

QUARTERLY STATEMENT

OF THE

**Accident Insurance Company,
Inc.**

Of

**Albuquerque
in the state of NM**

**to the Insurance Department
of the State of**

For the Period Ended
September 30, 2019

2019



QUARTERLY STATEMENT

As of September 30, 2019
of the Condition and Affairs of the

Accident Insurance Company, Inc.

NAIC Group Code..... 0, 0 (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 B-590 .. Albuquerque .. NM .. US .. 87112 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	
Main Administrative Office	8500 Menaul Blvd NE, Suite B-590 .. Albuquerque .. NM .. US .. 87112 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	800-896-6884 <i>(Area Code) (Telephone Number)</i>
Mail Address	8500 Menaul Blvd NE, Suite B-590 .. Albuquerque .. NM .. US .. 87112 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>	
Primary Location of Books and Records	8500 Menaul Blvd NE, Suite B-590 .. Albuquerque .. NM .. US .. 87112 <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

Katheryne A. Heath	Chief Financial Officer
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DIRECTORS OR TRUSTEES

William M. Arowood	Robert J. Arowood	Andrew J. Barile	Morris Chavez
Douglas M. Sizemore	Frederick S. Brown		

State of..... Tennessee
County of..... Anderson

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.....	21,796,181		21,796,181	24,358,621
2. Stocks:				
2.1 Preferred stocks.....	550,000		550,000	550,000
2.2 Common stocks.....			.0	
3. Mortgage loans on real estate:				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	4,563,427
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).....	3,135,692		3,135,692	3,185,904
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....10,938,676), cash equivalents (\$.....0) and short-term investments (\$.....0).....	10,938,676		10,938,676	10,600,485
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.....	11,050,896	.0	11,050,896	7,862,686
12. Subtotals, cash and invested assets (Lines 1 to 11).....	47,471,445	.0	47,471,445	51,121,123
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	267,803		267,803	163,884
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	1,659,116		1,659,116	4,055,728
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	7,837,446		7,837,446	1,437,977
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	11,596,232		11,596,232	8,454,525
16.2 Funds held by or deposited with reinsured companies.....	16,542		16,542	
16.3 Other amounts receivable under reinsurance contracts.....	21,900		21,900	
17. Amounts receivable relating to uninsured plans.....			.0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0	80,822
18.2 Net deferred tax asset.....	1,720,439		1,720,439	1,628,439
19. Guaranty funds receivable or on deposit.....			.0	
20. Electronic data processing equipment and software.....	292,327	292,327	.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.....	2,540,882		2,540,882	957,495
24. Health care (\$.....0) and other amounts receivable.....			.0	
25. Aggregate write-ins for other than invested assets.....	3,574,156	532,940	3,041,216	7,602,740
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	76,998,288	825,267	76,173,021	75,502,733
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. Total (Lines 26 and 27).....	76,998,288	825,267	76,173,021	75,502,733

DETAILS OF WRITE-INS

1101. Assumed Marketable Securities and Cash.....	11,050,896		11,050,896	7,862,686
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).....	11,050,896	.0	11,050,896	7,862,686
2501. At Risk Commission Adjustment.....	1,300,000	532,940	767,060	2,200,000
2502. SUNZ Trust Receivable.....	390,532		390,532	1,977,248
2503. Assumed Receivable.....	1,594,687		1,594,687	3,425,492
2598. Summary of remaining write-ins for Line 25 from overflow page.....	288,937	.0	288,937	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	3,574,156	532,940	3,041,216	7,602,740

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$.....0).....	29,169,408	31,547,138
2. Reinsurance payable on paid losses and loss adjustment expenses.....	562,360	1,360,048
3. Loss adjustment expenses.....	7,706,808	13,392,943
4. Commissions payable, contingent commissions and other similar charges.....	237,141	(236,276)
5. Other expenses (excluding taxes, licenses and fees).....	83,655	789,241
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	(43,130)	140,106
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$.....0 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	4,871,426	1,946,592
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	(18,377)	(1,097,251)
13. Funds held by company under reinsurance treaties.....		
14. Amounts withheld or retained by company for account of others.....	2,372,823	1,425,414
15. Remittances and items not allocated.....		
16. Provision for reinsurance (including \$.....0 certified).....	2,267,000	2,267,000
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....		
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	5,767,854	6,054,952
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	52,976,968	57,589,907
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	52,976,968	57,589,907
29. Aggregate write-ins for special surplus funds.....	9,511,220	6,323,010
30. Common capital stock.....	2,500,000	2,500,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	(532,940)	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	38,058,424	34,680,037
35. Unassigned funds (surplus).....	(26,340,652)	(25,590,221)
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).....	23,196,052	17,912,826
38. Totals (Page 2, Line 28, Col. 3).....	76,173,020	75,502,733

