are established to cover the unexpired portion of premiums written for lines other than workers' compensation. Ceded premiums have been reported as a reduction of premiums written and earned. Premium deficiency reserves assure that the unearned premiums are sufficient to cover the related expected future losses, loss adjustment expenses and administrative costs of the related lines of business written. In the opinion of management, no premium deficiency reserve was deemed necessary or recorded in the accompanying statutory statement of Liabilities and Surplus as of September 30, 2017 and December 31, 2016.

Losses and Loss Adjustment Expenses

The Company has claims adjusters that develop reserves based on the relevant facts available and the statutory requirements for the respective state for all claims which are known and have been reported to the Company. The claims files and payment history are provided by the Company to its actuary to develop an incurred but not reported reserve by line of business.

Expenses

Expenses incurred in connection with acquiring new business, including acquisition costs such as sales commissions, are charged to operations as incurred. Additionally, the Company records ceding commission under its quota-share reinsurance treaties as premiums are ceded.

Cash and cash equivalents

NOTES TO FINANCIAL STATEMENTS

The Company considers cash and all investments whose maturities, at the time of acquisition, are three months or less to be cash and cash equivalents. Cash and cash equivalents are stated at amortized cost which approximates fair value.

Investments

Bonds not backed by other loans are generally stated at amortized cost using the scientific method. The carrying value of bonds are evaluated based on their characteristics and performance and the carrying value is adjusted as necessary.

Investment in real estate held for the production of income is stated at net book value which consists of the purchase price less encumbrances and accumulated depreciation. Depreciation is recognized on a straight-line basis.

Net investment income consists primarily of interest and dividends less investment related expenses. Interest is recognized on an accrual basis and dividends are recorded as earned at the ex-dividend date. Accrual of income is suspended for bonds that are in default or when the receipt of interest payments is in doubt. Realized capital gains and losses are determined on a specific identification basis when securities are sold, redeemed or otherwise disposed.

Investment income associated with real estate consists of rents charged to tenants reduced by the expenses incurred to maintain the building.

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments.

1. Cash and cash equivalents – The carrying amounts for these instruments approximate their fair values.
2. Short-term Investments – The carrying amounts for these instruments approximate their fair values.
3. Bonds – The fair values for bonds are based on quoted market prices, where available. For bonds not actively traded, fair values are estimated using values obtained from independent pricing services and based on expected future cash flows using a current market rate applicable to the yield, credit quality and maturity of the investments.
4. Investment in Real Estate – the Company's investment in real estate consists of its cost less accumulated depreciation and encumbrances which is the lower of cost or fair value.

D. Going Concern

Management Evaluation of Going Concern

The Company has experienced adverse development totaling \$39,297,000 over the past 5 years. Its underwriting loss for the 5 year period totaled \$38,297,428. The Company's return on investments during the same period totaled \$19,635,532. The remaining deficit of \$18,661,896 was offset in its entirety by the owners capital contributions during the same period which totaled \$18,900,000.

As a result of the adverse development mainly attributed the Company's commercial automobile line of business, it began a restructuring plan in 2014 that has continued through the reporting period. Following are the key items in the plan and status to date:

- Capital Contributions

Capital Contributions totaling \$13,250,000 were made in 2017 (\$2,000,000) and 2016 (\$11,250,000).

- Reduction in affiliated commission structure

In 2016, the Company's affiliates reduced commissions to the amount of the sub-agents of the affiliates. In addition, the Company's affiliates calculated an at-risk commission adjustment which is being paid to the Company for years in which underwriting losses exceeded a targeted combined ratio.

- Reduction in claims handling costs

The Company's claims are adjudicated by its affiliate, US Administrator Claims. The Company reduced the fees in 2016 and for the foreseeable future.

- Discontinuation of new written premiums and lines of business

The Company eliminated all fronting programs and assumed business in 2016. The Company further discontinued its commercial automobile program. The Company is only renewing workers' compensation and general liability policies. As the Company's restructuring increases its RBC, it will begin to write new policies. The Company anticipates being able to begin producing new premiums after reaching its RBC targets.

- Reinsurance structure

The Company increased its quota share treaty to 90%, only retaining 10% in its workers' compensation and general liability lines of business through March 31, 2017. The Company discontinued its quota share reinsurance treaty effective April 1, 2017. The Company has maintained its excess of loss reinsurance on its workers' compensation line of business.

- Reduction of cost structure

The Company instituted lay-offs in 2016 and has reduced its employee headcount by approximately 25 while it navigates through the restructuring efforts. The Company's owners eliminated their compensation and continue to serve as the Company's CEO and Treasurer and Secretary.

- Sale of the Company's real estate

The Company sold its largest real estate holding, in Clinton, TN the Jackson Plaza Building to its affiliate for the appraised value of approximately \$14.1 million in June of 2017. The Company also sold its real estate holding to its affiliate for the appraised value of \$1,580,000 in February of 2017. This has significantly increased the Company's cash position.

- Liquidation of securities to increase operating capital

The Company has sold a significant amount of its investment holdings to increase liquidity.

NOTES TO FINANCIAL STATEMENTS

- Utilization of affiliated company resources

The Company is currently utilizing resources including personnel and IT equipment of its affiliates at no cost to the Company while it continues its restructuring plan and expense management.

The Rehabilitation Petition filed by the state of South Carolina was dismissed in April of 2017. With the dismissal of the petition and based on the history of the Company's ownership group as noted in paragraph 1 of this disclosure, continued operating support, and capital contributions, management is confident that the plan can be executed. Management has successfully executed the most critical components of its restructuring plan. The Company's ownership group has always made the necessary expense reductions and capital contributions since the Company was inception in 2002, contributing \$26,100,000 since 2009. Given the success of its plan through September 2017, the Company anticipates that it is more likely than not that its plan will be successfully implemented as planned.

Related Party Transactions

The Company transacts insurance, reinsurance and administrative/support business with its affiliates. The Company's affiliates' inability to fulfill their contractual obligations to the Company could have a material impact on the Company's financial position and its ability to continue as a going concern.

