



ANNUAL STATEMENT

For the Year Ended December 31, 2016

of the Condition and Affairs of the

FACTORY MUTUAL INSURANCE COMPANY

NAIC Group Code.....0065, 0065 (Current Period) (Prior Period)	NAIC Company Code..... 21482	Employer's ID Number..... 05-0316605
Organized under the Laws of RI	State of Domicile or Port of Entry RI	Country of Domicile US
Incorporated/Organized..... October 31, 1835	Commenced Business..... October 31, 1835	
Statutory Home Office	270 Central Avenue..... Johnston RI US 02919-4949 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	
Main Administrative Office	270 Central Avenue..... Johnston RI US..... 02919-4949 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	401-275-3000 <i>(Area Code) (Telephone Number)</i>
Mail Address	P.O. Box 7500..... Johnston RI US 02919-0750 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>	
Primary Location of Books and Records	270 Central Avenue..... Johnston RI US 02919-4949 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	401-275-3000 <i>(Area Code) (Telephone Number)</i>
Internet Web Site Address	www.fmglobal.com	
Statutory Statement Contact	Jeffrey Black <i>(Name)</i> jeffrey.black@fmglobal.com <i>(E-Mail Address)</i>	401-415-1559 <i>(Area Code) (Telephone Number) (Extension)</i> 401-946-8306 <i>(Fax Number)</i>

OFFICERS

Name	Title	Name	Title
1. Thomas Alan Lawson	President & Chief Executive Officer	2. Jonathan Irving Mishara	Senior Vice President & Secretary
3. Theresa Ann Molloy	Vice President & Controller	4. Joy Kirsten Cave	Vice President & Treasurer

OTHER

Bret Nils Ahnell	Executive Vice President	Kevin Scott Ingram #	Senior Vice President
Jonathan William Hall	Chief Operating Officer	Christopher Johnson	Executive Vice President
Paul Edward LaFleche	Senior Vice President	Jeanne Ruth Lieb	Senior Vice President
Jonathan Irving Mishara	Senior Vice President	Enzo Rebula	Senior Vice President
Michael Robert Turner	Executive Vice President		

DIRECTORS OR TRUSTEES

Frank Thomas Connor	Colin Richard Day	Daniel Lee Knotts	Thomas Alan Lawson
John Anderson Luke Jr	Jonathan Douglas Mariner	Gracia Catherine Martore	Christine Mary McCarthy
Stuart Blain Parker	Edward Joseph Rapp	Shivan Sivaswamy Subramaniam	Israel Ruiz #
Michel Giannuzzi #			

State of Rhode Island
County of Providence

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) Thomas Alan Lawson	_____ (Signature) Jonathan Irving Mishara	_____ (Signature) Theresa Ann Molloy
1. (Printed Name) President & Chief Executive Officer	2. (Printed Name) Senior Vice President & Secretary	3. (Printed Name) Vice President & Controller
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me
This 24th day of February 2017
John A. Soares III Notary Public
Expires July 5, 2017

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	4,229,339,398		4,229,339,398	3,890,763,372
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	8,998,941,237		8,998,941,237	8,203,540,277
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....208,948,366, Schedule E-Part 1), cash equivalents (\$.....70,833,945, Schedule E-Part 2) and short-term investments (\$.....438,585,944, Schedule DA).....	718,368,255		718,368,255	783,747,440
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....	1,916,532,990		1,916,532,990	1,820,680,134
9. Receivables for securities.....	2,251,622		2,251,622	1,341,262
10. Securities lending reinvested collateral assets (Schedule DL).....	48,419,145		48,419,145	63,105,725
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	15,913,852,647	0	15,913,852,647	14,763,178,210
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	51,741,609		51,741,609	49,370,381
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	574,861,398	44,645,899	530,215,499	481,286,202
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....			0	
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	77,410,961		77,410,961	66,544,914
16.2 Funds held by or deposited with reinsured companies.....	10,048,948		10,048,948	21,415,939
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....	40,573,091		40,573,091	105,347,581
18.2 Net deferred tax asset.....			0	
19. Guaranty funds receivable or on deposit.....	191,916		191,916	130,896
20. Electronic data processing equipment and software.....	36,351,442	31,872,609	4,478,833	2,680,104
21. Furniture and equipment, including health care delivery assets (\$.....0).....	37,602,244	37,602,244	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	21,548,880	21,548,880	0	70,513,392
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other-than-invested assets.....	293,400,994	157,652,338	135,748,656	122,428,209
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	17,057,584,130	293,321,970	16,764,262,160	15,682,895,828
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	17,057,584,130	293,321,970	16,764,262,160	15,682,895,828