DETAILS OF WRITE-INS

2501. Retroactive Reinsurance.....	565,339	565,339
2502. Assumed Reserves.....	5,130,944	5,489,613
2503. Payable to TPA.....	71,571	
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).....	5,767,854	6,054,952
2901. Special Surplus.....	9,511,220	6,323,010
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).....	9,511,220	6,323,010
3201. Non-admit AUI note.....	(532,940)	
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).....	(532,940)	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 \$.....11,589,879).....	8,358,384	12,779,877	15,031,148
1.2 Assumed..... (written \$.....0).....	796,352	201,245	623,141
1.3 Ceded..... (written \$.....0).....	241,729	1,680,541	(865,190)
1.4 Net..... (written \$.....11,589,879).....	8,913,007	11,300,581	16,519,479
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....0):			
2.1 Direct.....	(744,687)	20,766,967	(12,459,953)
2.2 Assumed.....	1,261,038	2,478	(517,076)
2.3 Ceded.....	(4,452,448)	15,981,552	(16,146,420)
2.4 Net.....	4,968,799	4,787,893	3,169,391
3. Loss adjustment expenses incurred.....	538,839	1,200,038	4,604,269
4. Other underwriting expenses incurred.....	4,167,546	6,003,454	10,245,210
5. Aggregate write-ins for underwriting deductions.....	0	0	0
6. Total underwriting deductions (Lines 2 through 5).....	9,675,184	11,991,385	18,018,870
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	(762,177)	(690,804)	(1,499,391)
INVESTMENT INCOME			
9. Net investment income earned.....	653,579	602,595	456,787
10. Net realized capital gains (losses) less capital gains tax of \$.....0.....	36,000	(355,515)	(207,163)
11. Net investment gain (loss) (Lines 9 + 10).....	689,579	247,080	249,624
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.....	72,460	188,150	119,273
14. Aggregate write-ins for miscellaneous income.....	(642,758)	0	(48,689)
15. Total other income (Lines 12 through 14).....	(570,298)	188,150	70,584
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	(642,896)	(255,574)	(1,179,183)
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).....	(642,896)	(255,574)	(1,179,183)
19. Federal and foreign income taxes incurred.....		81,000	
20. Net income (Line 18 minus Line 19) (to Line 22).....	(642,896)	(336,574)	(1,179,183)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year.....	17,912,826	26,412,425	26,412,426
22. Net income (from Line 20).....	(642,896)	(336,574)	(1,179,183)
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....	(11,688)	33,034	33,034
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....	92,000	(1,066,720)	(1,768,559)
27. Change in nonadmitted assets.....	(890,526)	(2,227,903)	(2,227,903)
28. Change in provision for reinsurance.....		1,200,000	1,110,022
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.....			
32.2 Transferred from surplus (Stock Dividend).....			
32.3 Transferred to surplus.....			
33. Surplus adjustments:			
33.1 Paid in.....	3,378,387	2,500,000	2,500,000
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.....	3,357,949	(7,774,471)	(6,967,011)
38. Change in surplus as regards policyholders (Lines 22 through 37).....	5,283,226	(7,672,634)	(8,499,600)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	23,196,052	18,739,791	17,912,826

DETAILS OF WRITE-INS

0501.			
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. Misc.....			
1402. Retroactive Reinsurance - ADC.....			55,333
1403. Retro Reinsurance.....	(642,758)		(104,022)
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(642,758)	0	(48,689)
3701. Special Surplus.....	3,188,210	(154,471)	652,989
3702. US Bank/Dallas National Collateral Account Devaluation.....	169,739	(7,620,000)	(7,620,000)
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).....	3,357,949	(7,774,471)	(6,967,011)

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.....	8,904,402	13,138,913	22,263,255
2. Net investment income.....	626,712	323,568	560,726
3. Miscellaneous income.....	(570,298)	188,150	70,584
4. Total (Lines 1 through 3).....	8,960,816	13,650,631	22,894,565
5. Benefit and loss related payments.....	11,324,366	487,590	8,811,100
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions.....	10,807,925	7,851,798	10,723,895
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses).....	(80,822)	81,000	81,000
10. Total (Lines 5 through 9).....	22,051,469	8,420,387	19,615,994
11. Net cash from operations (Line 4 minus Line 10).....	(13,090,653)	5,230,244	3,278,571
CASH FROM INVESTMENTS			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	2,561,000	2,373,301	1,763,613
12.2 Stocks.....			
12.3 Mortgage loans.....	4,463,339		
12.4 Real estate.....			
12.5 Other invested assets.....			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....			
12.7 Miscellaneous proceeds.....		2,207,949	1,942,843
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	7,024,339	4,581,250	3,706,456
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....		49,904	49,904
13.2 Stocks.....			
13.3 Mortgage loans.....			
13.4 Real estate.....	79,390		
13.5 Other invested assets.....			
13.6 Miscellaneous applications.....	3,188,210		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	3,267,600	49,904	49,904
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).....	3,756,739	4,531,346	3,656,552
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.....	3,378,387	2,500,000	2,500,000
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).....	6,293,718	(13,264,448)	(9,808,992)
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	9,672,105	(10,764,448)	(7,308,992)
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).....	338,191	(1,002,858)	(373,870)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	10,600,485	10,974,355	10,974,354
19.2 End of period (Line 18 plus Line 19.1).....	10,938,676	9,971,497	10,600,485

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

A. Accounting Practices

Accident Insurance Company, Inc. (the Company) is incorporated under the laws of the State of New Mexico. The Company writes workers' compensation 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, INVO PEO (INVO), an affiliate through common ownership, provides payroll services and human resources for the Company. Also, as part of this agreement, MRA Inspection Services, LLC, 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 Vital Services, LLC, an 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 WC direct business claims for the Company.

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, 2018 and December 31, 2017 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 Office of Superintendent of Insurance for the state of New Mexico (OSI) (statutory basis). The OSI of New Mexico has 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 OSI 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:

1. 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.
2. 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.
3. 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.
4. 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".
5. 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.
6. The change in provision for reinsurance is charged or credited directly through surplus under SAP, while this provision is not recognized for GAAP purposes.
7. 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.
8. Comprehensive income and its components are not presented in the statutory basis financial statements.
9. 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.
10. 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.
11. Net admitted assets as of September 30, 2019 multiplied by 5% ($\$76,705,961 \times 5\% = \$3,835,298$) Amount not exceeding one percent of assets ($\$76,705,961 \times 1\% = \$767,060$) Per NM 59A-9-18 the Company is non-admitting \$532,940 of the miscellaneous investment for the at-risk commission adjustment note receivable from Appalachian Underwriters Inc. in the amount of \$1,300,000 ($\$1,300,000 - \$767,060 = \$532,940$).
12. Per Notes - Reporting Differences on the 2017 and 2018 Audit processed by Rodefer, Moss PLLC . The Company files statutory financial statements with state regulatory authorities. Several items were reclassified during the audit of the December 31, 2017 and December 31, 2018 statutory basis financial statements with the impact below.