Reinsurance

In the normal course of business the Company seeks to reduce the losses that may arise from catastrophes or other events that cause unfavorable underwriting results. This is accomplished by reinsuring certain levels of risk in various areas of exposure with other insurance enterprises or reinsurers. In the event that one of the Company's reinsurers were unable to perform under its agreement, it would have a material impact on the Company's financial position and its ability to continue as a going concern.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk are primarily cash and short-term investments, bonds, common stock and reinsurance recoverable. Short-term investments consist of shares in money market securities. The Company limits the amount of credit exposure with any one financial institution and believes that no significant concentration of credit risk exists with respect to its cash and short-term investments. Bonds consist primarily of corporate obligations and U.S. Treasury bonds. The Company limits its credit exposure in any one corporation and believes that no significant concentration of credit risk exists with respect to its municipal and corporate obligations. The Company periodically reviews the financial condition of its reinsurers and evaluates the amounts recoverable from them as appropriate. The Company obtains letters of credit or collateralizes funds from its unauthorized reinsurers. Reinsurance contracts do not relieve the Company from its obligation to policy holders. Failure of reinsurers to honor their obligations could result in significant losses to the Company.

Note 2 – Accounting Changes and Corrections of Errors

Not applicable.

Note 3 – Business Combinations and Goodwill

No significant changes

Note 4 – Discontinued Operations

No significant changes

Note 5 – Investments

- A. Mortgage Loans, including Mezzanine Real Estate Loans

In connection with its restructuring plan, the Company received a promissory note on the Jackson Plaza building which is subordinate to secured indebtedness on the property. The loan amount was \$5 million (\$5,000,000) and accrues interest at the 5 year Treasury Constant Maturity Rate plus 2.85% through June 14, 2022 and at the 5 year Treasury Constant Maturity Rate plus 2.13% through 14, 2032. The balance of the note was \$4,916,292 at September 30, 2017.

- B. Debt Restructuring

Not applicable.

- C. Reverse Mortgages

Not applicable.

- D. Loan-Backed Securities

Not applicable.

- E. Repurchase Agreements and/or Securities Lending Transactions

Not applicable.

- F. Real Estate

Not applicable.

- G. Investments in Low-Income Housing Trade Credits (LIHTC)

Not applicable.

- H. Restricted Assets

No significant change.

- I. Working Capital Finance Investments

NOTES TO FINANCIAL STATEMENTS

Not applicable.

J. Offsetting and Netting of Assets and Liabilities

Not applicable.

K. Structured Notes

No significant change.

L. 5* Securities

Not applicable.

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

Not applicable.

Note 7 – Investment Income

No significant changes

Note 8 – Derivative Instruments

No significant changes

Note 9 – Income Taxes

As a result of the Company's increase in its RBC ratio, the Company became eligible to admit 10% of its Deferred Tax Assets.

Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

No significant changes

Note 11 – Debt

A. Amount, Interest, Maturities, Collateral, Covenants

The Company paid off its mortgage on the Jackson Plaza building in connection with the sale of its building to an affiliate.

B. FHLB (Federal Home Loan Bank) Agreements

Not applicable.

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

A. Defined Benefit Plan

Not applicable.

B. Investment Policies

Not applicable.

C. Fair Value of Plan Assets

Not applicable.

D. Rate-of-Return Assumptions

Not applicable.

E. Defined Contribution Plans

Employees are eligible to participate in a defined contribution plan sponsored by an affiliate. See Note 12G.

F. Multiemployer Plans

Not applicable.

G. Consolidated/Holding Company Plans

No significant change.

H. Postemployment Benefits and Compensated Absences

The Company has no obligations related to post employment benefits or compensated absences for any current or former employees after their employment. The expense of compensated absences earned but unused by current employees has been accrued by the Company.

I. Impact of Medicare Modernization Act on Postretirement Benefits

Not applicable.

Note 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

(1) Outstanding Shares

Effective April 5, 2012, as part of the licensing requirements for the State of Texas, the Company was required to have \$2,500,000 in outstanding common stock. In order to meet the Texas requirement, the Company revised its by-laws to increase the authorized outstanding shares of common stock from 1,500, to 2,500.

NOTES TO FINANCIAL STATEMENTS

Once the Company approved the creation of the additional shares, a \$1,000,000 dividend was declared and granted to the shareholders, and was in turn used to acquire the newly issued shares. As a result of this transaction, the Company's contributed capital account was decreased \$1,000,000 and the total common stock was increased by the same amount. There was no net change to the Company's surplus as a result of this reclassification. The Company has no preferred stock authorized, issued and outstanding.

(2) Dividend Rate of Preferred Stock

Not applicable.

(3) Dividend Restrictions

Under the insurance regulations of New Mexico, the maximum amount of ordinary dividends that the Company may pay to shareholders in a twelve month period is limited to the greater of 10% of the most recent year end policyholder's surplus or the net income for that same year excluding realized capital gains. Accordingly, the maximum amount of ordinary dividends that the Company may pay in 2017 is \$1,305,209. Dividends above this amount would be deemed extraordinary and may not be paid unless 1) not disapproved by the Superintendent of Insurance of New Mexico within 30 days of receiving notice of the declarations thereof or 2) approved within that thirty day period.

(4) Dates and Amounts of Dividends Paid

No dividends are planned or have been declared in 2017.

(5) Amount of Ordinary Dividends That May be Paid

The Company may pay out ordinary dividends of \$1,305,209 as detailed in paragraph (3) above.

(6) Restrictions on Unassigned Funds

There are no restrictions on the unassigned funds of the Company other than those described above in paragraphs (3) and (5) and the unassigned funds held for the benefit of the owners and policyholders.

(7) Mutual Surplus Advances

Not applicable.

(8) Company Stock Held for Special Purposes

Not applicable.

(9) Changes in Special Surplus Funds

Not applicable.

(10) Change in Unassigned Funds

The portion of unassigned funds (surplus) represented or reduced by unrealized gains and losses is: \$0

(11) Surplus Notes

Not applicable.

(12) Impact of Quasi-Reorganizations

Not applicable.

(13) Date of Quasi-Reorganizations

Not applicable.

Note 14 – Liabilities, Contingencies and Assessments

A. Contingent Commitments

Not applicable.

B. Assessments

The Company is subject to guaranty fund assessments in all of its licensed states where it writes premiums and second injury fund assessments in South Carolina, Georgia and Alabama. The Company has accrued a liability for guaranty fund and second injury fund assessments of \$563,219 and \$929,777 for the periods ended September 30, 2017 and December 31, 2016 respectively, which represents management's best estimates based on information available, which may change due to many factors including the Company's share of the ultimate cost of current insolvencies or its percentage of premiums written in the state.