DETAILS OF WRITE-INS

1101.....			0	
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. Pension asset.....	129,451,444	129,451,444	0	
2502. CSV life insurance.....	101,997,818		101,997,818	97,177,018
2503. Cash clearing accounts.....	25,815,393		25,815,393	15,070,165
2598. Summary of remaining write-ins for Line 25 from overflow page.....	36,136,339	28,200,894	7,935,445	10,181,026
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	293,400,994	157,652,338	135,748,656	122,428,209

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	1,742,695,515	1,930,207,036
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	96,927,855	32,804,780
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	158,637,459	155,342,000
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....	538,874,056	474,196,899
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	20,127,937	19,491,103
7.1 Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses)).....		
7.2 Net deferred tax liability.....	538,576,000	454,233,000
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....483,915,918 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).....	1,391,724,586	1,415,616,390
10. Advance premium.....	1,009,636	11,292,777
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	275,709,950	228,871,494
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	7,463,784	7,244,294
14. Amounts withheld or retained by company for account of others.....	11,609,375	14,682,459
15. Remittances and items not allocated.....	7,506,434	4,210,062
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....	99,917,267	88,424,768
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	200,392,464	180,044,583
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	30,025,815	
20. Derivatives.....		
21. Payable for securities.....	24,332,743	11,264,301
22. Payable for securities lending.....	48,419,145	63,105,725
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	50,956,572	45,210,156
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	5,244,906,593	5,136,241,827
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	5,244,906,593	5,136,241,827
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....		
31. Preferred capital stock.....		
32. Aggregate write-ins for other-than-special surplus funds.....	1,250,000	1,250,000
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....		
35. Unassigned funds (surplus).....	11,518,105,567	10,545,404,001
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	11,519,355,567	10,546,654,001
38. TOTAL (Page 2, Line 28, Col. 3).....	16,764,262,160	15,682,895,828

DETAILS OF WRITE-INS

2501. Miscellaneous accounts payable.....	54,818,572	48,999,156
2502. SSAP 92 defined benefit plan contra liability.....	(3,862,000)	(3,789,000)
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	50,956,572	45,210,156
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	0	0
3201. Guaranty funds.....	1,250,000	1,250,000
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above).....	1,250,000	1,250,000

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	2,819,104,150	2,784,235,112
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	1,436,643,626	1,511,701,530
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	99,351,892	101,820,006
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	812,187,376	797,935,858
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	2,348,182,894	2,411,457,394
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	470,921,256	372,777,718
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	242,762,854	250,091,119
10. Net realized capital gains (losses) less capital gains tax of \$.....73,036,000 (Exhibit of Capital Gains (Losses)).....	135,637,059	134,961,650
11. Net investment gain (loss) (Lines 9 + 10).....	378,399,913	385,052,769
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....433,879).....	(433,879)	(241,176)
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	(13,268,344)	(14,981,304)
15. Total other income (Lines 12 through 14).....	(13,702,223)	(15,222,480)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	835,618,946	742,608,007
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).....	835,618,946	742,608,007
19. Federal and foreign income taxes incurred.....	234,056,971	192,528,895
20. Net income (Line 18 minus Line 19) (to Line 22).....	601,561,975	550,079,112
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	10,546,654,001	10,141,845,737
22. Net income (from Line 20).....	601,561,975	550,079,112
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....106,482,000.....	373,743,063	(65,463,722)
25. Change in net unrealized foreign exchange capital gain (loss).....	10,442,523	(108,354,238)
26. Change in net deferred income tax.....	22,139,000	60,707,000
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	72,604,957	18,777,107
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	(11,492,499)	(36,502,309)
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.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	(96,297,453)	(14,434,686)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	972,701,566	404,808,264
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	11,519,355,567	10,546,654,001
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	0	0
1401. Miscellaneous expense.....	(116,383)	(17,389)
1402. Balances charged off.....	(9,740,969)	(1,265,990)
1403. Loss on foreign exchange.....	(3,410,992)	(13,697,925)
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	(13,268,344)	(14,981,304)
3701. SSAP 102 and SSAP 92 amortization / actuarial (losses) gains.....	(96,297,453)	(14,434,686)
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above).....	(96,297,453)	(14,434,686)