NOTES TO FINANCIAL STATEMENTS

2018

Statutory Statements of Admitted Assets, Liabilities, and Surplus	Annual Statement filed with NMOSI	Statutory Basis Financial Statements	Differences
Reinsurance receivable	\$ 8,454,525.00	\$ 8,738,702.00	\$ (284,177.00)
Total Assets	\$ 75,502,737.00	\$ 76,884,164.00	\$ (1,381,427.00)
Commissions payable	\$ (236,276.00)	\$ 47,901.00	\$ (284,177.00)
Total Liabilities	\$ 57,589,907.00	\$ 58,971,334.00	\$ (1,381,427.00)

2017

Statutory Statements of Admitted Assets, Liabilities, and Surplus	Annual Statement filed with NMOSI	Statutory Basis Financial Statements	Differences
Reinsurance Receivable	\$ -	\$ 3,084,387.00	\$ 3,084,387.00
Premiums Receivable	\$ 12,213,014.00	\$ 12,048,279.00	\$ (164,735.00)
Receivable from parent, affiliates	\$ 7,122,423.00	\$ 6,457,690.00	\$ 664,733.00
Deferred Tax Asset	\$ 3,396,997.00	\$ 2,301,543.00	\$ (1,095,454.00)
Total Assets	\$ 87,334,313.00	\$ 89,823,246.00	\$ 2,488,933.00
Reinsurance payable	\$ (3,084,387.00)	\$ -	\$ 3,084,387.00
Accounts Payable	\$ 2,888,600.00	\$ 3,388,599.00	\$ 499,999.00
Additional Paid in Surplus	\$ 32,180,037.00	\$ 31,084,582.00	\$ (1,095,455.00)
Total Liabilities	\$ 60,921,890.00	\$ 64,506,275.00	\$ 2,488,930.00

	SSAP #	F/S Page	F/S Line #	Current Year to Date	2018
NET INCOME					
(1) The Company state basis (Page 4, Line 20, Columns 1 & 3)	XXX	XXX	XXX	\$ (642,896)	\$ (1,179,183)
(2) State Prescribed Practice that are an increase/(decrease) from NAIC SAP				\$	\$
(3) State Permitted Practice that are an increase/(decrease) from NAIC SAP				\$	\$
(4) NAIC SAP (1 - 2 - 3 = 4)	XXX	XXX	XXX	\$ (642,896)	\$ (1,179,183)
SURPLUS					
(5) The Company state basis (Page 3, line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 23,196,052	\$ 17,912,826
(6) State Prescribed Practice that are an increase/(decrease) from NAIC SAP				\$	\$
(7) State Permitted Practice that are an increase/(decrease) from NAIC SAP				\$	\$
(8) NAIC SAP (5 - 6 - 7 = 8)	XXX	XXX	XXX	\$ 23,196,052	\$ 17,912,826

C. Accounting Policy

The following are the Company's major accounting policies:

Cash and Cash Equivalents - Cash and cash equivalents, to the extent held by the Company, include cash, money market mutual funds, and certificates of deposit with original maturities of one year or less. Cash and cash equivalents are stated at amortized cost which approximates fair value.

Bonds - Bonds not backed by 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. A sale was made in Q3 2019 of a bond held as collateral for the JRG program. This was to liquidate to facilitate the payment of claims. This bond was sold at a profit.

Loan-Backed Securities and Adjustment Methodology - Company does not have any investments in loan-backed securities.

Preferred Stocks - Preferred stocks are stated at fair value.

Mortgage Loans - Mortgage loans are stated at the unamortized principal balance of the based on the underlying mortgage loan agreement.

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

Investments in Subsidiaries, Controlled and Affiliated Entities - Not applicable.

Investments in Joint Ventures, Partnerships and Limited Liability Entities - The Company does not participate in joint ventures or partnerships.

NOTES TO FINANCIAL STATEMENTS

Derivatives - The Company does not participate in any derivatives.

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. Ceded premiums are reported as a reduction of premiums earned. Premium deficiency reserves are established to ensure that 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 required as of December 31, 2018. Premium adjustments (additional premium or premium refunds) result from the verification of classifications and payroll for workers' compensation policies.

Losses and Loss Adjustments Expenses - Liabilities for unpaid losses and loss adjustment expenses are based primarily on individual case estimates for losses reported by claimants to the Company. An estimate is provided for losses and loss adjustment expenses IBNR on the basis of experience of the Company and experience of the industry. These estimates are regularly reviewed by independent consulting actuaries and, as experience develops and new information becomes known, are adjusted as necessary. Such adjustments, if any, are reflected in the results of operations in the period in which they become known.

Management believes that the reserve for losses and loss adjustment expenses is adequate. However, because of the extended period of time over which such losses are settled and the general uncertainty surrounding the estimates, the ultimate settlement cost of the losses and the related loss adjustment expenses could vary significantly from the amount reserved. Management relies on the range of estimates provided by the independent actuary in making its ultimate selection.

Acquisition Costs-Expenses incurred in connection with acquiring new business, including acquisition costs such as sales commissions, are charged to operations with the recording of the policies to which they relate.

Net Investment Income-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.

Reinsurance - In the normal course of business, the Company seeks to reduce 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.