C. Gain Contingencies

Not applicable.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

The Company's extra contractual bad faith claim litigation was dismissed and thus a favorable outcome to the Company.

E. Product Warranties

Not applicable.

F. Joint and Several Liabilities

Not applicable.

G. All Other Contingencies

Not applicable.

Note 15 – Leases

A. Lessee Operating Lease

NOTES TO FINANCIAL STATEMENTS

- (1) Not applicable.
- (2) In 2015 the Company entered into a sale-leaseback agreement with a third party for the Company's non-admitted receivables and related costs. The future lease payments are as follows:

Year Ending December 31	Operating Leases
1. 2018	\$ 282,648
2. 2019	\$
3. 2020	\$
4. 2021	\$
5. 2022	\$
6. Total	\$

- (3) Refer to (2) above.

B. Revenue, Net Income or Assets with Respect to Leases

- (1) For operating leases:

The Company has future operating leases with tenants in its One Harbison Way building in Columbia, SC. Gross rental income through June 30, 2017 was approximately \$196,191.

- (2) For leveraged 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 Portion of Partially Insured Plans

Not applicable

Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company has terminated all of its managing general agency agreements. There are no MGA's producing premium on behalf of the Company in 2017.

Note 20 – Fair Value Measurements**A. Inputs Used for Assets and Liabilities Measured and Reported at Fair Value**

The Company has categorized its assets and liabilities that are measured at fair value on a recurring basis into the three-level fair value hierarchy as reflected in the following table. See below for a discussion of each of these three levels.

Level 1 - Quoted Prices in Active Markets for Identical Assets and Liabilities: The estimated fair value of the equity securities within this category are based on quoted prices in active markets and are thus classified as Level 1.

Level 2 - Significant Other Observable Inputs: This category is for items measured at fair value on a recurring basis and includes common stocks which are not exchange-traded.

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

- (1) Fair Value Measurements at Reporting Date

	Level 1	Level 2	Level 3	Total
Assets at Fair Value				
Bonds	\$	\$	\$	\$
US States, Territories & Possessions-Issuer Obligations	\$ 3,958,984	\$	\$	\$ 3,958,984
US Special Revenue & Special Assessment Obligations	\$ 6,701,710	\$	\$	\$ 6,701,710
Industrial & Miscellaneous (Unaffiliated)-Issuer Obligations	\$ 12,308,924	\$	\$	\$ 12,308,924
	\$	\$	\$	\$
Preferred Stock	\$	\$	\$	\$
Industrial & Miscellaneous (Unaffiliated)-Issuer Obligations	\$	\$ 2,250,000	\$	\$ 2,250,000
Total	\$ 22,969,619	\$ 2,250,000	\$	\$ 25,219,619
Liabilities at Fair Value				
	\$	\$	\$	\$
Total	\$	\$	\$	\$

- (2) Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

Not applicable.

- (3) Policy on Transfers Into and Out of Level 3

Not applicable.

NOTES TO FINANCIAL STATEMENTS

(4) Inputs and Techniques Used for Level 2 and Level 3 Fair Values

Not applicable.

(5) Derivative Fair Values

Not applicable.

B. Other Fair Value Disclosures

Not applicable.

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

Not applicable.

D. Items for which Not Practicable to Determine Fair Values

Not applicable.

Note 21 – Other Items

Not applicable

Note 22 – Events Subsequent

The Company assumed certain insurance cells from an affiliated reinsurer, effective January 1, 2017. The amount of assets assumed totaled \$12,322,391 and consists primarily of cash and investments and the amount of actuarially determined reserves totaled \$6,652,370. The resulting surplus gain is classified as special surplus in aggregate write-ins, totaling \$5,670,021.

Note 23 – Reinsurance

A. Unsecured Reinsurance Recoverables

At the direction of the Company's Board of Directors, the provision for reinsurance is reviewed and updated periodically when detailed actuarial analysis is performed by and available from the Company's independent actuary.

B. Reinsurance Recoverable in Dispute

Not applicable.

C. Reinsurance Assumed and Ceded

(1)

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$	\$	\$	\$ 240,674	\$	\$ (240,674)
b. All Other	718,352	208,322	252,539	497,361	465,813	(289,039)
c. Total	\$ 718,352	\$ 208,322	\$ 252,539	\$ 738,035	\$ 465,813	\$ (529,713)
d. Direct Unearned Premium Reserves			\$ 1,578,079			

(2)

	Direct	Assumed	Ceded	Net
a. Contingent commission	\$	\$	\$	\$
b. Sliding scale adjustments				
c. Other profit commission arrangements				
d. Total	\$	\$	\$	\$

(3) The Company does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Reinsurance

Not applicable.

E. Commutation of Ceded Reinsurance

Not applicable.

F. Retroactive Reinsurance

Effective January 1, 2014, the Company entered into an assumption agreement with a third party reinsurer, whereby the Company assumed approximately \$20,000,000 of loss reserves for consideration of approximately \$20,000,000. As of September 30, 2017, the net case reserves were \$142,040. This transaction was accounted for as retroactive reinsurance pursuant SSAP 62R. The Company is held harmless against adverse development from this transaction by an agreement with an affiliate that was approved by the Company's Board of Directors.

G. Reinsurance Accounted for as a Deposit

Not applicable.

NOTES TO FINANCIAL STATEMENTS

H. Run-off Agreements

Not applicable.

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

Not applicable.

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

Not applicable.

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

Net reserves for losses and loss adjustment expenses were \$53.061 million as of December 31, 2016. Net reserves remaining for prior years are now \$44.796 million principally on the Company's Workers' Compensation line of business and its participation in workers' compensation reinsurance pools for which the information is provided a quarter in arrears. Changes are the result of ongoing analysis of recent loss development trends and reports received from the administrator of workers' compensation pools in which the company participates. Original estimates are increased or decreased, as additional information becomes known regarding individual claims and historical loss information is updated for participation in reinsurance pools as received.