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	2,773,975,923	2,869,901,626
2. Net investment income.....	304,845,020	292,639,585
3. Miscellaneous income.....	(13,702,223)	(15,222,480)
4. Total (Lines 1 through 3).....	3,065,118,720	3,147,318,731
5. Benefit and loss related payments.....	1,554,933,394	1,318,632,105
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	842,990,838	877,928,844
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....72,246,162 tax on capital gains (losses).....	242,318,481	417,961,540
10. Total (Lines 5 through 9).....	2,640,242,713	2,614,522,489
11. Net cash from operations (Line 4 minus Line 10).....	424,876,007	532,796,242
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	2,081,231,307	2,499,181,870
12.2 Stocks.....	903,838,046	750,464,273
12.3 Mortgage loans.....		
12.4 Real estate.....		30,664
12.5 Other invested assets.....	169,931,052	120,620,619
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	212,793	(26,616)
12.7 Miscellaneous proceeds.....	13,068,442	6,031,145
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	3,168,281,640	3,376,301,955
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	2,430,510,470	2,881,070,590
13.2 Stocks.....	1,035,610,675	792,509,622
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....	263,686,761	150,946,734
13.6 Miscellaneous applications.....	910,360	13,765,242
13.7 Total investments acquired (Lines 13.1 to 13.6).....	3,730,718,266	3,838,292,188
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(562,436,626)	(461,990,233)
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.....		
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).....	72,181,434	41,957,622
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	72,181,434	41,957,622
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(65,379,185)	112,763,631
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	783,747,440	670,983,809
19.2 End of year (Line 18 plus Line 19.1).....	718,368,255	783,747,440

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

20.0001		
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UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire.....	379,364,310	200,670,648	203,358,016	376,676,942
2.	Allied lines.....	776,853,108	415,372,559	444,706,488	747,519,179
3.	Farmowners multiple peril.....	0		0	0
4.	Homeowners multiple peril.....	0		0	0
5.	Commercial multiple peril.....	0		0	0
6.	Mortgage guaranty.....	0		0	0
8.	Ocean marine.....	5,179,932	2,433,003	3,201,827	4,411,108
9.	Inland marine.....	700,797,362	457,422,319	391,057,838	767,161,843
10.	Financial guaranty.....	0		0	0
11.1	Medical professional liability - occurrence.....	0		0	0
11.2	Medical professional liability - claims-made.....	0		0	0
12.	Earthquake.....	0		0	0
13.	Group accident and health.....	0		0	0
14.	Credit accident and health (group and individual).....	0		0	0
15.	Other accident and health.....	0		0	0
16.	Workers' compensation.....	0		0	0
17.1	Other liability - occurrence.....	0		0	0
17.2	Other liability - claims-made.....	0		0	0
17.3	Excess workers' compensation.....	0		0	0
18.1	Products liability - occurrence.....	0		0	0
18.2	Products liability - claims-made.....	0		0	0
19.1, 19.2	Private passenger auto liability.....	0		0	0
19.3, 19.4	Commercial auto liability.....	0		0	0
21.	Auto physical damage.....	0		0	0
22.	Aircraft (all perils).....	0		0	0
23.	Fidelity.....	0		0	0
24.	Surety.....	0		0	0
26.	Burglary and theft.....	0		0	0
27.	Boiler and machinery.....	715,930,992	339,717,861	349,400,417	706,248,436
28.	Credit.....	0		0	0
29.	International.....	0		0	0
30.	Warranty.....	0		0	0
31.	Reinsurance - nonproportional assumed property.....	217,076,679		0	217,076,679
32.	Reinsurance - nonproportional assumed liability.....	9,963		0	9,963
33.	Reinsurance - nonproportional assumed financial lines.....	0		0	0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0
35.	TOTALS.....	2,795,212,346	1,415,616,390	1,391,724,586	2,819,104,150