Provision for Reinsurance - When reinsurance is placed with a company not authorized to do business in the state of New Mexico (and therefore not subject to its jurisdiction and regulation), the Company reports a statutory liability for losses recoverable and other reserve credits taken to the extent the Company has not retained funds, obtained letters of credit from the unauthorized reinsurer, or has ceded balances payable. To collateralize the Company's risk in the reinsurance arrangement, as of December 31, 2018, the Company recorded a statutory liability for unauthorized reinsurance of \$2,267,000.

Changes in the Capitalization Policy - There have been no changes to the Company's Capitalization Policy.

Fair Value Determinations - The Company uses fair value measurements to determine fair value disclosures of certain assets and liabilities on a recurring basis. 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.
- (2) Basis for Bonds, Mandatory Convertible Securities, SVO-Identified Investments and Amortization Method
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.
- (6) Basis for Loan-Backed Securities and Adjustment Methodology
The Association does not have any investments in loan-backed securities.

D. Going Concern

No significant change.

Note 2 – Accounting Changes and Corrections of Errors

Not applicable.

Note 3 – Business Combinations and Goodwill

Not applicable.

Note 4 – Discontinued Operations

The Company is discontinuing the issuance of General Liability policies. As of this date all General Liability policies have been non-renewed.

Note 5 – Investments

D. Loan-Backed Securities

Not applicable.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions

Not applicable.

NOTES TO FINANCIAL STATEMENTS

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not applicable.

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing
Repurchase Transactions – Cash Provider – Overview of Secured Borrowing Transactions

Not applicable.

H. Repurchase Agreements Transactions Accounted for as a Sale
Repurchase Transaction – Cash Taker – Overview of Sale Transactions

Not applicable.

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale
Repurchase Transaction – Cash Provider – Overview of Sale Transactions

Not applicable.

M. Working Capital Finance Investments

Not applicable.

N. Offsetting and Netting of Assets and Liabilities

Not applicable.

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

Not applicable.

Note 7 – Investment Income

Bond sold in Q2 2019 for JRG program to facilitate claims payments. Bond sold at a profit.

Note 8 – Derivative Instruments

Not applicable.

Note 9 – Income Taxes

No significant changes

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

Parent agreed to contribute capital of \$2,183,387 which increased line 23 Receivables from parents, subsidiaries and affiliates. This will be paid off by 12/31/19.

Note 11 – Debt

Not applicable.

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

A. Defined Benefit Plan

Not applicable.

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

Shareholders of the Company made capital contributions of \$3,378,387 during the nine months ended September 30, 2019.

Note 14 – Liabilities, Contingencies and Assessments

No significant changes

Note 15 – Leases

No significant changes

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

B. Transfer and Servicing of Financial Assets

(2) Servicing Assets and Servicing Liabilities

NOTES TO FINANCIAL STATEMENTS

Not applicable.

(4) Securitizations, Asset-Based Financing Arrangements and Similar Transfers Accounted for as Sales

(a)
Not applicable.

(b)
Not applicable.

C. Wash Sales

(1) Description of the Objectives Regarding These Transactions
Not applicable.

(2) The details by NAIC designation 3 or below, or unrated of securities sold during the current period and reacquired within 30 days of the sale date are:
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

Not applicable.

Note 20 – Fair Value Measurements

A. Fair Value Measurements

(1) Fair Value Measurements at Reporting Date

Description for Each Type of Asset or Liability	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
Assets at Fair Value					
Bonds	\$ 19,098,117	\$	\$	\$	\$ 19,098,117
Preferred Stock	\$	\$ 550,000			\$ 550,000
Total	\$ 19,098,117	\$ 550,000	\$	\$	\$ 19,648,117
Liabilities at Fair Value					
	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$

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

Description	Beginning Balance	Transfers Into Level 3	Transfers Out of Level 3	Total Gains and (Losses) Included in Net Income	Total Gains and (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance as of Current Period
a. Assets										
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
b. Liabilities										
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

(3) Policies when Transfers Between Levels are Recognized

(4) Description of Valuation Techniques and Inputs Used in Fair Value Measurement

(5) Fair Value Disclosures

B. Fair Value Reporting under SSAP 100 and Other Accounting Pronouncements

C. Fair Value Level

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds	\$ 19,098,117	\$ 21,796,181	\$ 19,098,117	\$	\$	\$	\$
Preferred Stock	\$ 550,000	\$ 550,000	\$	\$ 550,000	\$	\$	\$

NOTES TO FINANCIAL STATEMENTS

D. Not Practicable to Estimate Fair Value

Type of Class or Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
	\$			

E. NAV Practical Expedient Investments

Not Applicable.

Note 21 – Other Items

Not applicable.

Note 22 – Events Subsequent

Subsequent events have been considered through November 13, 2019 for these statutory financial statements which are to be issued on November 15, 2019. There were no events occurring subsequent to the end of the quarter that merited recognition or disclosure in these statements.

Note 23 – Reinsurance

No significant changes

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

F. Risk Sharing Provisions of the Affordable Care Act

Not applicable.

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

A. Change in Incurred Losses and Loss Adjustment Expenses

Reserves as of December 31, 2018 were \$44.94 million. As of September 30, 2019, \$12.67 million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$34.64 million as a result of re-estimation of unpaid claims and claim adjustment expenses principally on General Liability line of insurance.

B. Information about Significant Changes in Methodologies and Assumptions

No significant changes.