Note 26 – Intercompany Pooling Arrangements

Not applicable

Note 27 – Structured Settlements

Not applicable

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

Note 34 – Subscriber Savings Accounts

Not applicable

Note 35 – Multiple Peril Crop Insurance

Not applicable

Note 36 – Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes No
- 1.2 If yes, has the report been filed with the domiciliary state? Yes No
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No
- 2.2 If yes, date of change: 04/19/2017
- 3.1 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? If yes, complete Schedule Y, Parts 1 and 1A. Yes No
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes No
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 4.2 If yes, provide name of 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 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? If yes, attach an explanation. Yes No N/A
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2016
- 6.2 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. 12/31/2015
- 6.3 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). 07/29/2016
- 6.4 By what department or departments?
New Mexico (2016) South Carolina (2015)
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes No N/A
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 7.1 Has this 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
- 7.2 If yes, give full information:
- 8.1 Is the company a subsidiary of a bank holding company regulated with the Federal Reserve Board? Yes No
- 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
- 8.4 If the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal 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 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

- 9.1 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 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.
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior managers been amended? Yes No
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes No
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes No
- 11.2 If yes, give full and complete information relating thereto:
12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ 0
13. Amount of real estate and mortgages held in short-term investments: \$ 0
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes No
- 14.2 If yes, please complete the following:

- 14.21 Bonds
- 14.22 Preferred Stock
- 14.23 Common Stock
- 14.24 Short-Term Investments
- 14.25 Mortgage Loans on Real Estate
- 14.26 All Other
- 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)
- 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above

	1 Prior Year End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
\$	0	\$ 0
	0	0
	0	0
	0	0
	0	0
\$	0	\$ 0
\$	0	\$ 0

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes No
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No
If no, attach a description with this statement.

16. For the reporting entity's security lending program, state the amount of the following as of current statement date:

- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 0
- 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 0
- 16.3 Total payable for securities lending reported on the liability page: \$ 0

17. 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 No

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

1 Name of Custodian(s)	2 Custodian Address
Regions Bank	1201 North Main Street, Suite 1250, Columbia, SC 29201

17.2 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 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes No

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

17.5 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such ["...that have access to the investment accounts", "handle securities"].

1 Name of Firm or Individual	2 Affiliation
William M Arowood	I
Robert J Arowood	I

- 17.5097 For those firms/individuals listed in the table for Question 17.5, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets? Yes No

- 17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 17.5, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes No

17.6 For those firms or individuals listed in the table for 17.5 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed

- 18.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes No

18.2 If no, list exceptions:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL INTERROGATORIES (continued)

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [] No [] N/A [X]
 If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [] No [X]
 If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [] No [X]

3.2 If yes, give full and complete information thereto:

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see *Annual Statement Instructions* pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? Yes [] No [X]

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Disc. Rate	Total Discount				Discount Taken During Period			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 Total	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 Total
	0.000	0.000	0	0	0	0	0	0	0	0
Total	XXX	XXX	0	0	0	0	0	0	0	0

5.1 Operating Percentages:

5.1 A&H loss percent	0.000%
5.2 A&H cost containment percent	0.000%
5.3 A&H expense percent excluding cost containment expenses	0.000%

6.1 Do you act as a custodian for health savings accounts? Yes [] No [X]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ 0

6.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

6.4 If yes, please provide the amount of funds administered as of the reporting date. \$ 0

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Type of Reinsurer	6 Certified Reinsurer Rating (1 through 6)	7 Effective Date of Certified Reinsurer Rating
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NONE

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2	3	4	5	6	7
States, Etc.	Active Status	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date
1. Alabama.....AL	L	614,850	1,028,124	(50,117)	517,279	6,317,832	5,535,539
2. Alaska.....AK	N						
3. Arizona.....AZ	L	198,890	2,156,516	1,179,675	1,053,091	2,573,686	2,736,622
4. Arkansas.....AR	L	244,316	303,220	509,791	31,656	972,219	923,227
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	L	(132,608)	3,277,853	1,442,443	4,628,251	23,349,586	24,791,983
11. Georgia.....GA	L	2,713,588	20,579,186	13,105,378	9,316,997	11,552,021	17,178,398
12. Hawaii.....HI	N						
13. Idaho.....ID	N						
14. Illinois.....IL	L	3,874,028	6,887,263	3,249,204	4,594,682	12,530,673	14,519,473
15. Indiana.....IN	L	300,310	625,846	601,837	385,483	2,320,458	2,296,822
16. Iowa.....IA	N						
17. Kansas.....KS	N						
18. Kentucky.....KY	L	31,835	133,372	(50,676)	774,805	(2,021,690)	(2,026,180)
19. Louisiana.....LA	L	729,915	1,182,235	210,914	806,080	3,575,155	2,648,230
20. Maine.....ME	N						
21. Maryland.....MD	N						
22. Massachusetts.....MA	N						
23. Michigan.....MI	N						
24. Minnesota.....MN	N						
25. Mississippi.....MS	L	648,378	1,190,044	462,526	1,026,935	3,595,355	3,778,652
26. Missouri.....MO	L	321,352	629,907	252,829	441,535	1,915,257	2,022,467
27. Montana.....MT	N						
28. Nebraska.....NE	N						
29. Nevada.....NV	L	183,051	489,078	303,434	369,413	5,491,936	5,450,901
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	L	420,036	703,072	137,753	381,307	3,262,916	3,263,924
38. Oregon.....OR	N						
39. Pennsylvania.....PA	N						
40. Rhode Island.....RI	N						
41. South Carolina.....SC	L	2,699,272	5,494,021	1,858,573	5,499,587	11,285,622	17,145,791
42. South Dakota.....SD	N						
43. Tennessee.....TN	N		(188,877)	172,272	1,469,077	(64,616)	1,681,555
44. Texas.....TX	L	(1,071,996)	5,546,596	2,430,272	3,439,118	5,522,885	5,424,753
45. Utah.....UT	N						
46. Vermont.....VT	N						
47. Virginia.....VA	N		(5,545)	314,379	1,070,393	(56,326)	76,915
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	(57,970)	0	7,469,115	10,100,867	10,112,787
59. Totals.....	(a) 15	11,775,217	49,973,941	26,130,487	43,274,803	102,223,838	117,561,859

DETAILS OF WRITE-INS

58001. Other - Alien.....	XXX		(57,970)		7,469,115	10,100,867	10,112,787
58002.....	XXX						
58003.....	XXX						
58998. Summary of remaining write-ins for Line 58 from overflow page.....	XXX	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above).....	XXX	0	(57,970)	0	7,469,115	10,100,867	10,112,787