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

The Company has been approved by the OSI to underwrite a high deductible workers compensation insurance policy for INVO PEO, Inc (“INVO PEO”). INVO PEO is a professional employer organization (“PEO”) affiliated with the Company through common ownership. The policy includes a \$500,000 deductible paid by INVO PEO; losses between \$500,001 and \$1,000,000 are retained by the Company on a per occurrence basis; reinsurance covers claims exceeding \$1 million up to \$25 million. Additional collateral is maintained by the Company and funded per the executed Funds Withheld Agreement. The Company shall at all times maintain reserves and a Fund Withheld Agreement account balance sufficient to pay all actuarially established outstanding ultimate losses. Actuarial analysis is required to be performed quarterly with any underfunding rectified immediately by INVO.

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

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

B. Schedule of Insured Financial Obligations at the End of the Period:

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 [X]
- 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 [X]
- 2.2 If yes, date of change: _____
- 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 [X] No []
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes.
- 3.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes [] No [X]
- 3.5 If the response to 3.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group. _____
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? If yes, complete and file the merger history data file with the NAIC for the annual filing corresponding to this period. Yes [] No [X]
- 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 [X] N/A []
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2017
- 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. 12/31/2017
- 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). 06/18/2019
- 6.4 By what department or departments?
New Mexico Office of Superintendent of Insurance
- 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 [X] No [] N/A []
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [X] 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 [X]
- 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 [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If 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 [X] No []
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 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 [X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] 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 [X]

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 [X]

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	2
	Prior Year End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
\$	0	\$ 0
	0	0
	0	0
	0	0
	0	0
	7,343,967	0
\$	7,343,967	\$ 0
\$	0	\$ 0

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]
- 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 [X] No []

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

1	2
Name of Custodian(s)	Custodian Address

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	2	3
Name(s)	Location(s)	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 [X]

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

1	2	3	4
Old Custodian	New Custodian	Date of Change	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	2
Name of Firm or Individual	Affiliation

- 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 [X]
- 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 [X]

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

18.2 If no, list exceptions:

19. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designated 5GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5GI securities? Yes [] No [X]

20. By self-designating PLGI securities, the reporting entity is certifying the following elements for each self-designated PLGI security:

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities? Yes [] No []

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. 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

7. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [X] No []

7.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes [] No []

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

States, Etc.	1 Active Status (a)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date
1. Alabama.....AL	L	172,933	335,171	283,138	314,439	1,610,192	2,564,366
2. Alaska.....AK	N						
3. Arizona.....AZ	L	203,239	328,958	452,971	614,025	4,376,008	3,425,624
4. Arkansas.....AR	L	57,354	128,924	102,837	36,116	404,504	434,843
5. California.....CA	N			773,774		495,080	
6. Colorado.....CO	N						
7. Connecticut.....CT	N						
8. Delaware.....DE	N						
9. District of Columbia.....DC	N						
10. Florida.....FL	L	(6,954)	24,682	2,036,105	1,921,750	4,754,940	15,797,793
11. Georgia.....GA	L	3,294,834	2,885,418	1,618,241	3,666,358	3,669,420	9,342,344
12. Hawaii.....HI	N						
13. Idaho.....ID	N						
14. Illinois.....IL	L	5,181,222	4,343,775	1,570,414	3,004,714	9,283,603	12,929,958
15. Indiana.....IN	L	177,979	270,556	111,491	149,708	476,131	755,225
16. Iowa.....IA	N						
17. Kansas.....KS	N					5,101	
18. Kentucky.....KY	L		8,914	759,764	531,925	(603,729)	593,772
19. Louisiana.....LA	L	178,149	326,030	860,857	1,099,919	4,088,957	11,084,679
20. Maine.....ME	N						
21. Maryland.....MD	N						
22. Massachusetts.....MA	N						
23. Michigan.....MI	N						
24. Minnesota.....MN	N						
25. Mississippi.....MS	L	282,200	496,820	763,157	1,127,382	2,653,205	3,137,616
26. Missouri.....MO	L	246,946	309,759	238,168	145,695	639,951	2,072,204
27. Montana.....MT	N						
28. Nebraska.....NE	N						
29. Nevada.....NV	L	201,381	189,935	71,674	214,339	6,084,876	5,902,054
30. New Hampshire.....NH	N						
31. New Jersey.....NJ	N						
32. New Mexico.....NM	N			(19)			
33. New York.....NY	N						
34. North Carolina.....NC	N			(19)		2,398	
35. North Dakota.....ND	N						
36. Ohio.....OH	N						
37. Oklahoma.....OK	L	134,907	224,711	115,856	597,822	2,006,100	2,478,934
38. Oregon.....OR	N						
39. Pennsylvania.....PA	N						
40. Rhode Island.....RI	N						
41. South Carolina.....SC	L	1,465,328	2,303,251	1,324,531	1,758,427	3,548,725	7,532,849
42. South Dakota.....SD	N						
43. Tennessee.....TN	N			50,739	199,444	3,500,211	5,594,768
44. Texas.....TX	L	361	186,352	2,256,169	5,037,061	6,615,376	2,168,444
45. Utah.....UT	N						
46. Vermont.....VT	N						
47. Virginia.....VA	N			3,876	292,382	71,408	971,138
48. Washington.....WA	N						
49. West Virginia.....WV	N						
50. Wisconsin.....WI	N						
51. Wyoming.....WY	N						
52. American Samoa.....AS	N						
53. Guam.....GU	N						
54. Puerto Rico.....PR	N						
55. US Virgin Islands.....VI	N						
56. Northern Mariana Islands.....MP	N						
57. Canada.....CAN	N						
58. Aggregate Other Alien.....OT	XXX	0	0	0	55,461	0	7,428,249
59. Totals.....	XXX	11,589,879	12,363,256	13,393,724	20,766,967	53,682,457	94,214,860

DETAILS OF WRITE-INS

58001. Other - Alien.....	XXX				55,461		7,428,249
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	0	0	55,461	0	7,428,249

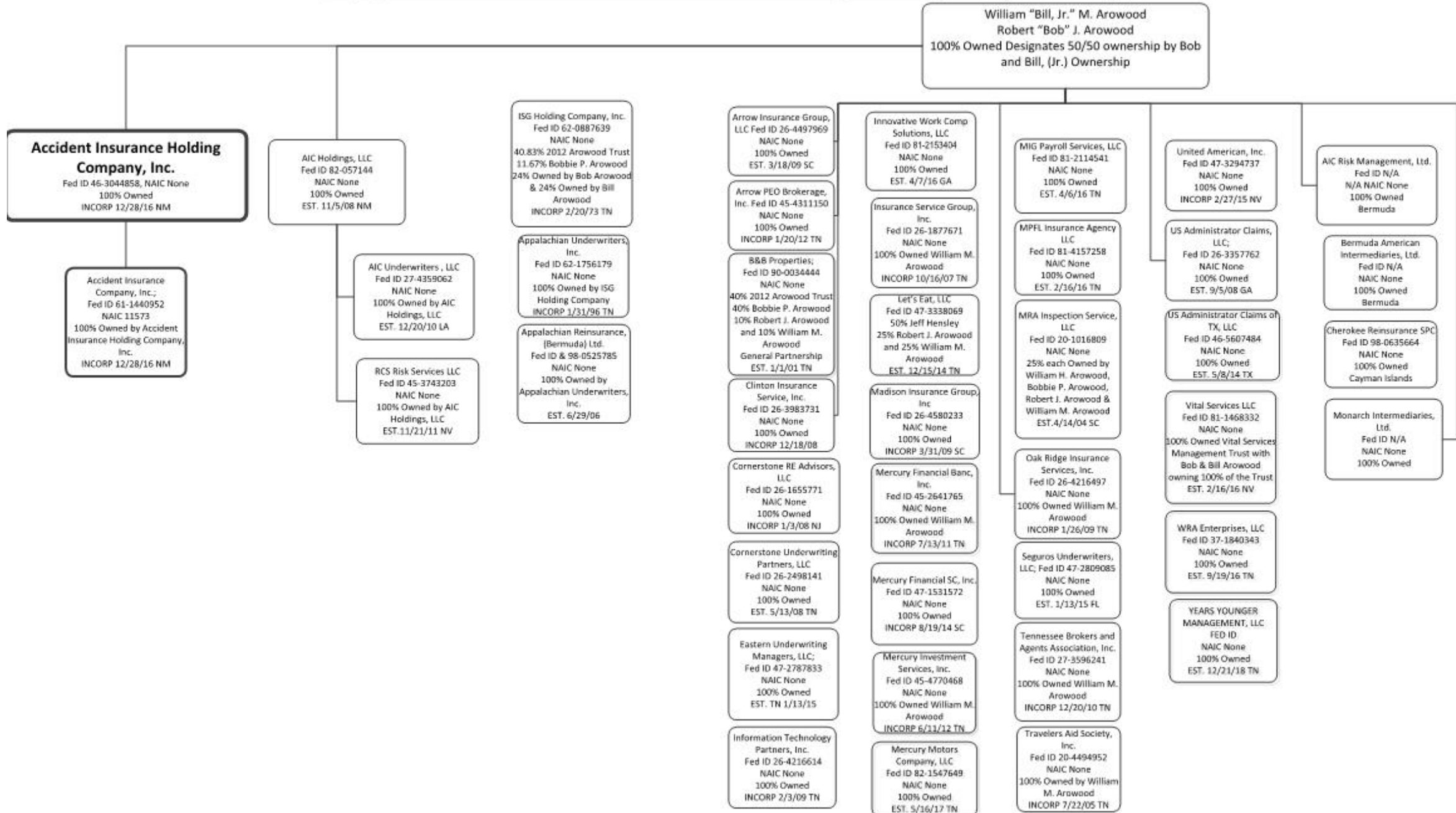
(a) Active Status Count

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....	15	R - Registered - Non-domiciled RRGs.....	0
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile - See DSLI).....	0	Q - Qualified - Qualified or accredited reinsurer.....	0
D - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to write surplus lines in the state of domicile.....	0	N - None of the above - Not allowed to write business in the state.....	42