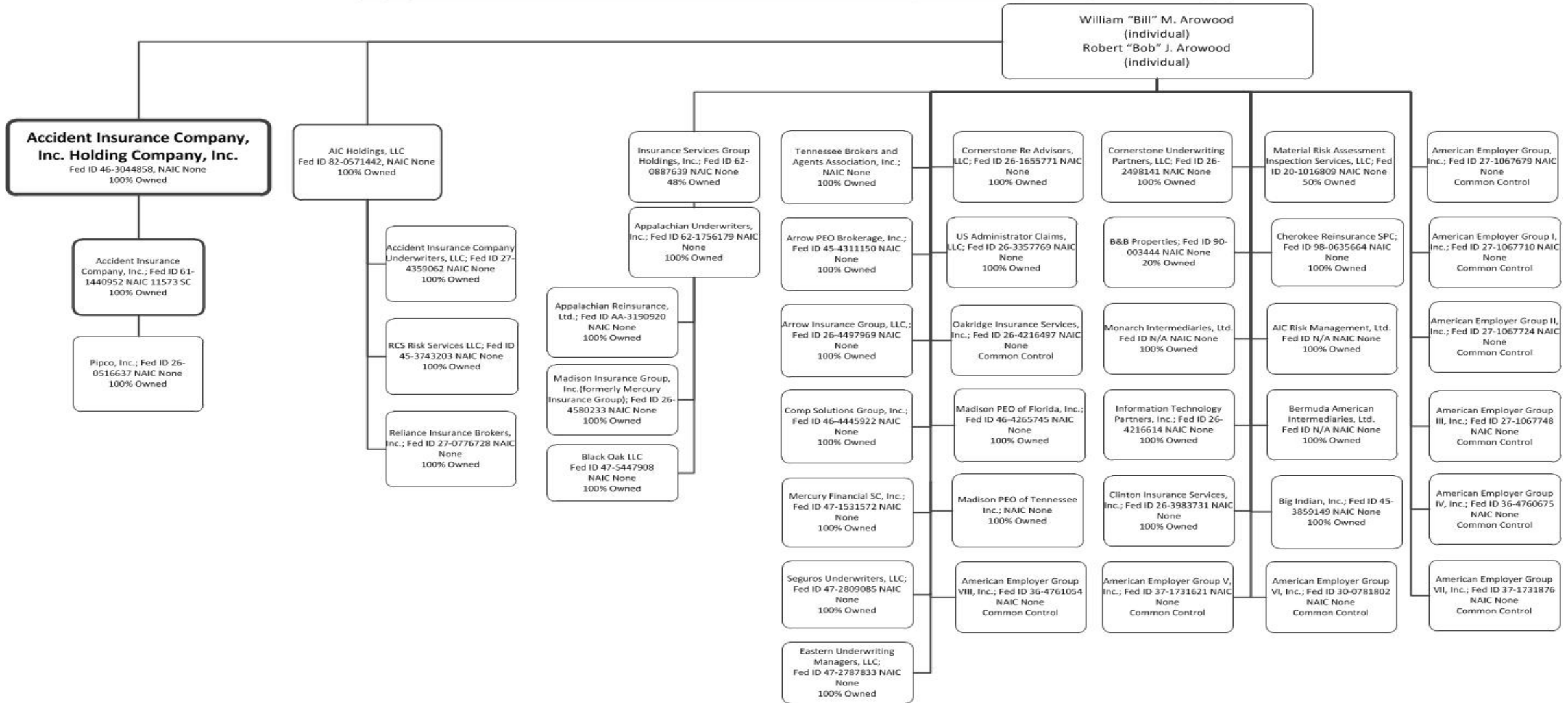
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state (other than their state of domicile see DSLI); (D) - DSLI - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to write Surplus Lines in the state of domicile; (N) - None of the above - Not allowed to write business in the state.

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

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

PART 1 – ORGANIZATIONAL CHART

Appalachian - Insurance Holding Company Group



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SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	Is an SCA Filing Required? (Y/N)	*
Members															
4680	Appalachian Holding Company Group	11573...	61-1440952..				Accident Insurance Company, Inc.....	NM.....	RE.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	...N.....	
	Appalachian Holding Company Group	00000...	46-3044858..				Accident Insurance Company, Inc. Holding Company, Inc.	SC.....	UDP.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	...N.....	
	Appalachian Holding Company Group	00000...	82-0571442..				AIC Holdings, LLC.....	SC.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	...N.....	
	Appalachian Holding Company Group	00000...	00-0000000..				AIC Risk Management, Ltd.....	BMU.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	...N.....	
	Appalachian Holding Company Group	00000...	27-4359062..				AIC Underwriters LLC.....	LA.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	...N.....	
	Appalachian Holding Company Group	00000...	27-1067710..				American Employer Group, I Inc.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Management.....		See Note.....	...N.....	1.....
	Appalachian Holding Company Group	00000...	27-1067724..				American Employer Group, II Inc.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Management.....		See Note.....	...N.....	1.....
	Appalachian Holding Company Group	00000...	27-1067748..				American Employer Group, III Inc.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Management.....		See Note.....	...N.....	1.....
	Appalachian Holding Company Group	00000...	27-1067679..				American Employer Group, Inc.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Management.....		See Note.....	...N.....	1.....
	Appalachian Holding Company Group	00000...	36-4760675..				American Employer Group, IV Inc.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Management.....		See Note.....	...N.....	1.....
	Appalachian Holding Company Group	00000...	37-1731621..				American Employer Group, V Inc.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Management.....		See Note.....	...N.....	1.....
	Appalachian Holding Company Group	00000...	30-0781802..				American Employer Group, VI Inc.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Management.....		See Note.....	...N.....	1.....
	Appalachian Holding Company Group	00000...	37-1731876..				American Employer Group, VII Inc.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Management.....		See Note.....	...N.....	1.....
	Appalachian Holding Company Group	00000...	36-4761054..				American Employer Group, VIII Inc.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Management.....		See Note.....	...N.....	1.....
	Appalachian Holding Company Group	00000...	AA-3190920..				Appalachian Reinsurance, Ltd.....	BMU.....	IA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	...N.....	
	Appalachian Holding Company Group	00000...	62-1756179..				Appalachian Underwriters, Inc.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	...N.....	
	Appalachian Holding Company Group	00000...	26-4497969..				Arrow Insurance Group, LLC.....	SC.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	...N.....	
	Appalachian Holding Company Group	00000...	45-4311150..				Arrow PEO Brokerage, Inc.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	...N.....	
	Appalachian Holding Company Group	00000...	90-003444..				B & B Properties.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...20.000	Appalachian Holding Company Group.....	...N.....	

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SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	Is an SCA Filing Required? (Y/N)	*
Q12.1	Appalachian Holding Company Group	00000	00-0000000				Bermuda American Intermediaries, Ltd	BMU	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	00000	45-3859149				Big Indian	TN	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	00000	47-5447908				Black Oak LLC	NV	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	00000	98-0635664				Cherokee Reinsurance, Ltd	CYM	IA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	00000	26-3983731				Clinton Insurance Services, Inc	TN	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	00000	46-4445922				Comp. Solutions Group, Inc	GA	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	00000	26-1655771				Cornerstone Re Advisors, LLC	NJ	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	00000	26-2498141				Cornerstone Underwriting Partners, LLC	TN	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	00000	47-2787833				Eastern Underwriting Managers, LLC	TN	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	00000	26-4216614				Information Technology Partners, Inc	TN	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	00000	62-0887639				ISG Holdings, Inc	TN	NIA	Appalachian Holding Company Group	Ownership	48.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	00000	26-4580233				Madison Insurance Group, Inc	SC	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	00000	46-4265745				Madison PEO of Florida, Inc	FL	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	00000	00-0000000				Madison PEO of Tennessee, Inc	TN	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	00000	00-0000000				Monarch Intermediaries, Ltd	CYM	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	00000	47-1531572				Mercury Financial SC, Inc	SC	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	00000	20-1016809				MRA Inspection Service, LLC	SC	NIA	Appalachian Holding Company Group	Ownership	50.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	00000	26-4216497				Oak Ridge Insurance Services, Inc	TN	NIA	William M. Arowood	Ownership	100.000	William M. Arowood	N	

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	Is an SCA Filing Required? (Y/N)	*
.....	Appalachian Holding Company Group	00000...	26-0516637..	.....	.....	.....	PIPCO, Inc.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	....N.....	.....
.....	Appalachian Holding Company Group	00000...	45-3743203..	.....	.....	.....	RCS Risk Services, LLC.....	NV.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	....N.....	.....
.....	Appalachian Holding Company Group	00000...	27-0776728..	.....	.....	.....	Reliance Insurance Brokers, Inc. DBA AICU....	SC.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	....N.....	.....
.....	Appalachian Holding Company Group	00000...	61-1709577..	.....	.....	.....	Risk Control Group, Inc.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	....N.....	.....
.....	Appalachian Holding Company Group	00000...	47-2809085..	.....	.....	.....	Seguros Underwriters, LLC.....	FL.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	....N.....	.....
.....	Appalachian Holding Company Group	00000...	00-0000000..	.....	.....	.....	Tennessee Brokers and Agents Association, Inc.	TN.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	....N.....	.....
.....	Appalachian Holding Company Group	00000...	26-3357769..	.....	.....	.....	US Administrator Claims, LLC.....	GA.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	....N.....	.....

Q12.2

Aster	Explanation
1	Owned By Trust-Arowood 2012 Irrevocable Trust

PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire.....			0.000	
2. Allied lines.....			0.000	
3. Farmowners multiple peril.....			0.000	
4. Homeowners multiple peril.....			0.000	
5. Commercial multiple peril.....			0.000	
6. Mortgage guaranty.....			0.000	
8. Ocean marine.....			0.000	
9. Inland marine.....			0.000	
10. Financial guaranty.....			0.000	
11.1. Medical professional liability - occurrence.....			0.000	
11.2. Medical professional liability - claims-made.....			0.000	
12. Earthquake.....			0.000	
13. Group accident and health.....			0.000	
14. Credit accident and health.....			0.000	
15. Other accident and health.....			0.000	
16. Workers' compensation.....	14,839,615	8,287,484	55.847	62.289
17.1 Other liability-occurrence.....	3,924,671	2,367,013	60.311	37.939
17.2 Other liability-claims made.....			0.000	
17.3 Excess workers' compensation.....			0.000	
18.1 Products liability-occurrence.....			0.000	
18.2 Products liability-claims made.....			0.000	
19.1, 19.2 Private passenger auto liability.....	5,681,184	9,058,663	159.450	71.500
19.3, 19.4 Commercial auto liability.....	551,487	112,832	20.460	281.367
21. Auto physical damage.....	187,403		0.000	14.624
22. Aircraft (all perils).....			0.000	
23. Fidelity.....			0.000	
24. Surety.....			0.000	
26. Burglary and theft.....			0.000	
27. Boiler and machinery.....			0.000	
28. Credit.....			0.000	
29. International.....			0.000	
30. Warranty.....			0.000	
31. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business.....	0	0	0.000	
35. Totals.....	25,184,360	19,825,992	78.723	71.010

DETAILS OF WRITE-INS

3401.....			0.000	
3402.....			0.000	
3403.....			0.000	
3498. Sum. of remaining write-ins for Line 34 from overflow page.....	0	0	0.000	XXX
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34).....	0	0	0.000	

PART 2 - DIRECT PREMIUMS WRITTEN

Lines of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire.....			
2. Allied lines.....			
3. Farmowners multiple peril.....			
4. Homeowners multiple peril.....			
5. Commercial multiple peril.....			
6. Mortgage guaranty.....			
8. Ocean marine.....			
9. Inland marine.....			
10. Financial guaranty.....			
11.1 Medical professional liability - occurrence.....			
11.2 Medical professional liability - claims made.....			
12. Earthquake.....			
13. Group accident and health.....			
14. Credit accident and health.....			
15. Other accident and health.....			
16. Workers' compensation.....		3,282,786	9,821,616
17.1 Other liability-occurrence.....		528,272	3,603,397
17.2 Other liability-claims made.....			
17.3 Excess workers' compensation.....			
18.1 Products liability-occurrence.....			
18.2 Products liability-claims made.....			
19.1 19.2 Private passenger auto liability.....	(1,611,227)	(1,611,227)	21,040,121
19.3 19.4 Commercial auto liability.....	50	(38,569)	1,670,704
21. Auto physical damage.....			573,823
22. Aircraft (all perils).....			
23. Fidelity.....			
24. Surety.....			
26. Burglary and theft.....			
27. Boiler and machinery.....			
28. Credit.....			
29. International.....			
30. Warranty.....			
31. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business.....	0	0	0
35. Totals.....	2,199,881	11,775,217	49,973,941