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															
.....	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	0	46-3044858..	.....	.....	.....	Accident Insurance Holding Company, Inc.....	NM.....	UDP.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	82-0571442..	.....	.....	.....	AIC Holdings, LLC.....	SC.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	27-4359062..	.....	.....	.....	AIC Underwriters LLC.....	LA.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	45-3743203..	.....	.....	.....	RCS Risk Services, LLC.....	NV.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	62-0887639..	.....	.....	.....	ISG Holding Company, Inc.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	....48.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	62-1756179..	.....	.....	.....	Appalachian Underwriters, Inc.	TN.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	98-0525785..	.....	.....	.....	Appalachian Reinsurance, Ltd.....	BMU.....	IA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	26-4497969..	.....	.....	.....	Arrow Insurance Group, LLC.....	SC.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	45-4311150..	.....	.....	.....	Arrow PEO Brokerage, Inc.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	90-0034444..	.....	.....	.....	B & B Properties.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	....20.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	26-3983731..	.....	.....	.....	Clinton Insurance Services, Inc.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	26-1655771..	.....	.....	.....	Cornerstone RE Advisors, LLC.....	NJ.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	26-2498141..	.....	.....	.....	Cornerstone Underwriting Partners, LLC.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	47-2787833..	.....	.....	.....	Eastern Underwriting Managers, LLC.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	26-4216614..	.....	.....	.....	Informational Technology Partners, Inc.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	81-2153404..	.....	.....	.....	Innovative Work Comp Solutions, LLC.....	GA.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	26-1877671..	.....	.....	.....	Insurance Service Group, Inc.....	TN.....	NIA.....	William M. Arowood.....	Ownership.....	...100.000	William M. Arowood.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	47-3338069..	Let's Eat LLC.....	TN.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....50.000	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)	*
	Appalachian Holding Company Group	0	26-4580233				Madison Insurance Group, Inc.	SC	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	0	45-2641765				Mercury Financial Banc, Inc.	TN	NIA	William M. Arowood	Ownership	100.000	William M. Arowood	N	
	Appalachian Holding Company Group	0	47-1531572				Mercury Financial SC, Inc.	SC	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	0	45-4770468				Mercury Investment Services, Inc.	TN	NIA	William M. Arowood	Ownership	100.000	William M. Arowood	N	
	Appalachian Holding Company Group	0	82-1547649				Mercury Motors Company, LLC	TN	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	0	81-2114541				MIG Payroll Services, LLC	TN	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	0	81-4157258				MPFL Insurance Agency, LLC	TN	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	0	20-1016809				MRA Inspection Service, LLC	SC	NIA	Appalachian Holding Company Group	Ownership	50	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	0	26-4216497				Oak Ridge Insurance Services, Inc.	TN	NIA	William M. Arowood	Ownership	100.000	William M. Arowood	N	
	Appalachian Holding Company Group	0	47-2809085				Seguros Underwriters, LLC	FL	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	0	27-3596241				Tennessee Brokers and Agents Association, Inc	TN	NIA	William M. Arowood	Ownership	100.000	William M. Arowood	N	
	Appalachian Holding Company Group	0	20-4494952				Travelers Aid Society, Inc.	TN	NIA	William M. Arowood	Ownership	100.000	William M. Arowood	N	
	Appalachian Holding Company Group	0	47-3294737				United American, Inc.	NV	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	0	26-3357762				US Administrator Claims, LLC	GA	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	0	46-5607484				US Administrator Claims of TX, LLC	TX	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	0	81-1468332				Viital Services LLC	NV	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	0	37-1840343				WRA Enterprises LLC	TN	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	
	Appalachian Holding Company Group	0	83-2911153				Years Younger Management LLC	TN	NIA	Appalachian Holding Company Group	Ownership	100.000	Appalachian Holding Company Group	N	

Q12.1

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	0	00-0000000..	.....	.....	.....	AIC Risk Management, Ltd.....	BMU.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	00-0000000..	.....	.....	.....	Bermuda American Intermediaries, Ltd.....	BMU.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	98-0635664..	.....	.....	.....	Cherokee Reinsurance SPC.....	CYM.....	IA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	.....N.....	.....
.....	Appalachian Holding Company Group	0	00-0000000..	.....	.....	.....	Monarch Intermediaries, Ltd.....	CYM.....	NIA.....	Appalachian Holding Company Group.....	Ownership.....	...100.000	Appalachian Holding Company Group.....	.....N.....	.....

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.....	7,791,741	1,863,366	23.915	75.121
17.1 Other liability-occurrence.....	566,367	(1,971,947)	(348.175)	405.975
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.....	276	(189,653)	(68,714.855)	5,218.800
19.3, 19.4 Commercial auto liability.....		(431,637)	0.000	
21. Auto physical damage.....		(14,816)	0.000	
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.....	8,358,384	(744,687)	(8.909)	162.497

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 Current Quarter	2 Current Year to Date	3 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.....	1,680,985	11,586,564	10,227,185
17.1 Other liability-occurrence.....	(146)	3,316	2,102,097
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.....	141		33,974
19.3 19.4 Commercial auto liability.....			
21. Auto physical damage.....			
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.....	1,680,980	11,589,880	12,363,256

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)	2019 Loss and LAE Payments on Claims Reported as of Prior Year-End	2019 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2019 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. 2016 + Prior.....	12,930	19,808	32,738	7,743	329	8,072	12,462	1,412	15,051	28,925	7,275	(3,016)	4,259
2. 2017.....	1,677	2,014	3,691	1,814	166	1,980	1,116	427	(116)	1,427	1,253	(1,537)	(284)
3. Subtotals 2017 + Prior.....	14,607	21,822	36,429	9,557	495	10,052	13,578	1,839	14,935	30,352	8,528	(4,553)	3,975
4. 2018.....	2,881	5,630	8,511	2,444	180	2,624	2,155	155	1,976	4,286	1,718	(3,319)	(1,601)
5. Subtotals 2018 + Prior.....	17,488	27,452	44,940	12,001	675	12,676	15,733	1,994	16,911	34,638	10,246	(7,872)	2,374
6. 2019.....	XXX	XXX	XXX	XXX	895	895	XXX	1,578	660	2,238	XXX	XXX	XXX
7. Totals.....	17,488	27,452	44,940	12,001	1,570	13,571	15,733	3,572	17,571	36,876	10,246	(7,872)	2,374
8. Prior Year-End's Surplus As Regards Policyholders	17,913												
											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
											1.58.6 %	2.(28.7)%	3.5.3 %
													Col. 13, Line 7 Line 8
													4.13.3 %

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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?	NO
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	NO
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO
4. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO

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. Mandatory Pool Receivables.....			0	
2505. Other.....			0	
2506. FL Corporate Tax Receivable.....			0	
2507. IL Corporate Tax Receivable.....			0	
2508. Prepaid Premium Tax and Assessments.....	191,897		191,897	
2509. Prepaid Software Licenses.....	47,020		47,020	
2510. Prepaid Expenses.....	34,988		34,988	
2511. Other Amounts Receivable.....	15,032		15,032	
2597. Summary of remaining write-ins for Line 25.....	288,937	0	288,937	0