DETAILS OF WRITE-INS

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

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2017 Loss and LAE Payments on Claims Reported as of Prior Year-End	2017 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2017 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2014 + Prior.....	12,655	15,204	27,859	3,495	1,100	4,595	9,163	769	13,350	23,282	3	15	18
2. 2015.....	5,878	7,690	13,568	2,482	827	3,309	3,401	785	6,073	10,259	5	(5)	0
3. Subtotals 2015 + Prior.....	18,533	22,894	41,427	5,977	1,927	7,904	12,564	1,554	19,423	33,541	8	10	18
4. 2016.....	3,045	8,589	11,634	285	95	380	2,761	1,253	7,241	11,255	1	0	1
5. Subtotals 2016 + Prior.....	21,578	31,483	53,061	6,262	2,022	8,284	15,325	2,807	26,664	44,796	9	10	19
6. 2017.....	XXX	XXX	XXX	XXX	65	65	XXX	2,561	1,101	3,662	XXX	XXX	XXX
7. Totals.....	21,578	31,483	53,061	6,262	2,087	8,349	15,325	5,368	27,765	48,458	9	10	19
8. Prior Year-End's Surplus As Regards Policyholders.....	13,052										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. ....0.042 %	2. ....0.033 %	3. ....0.036 %
													Col. 13, Line 7 Line 8
													4. ....0.147 %

Q14

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	<u>NO</u>
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	<u>NO</u>
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	<u>NO</u>
4. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	<u>NO</u>

Explanation:

1. The data for this supplement is not required to be filed.
2. The data for this supplement is not required to be filed.
3. The data for this supplement is not required to be filed.
4. The data for this supplement is not required to be filed.

Bar Code:



Overflow Page for Write-Ins

Additional Write-ins for Assets:

	Current Statement Date			4 December 31, Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
2504. IL Corporate Tax Receivable.....	894	894	0	4,300,000
2505. At Risk Commission Adjustment.....	3,600,000		3,600,000	
2506. Assumed Receivable.....	2,516,862		2,516,862	
2507. SUNZ Trust Receivable.....	1,580,900		1,580,900	
2597. Summary of remaining write-ins for Line 25.....	7,698,656	894	7,697,762	

Additional Write-ins for Statement of Income:

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
1404. Misc.....			311,807
1405. Adjustment of Funds Withheld Balances.....	1,308,353		
1406. Income Interest Related to B&B Note Payable.....	67,772		
1497. Summary of remaining write-ins for Line 14.....	1,376,125	0	311,807

SCHEDULE A - VERIFICATION

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	16,520,190	11,349,227
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		4,965,320
2.2 Additional investment made after acquisition.....		
3. Current year change in encumbrances.....	957,879	500,000
4. Total gain (loss) on disposals.....	1,383,794	
5. Deduct amounts received on disposals.....	15,680,000	
6. Total foreign exchange change in book/adjusted carrying value.....		
7. Deduct current year's other-than-temporary impairment recognized.....	(75,361)	
8. Deduct current year's depreciation.....	110,880	294,357
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8).....	3,146,344	16,520,190
10. Deduct total nonadmitted amounts.....		
11. Statement value at end of current period (Line 9 minus Line 10).....	3,146,344	16,520,190

SCHEDULE B - VERIFICATION

Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....	5,000,000	
2.2 Additional investment made after acquisition.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....		
8. Deduct amortization of premium and mortgage interest points and commitment fees.....		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest.....		
10. Deduct current year's other-than-temporary impairment recognized.....	83,708	
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	4,916,292	0
12. Total valuation allowance.....		
13. Subtotal (Line 11 plus Line 12).....	4,916,292	0
14. Deduct total nonadmitted amounts.....		
15. Statement value at end of current period (Line 13 minus Line 14).....	4,916,292	0

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....		
8. Deduct amortization of premium and depreciation.....		
9. Total foreign exchange change in book/adjusted carrying value.....		
10. Deduct current year's other-than-temporary impairment recognized.....		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0	0
12. Deduct total nonadmitted amounts.....		
13. Statement value at end of current period (Line 11 minus Line 12).....	0	0

NONE

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....	41,607,835	57,809,754
2. Cost of bonds and stocks acquired.....	3,267,500	3,440,513
3. Accrual of discount.....		10,241
4. Unrealized valuation increase (decrease).....	(215,989)	797,745
5. Total gain (loss) on disposals.....	(1,024,068)	(660,043)
6. Deduct consideration for bonds and stocks disposed of.....	14,893,855	19,733,381
7. Deduct amortization of premium.....		56,994
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other-than-temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	28,741,423	41,607,835
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	28,741,423	41,607,835

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a).....	21,869,625			(11,423)	29,938,913	21,869,625	21,858,203	34,246,929
2. NAIC 2 (a).....	4,633,221				4,634,052	4,633,221	4,633,221	4,934,052
3. NAIC 3 (a).....							0	
4. NAIC 4 (a).....							0	
5. NAIC 5 (a).....							0	
6. NAIC 6 (a).....							0	
7. Total Bonds.....	26,502,846	0	0	(11,423)	34,572,965	26,502,846	26,491,424	39,180,981
PREFERRED STOCK								
8. NAIC 1.....	2,250,000				2,250,000	2,250,000	2,250,000	2,250,000
9. NAIC 2.....							0	
10. NAIC 3.....							0	
11. NAIC 4.....							0	
12. NAIC 5.....							0	
13. NAIC 6.....							0	
14. Total Preferred Stock.....	2,250,000	0	0	0	2,250,000	2,250,000	2,250,000	2,250,000
15. Total Bonds and Preferred Stock.....	28,752,846	0	0	(11,423)	36,822,965	28,752,846	28,741,424	41,430,981