Accident Insurance Company, Inc.
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.....	3,185,904	3,265,294
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Current year change in encumbrances.....		
4. Total gain (loss) on disposals.....		
5. Deduct amounts received on disposals.....		
6. Total foreign exchange change in book/adjusted carrying value.....		
7. Deduct current year's other-than-temporary impairment recognized.....		
8. Deduct current year's depreciation.....	50,212	79,390
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8).....	3,135,692	3,185,904
10. Deduct total nonadmitted amounts.....		
11. Statement value at end of current period (Line 9 minus Line 10).....	3,135,692	3,185,904

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.....	4,563,427	4,833,230
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).....	(100,088)	(269,803)
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....	4,463,339	
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.....		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0	4,563,427
12. Total valuation allowance.....		
13. Subtotal (Line 11 plus Line 12).....	0	4,563,427
14. Deduct total nonadmitted amounts.....		
15. Statement value at end of current period (Line 13 minus Line 14).....	0	4,563,427

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.....	24,908,622	26,860,080
2. Cost of bonds and stocks acquired.....		49,904
3. Accrual of discount.....	621	24,809
4. Unrealized valuation increase (decrease).....	(11,688)	33,035
5. Total gain (loss) on disposals.....	36,000	(207,163)
6. Deduct consideration for bonds and stocks disposed of.....	2,561,000	1,763,613
7. Deduct amortization of premium.....	26,373	88,431
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other-than-temporary impairment recognized.....		
10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees.....		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9+10).....	22,346,183	24,908,622
12. Deduct total nonadmitted amounts.....		
13. Statement value at end of current period (Line 11 minus Line 12).....	22,346,183	24,908,622

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).....	17,676,088		2,000,000	1,396,781	21,694,615	17,676,088	17,072,869	21,703,037
2. NAIC 2 (a).....	6,090,214			(1,405,214)	2,655,403	6,090,214	4,685,000	2,655,584
3. NAIC 3 (a).....							0	
4. NAIC 4 (a).....	50,000			(11,688)		50,000	38,313	
5. NAIC 5 (a).....							0	
6. NAIC 6 (a).....							0	
7. Total Bonds.....	23,816,302	0	2,000,000	(20,121)	24,350,018	23,816,302	21,796,181	24,358,621
PREFERRED STOCK								
8. NAIC 1.....	550,000				550,000	550,000	550,000	550,000
9. NAIC 2.....							0	
10. NAIC 3.....							0	
11. NAIC 4.....							0	
12. NAIC 5.....							0	
13. NAIC 6.....							0	
14. Total Preferred Stock.....	550,000	0	0	0	550,000	550,000	550,000	550,000
15. Total Bonds and Preferred Stock.....	24,366,302	0	2,000,000	(20,121)	24,900,018	24,366,302	22,346,181	24,908,621

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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.

**Sch. DA - Pt. 1
NONE**

**Sch. DA - Verification
NONE**

**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**

**Sch. E - Pt. 2 Verification
NONE**

**Sch. A Pt. 2
NONE**

**Sch. A Pt. 3
NONE**

**Sch. B - Pt. 2
NONE**

**Sch. B - Pt. 3
NONE**

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

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

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

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase (Decrease)	Current Year's (Amortization) / Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest / Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation and Administrative Symbol/Market Indicator (a)
Bonds - Industrial and Miscellaneous																					
48125U 2B 7	JP Morgan Chase Bank NA.....		08/16/2019			2,036,000	2,000,000	2,000,000	2,000,000	0	0	0	0	0	2,000,000	0	36,000	36,000	46,007	11/25/2030	1FE.....
3899999.	Total - Bonds - Industrial and Miscellaneous.....					2,036,000	2,000,000	2,000,000	2,000,000	0	0	0	0	0	2,000,000	0	36,000	36,000	46,007	XXX	XXX
8399997.	Total - Bonds - Part 4.....					2,036,000	2,000,000	2,000,000	2,000,000	0	0	0	0	0	2,000,000	0	36,000	36,000	46,007	XXX	XXX
8399999.	Total - Bonds.....					2,036,000	2,000,000	2,000,000	2,000,000	0	0	0	0	0	2,000,000	0	36,000	36,000	46,007	XXX	XXX
9999999.	Total - Bonds, Preferred and Common Stocks.....					2,036,000	XXX	2,000,000	2,000,000	0	0	0	0	0	2,000,000	0	36,000	36,000	46,007	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:0.

**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								
Central Bank..... Jefferson City, MO.....					.....27,058	.....27,058	.....27,058	XXX
Regions Bank..... Columbia, SC.....					.....125,293	.....3,879,094	.....2,021,949	XXX
Southwest Capital Bank..... Albuquerque, NM.....					.....2,625,149	.....2,290,941	.....2,625,902	XXX
Union Bank..... San Francisco, CA.....					.....550,437	.....551,468	.....562,390	XXX
US Bank..... Jacksonville, FL.....					.....438,555	.....438,666	.....442,311	XXX
Wells Fargo..... New York, NY.....					.....7,419,726	.....5,259,066	.....5,259,066	XXX
0199999. Total Open Depositories.....	XXX	XXX	.....0	.....0	.....11,186,218	.....12,446,293	.....10,938,676	XXX
0399999. Total Cash on Deposit.....	XXX	XXX	.....0	.....0	.....11,186,218	.....12,446,293	.....10,938,676	XXX
0599999. Total Cash.....	XXX	XXX	.....0	.....0	.....11,186,218	.....12,446,293	.....10,938,676	XXX

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 CUSIP	2 Description	3 Code	4 Date Acquired	5 Rate of Interest	6 Maturity Date	7 Book/Adjusted Carrying Value	8 Amount of Interest Due & Accrued	9 Amount Received During Year
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NONE

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