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(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of short-term and cash equivalent bonds by NAIC designation:
NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Acquired Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999.....		XXX.....	NONE		

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	.....0	.....
2. Cost of short-term investments acquired.....	.....	.....
3. Accrual of discount.....	.....	.....
4. Unrealized valuation increase (decrease).....	NONE	.....
5. Total gain (loss) on disposals.....	.....	.....
6. Deduct consideration received on disposals.....	.....	.....
7. Deduct amortization of premium.....	.....	.....
8. Total foreign exchange change in book/adjusted carrying value.....	.....	.....
9. Deduct current year's other-than-temporary impairment recognized.....	.....	.....
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	.....0	.....0
11. Deduct total nonadmitted amounts.....	.....	.....
12. Statement value at end of current period (Line 10 minus Line 11).....	.....0	.....0

**Sch. DB - Pt. A - Verification
NONE**

**Sch. DB - Pt. B - Verification
NONE**

**Sch. DB - Pt. C - Sn. 1
NONE**

**Sch. DB - Pt. C - Sn. 2
NONE**

**Sch. DB - Verification
NONE**

SCHEDULE E- VERIFICATION

Cash Equivalents

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	500,000
2. Cost of cash equivalents acquired.....		
3. Accrual of discount.....		
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration received on disposals.....		500,000
7. Deduct amortization of premium.....		
8. Total foreign exchange change in book/ adjusted carrying value.....		
9. Deduct current year's other-than-temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	0	0
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	0	0

SCHEDULE A - PART 2

Showing all Real Estate ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 Description of Property	Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost at Time of Acquisition	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Additional Investment Made After Acquisition
	2 City	3 State						

NONE

SCHEDULE A - PART 3

Showing all Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract "

QE01

1 Description of Property	Location		4 Disposal Date	5 Name of Purchaser	6 Actual Cost	7 Expended for Additions, Permanent Improvements and Changes in Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances Prior Year	Change in Book/Adjusted Carrying Value Less Encumbrances					14 Book/Adjusted Carrying Value Less Encumbrances on Disposal	15 Amounts Received During Year	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal	19 Gross Income Earned Less Interest Incurred on Encumbrances	20 Taxes, Repairs, and Expenses Incurred
	2 City	3 State						9 Current Year's Depreciation	10 Current Year's Other-Than-Temporary Impairment Recognized	11 Current Year's Change in Encumbrances	12 Total Change in B./A.C.V. (11 - 9 - 10)	13 Total Foreign Exchange Change in B./A.C.V.							
Property Disposed																			
Jackson Plaza.....	Oak Ridge.....	TN..	06/15/2017	B&B Properties.....	.....13,200,000	.....(493,013)	.....11,774,888	.....110,880	.....(75,361)	.....849,128	.....813,609	.....	.....11,918,846	.....14,100,000	.....	.....1,367,544	.....1,367,544	.....1,237,472	.....621,615
0199999. Totals.....					.....13,200,000	.....(493,013)	.....11,774,888	.....110,880	.....(75,361)	.....849,128	.....813,609	.....0	.....11,918,846	.....14,100,000	.....0	.....1,367,544	.....1,367,544	.....1,237,472	.....621,615
0399999. Totals.....					.....13,200,000	.....(493,013)	.....11,774,888	.....110,880	.....(75,361)	.....849,128	.....813,609	.....0	.....11,918,846	.....14,100,000	.....0	.....1,367,544	.....1,367,544	.....1,237,472	.....621,615

SCHEDULE B - PART 2

Showing all Mortgage Loans ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Rate of Interest	7 Actual Cost at Time of Acquisition	8 Additional Investment Made After Acquisition	9 Value of Land and Buildings
	2 City	3 State						
Mortgages in Good Standing - Commercial Mortgages - All Other								
JP0001.....	Oak Ridge.....	TN.....	S.....	06/15/2017....	.....0.029	.....5,000,000	.....	.....14,100,000
0599999. Total - Mortgages in Good Standing - Commercial Mortgages - All Other.....				.....XXX.....	.....XXX.....	.....5,000,000	.....0	.....14,100,000
0899999. Total - Mortgages in Good Standing.....				.....XXX.....	.....XXX.....	.....5,000,000	.....0	.....14,100,000
3399999. Total Mortgages.....				.....XXX.....	.....XXX.....	.....5,000,000	.....0	.....14,100,000

QE02

SCHEDULE B - PART 3

Showing all Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Disposal Date	7 Book Value/Recorded Investment Excluding Accrued Interest Prior Year	Change in Book Value/Recorded Investment						14 Book Value / Recorded Investment Excluding Accrued Interest on Disposal	15 Consideration	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal
	2 City	3 State					8 Unrealized Valuation Increase (Decrease)	9 Current Year's (Amortization) / Accretion	10 Current Year's Other-Than-Temporary Impairment Recognized	11 Capitalized Deferred Interest and Other	12 Total Change in Book Value (8 + 9 - 10 + 11)	13 Total Foreign Exchange Change in Book Value					
NONE																	

**Sch. BA - Pt. 2
NONE**

**Sch. BA - Pt. 3
NONE**

**Sch. D - Pt. 3
NONE**

**Sch. D - Pt. 4
NONE**

**Sch. DB - Pt. A - Sn. 1
NONE**

**Sch. DB - Pt. B - Sn. 1
NONE**

**Sch. DB - Pt. D - Sn. 1
NONE**

**Sch. DB - Pt. D - Sn. 2
NONE**

**Sch. DL - Pt. 1
NONE**

**Sch. DL - Pt. 2
NONE**

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
Open Depositories								
Regions Bank..... Columbia, SC.....					10,072,238	9,536,929	9,156,278	XXX
Wells Fargo..... New York, NY.....					6,744,386	6,744,386	6,744,386	XXX
US Bank..... San Francisco, CA.....					101,327	101,327	101,327	XXX
Union Bank..... Jacksonville, FL.....					75,873	75,873	75,873	XXX
0199999. Total Open Depositories.....	XXX	XXX	0	0	16,993,825	16,458,516	16,077,865	XXX
0399999. Total Cash on Deposit.....	XXX	XXX	0	0	16,993,825	16,458,516	16,077,865	XXX
0599999. Total Cash.....	XXX	XXX	0	0	16,993,825	16,458,516	16,077,865	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
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NONE

QE13