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1	2	3	4	5
		Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....	203,358,016				203,358,016
2.	Allied lines.....	444,706,488				444,706,488
3.	Farmowners multiple peril.....					0
4.	Homeowners multiple peril.....					0
5.	Commercial multiple peril.....					0
6.	Mortgage guaranty.....					0
8.	Ocean marine.....	3,201,827				3,201,827
9.	Inland marine.....	391,057,838				391,057,838
10.	Financial guaranty.....					0
11.1	Medical professional liability - occurrence.....					0
11.2	Medical professional liability - claims-made.....					0
12.	Earthquake.....					0
13.	Group accident and health.....					0
14.	Credit accident and health (group and individual).....					0
15.	Other accident and health.....					0
16.	Workers' compensation.....					0
17.1	Other liability - occurrence.....					0
17.2	Other liability - claims-made.....					0
17.3	Excess workers' compensation.....					0
18.1	Products liability - occurrence.....					0
18.2	Products liability - claims-made.....					0
19.1, 19.2	Private passenger auto liability.....					0
19.3, 19.4	Commercial auto liability.....					0
21.	Auto physical damage.....					0
22.	Aircraft (all perils).....					0
23.	Fidelity.....					0
24.	Surety.....					0
26.	Burglary and theft.....					0
27.	Boiler and machinery.....	349,400,417				349,400,417
28.	Credit.....					0
29.	International.....					0
30.	Warranty.....					0
31.	Reinsurance - nonproportional assumed property.....					0
32.	Reinsurance - nonproportional assumed liability.....					0
33.	Reinsurance - nonproportional assumed financial lines.....					0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0
35.	TOTALS.....	1,391,724,586	0	0	0	1,391,724,586
36.	Accrued retrospective premiums based on experience.....					
37.	Earned but unbilled premiums.....					0
38.	Balance (sum of Lines 35 through 37).....					1,391,724,586

DETAILS OF WRITE-INS

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

(a) State here basis of computation used in each case: Daily Pro Rata

FACTORY MUTUAL INSURANCE COMPANY UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	412,881,827	61,543,042	74,699,935	30,628,192	139,132,302	379,364,310
2. Allied lines.....	916,335,926	132,218,212	152,867,349	62,678,121	361,890,258	776,853,108
3. Farmowners multiple peril.....						0
4. Homeowners multiple peril.....						0
5. Commercial multiple peril.....						0
6. Mortgage guaranty.....						0
8. Ocean marine.....	188,474	3,628,717	2,034,011	67,476	603,794	5,179,932
9. Inland marine.....	812,794,980	94,162,820	174,239,913	67,207,233	313,193,118	700,797,362
10. Financial guaranty.....						0
11.1 Medical professional liability - occurrence.....						0
11.2 Medical professional liability - claims-made.....						0
12. Earthquake.....						0
13. Group accident and health.....						0
14. Credit accident and health (group and individual).....						0
15. Other accident and health.....						0
16. Workers' compensation.....						0
17.1 Other liability - occurrence.....						0
17.2 Other liability - claims-made.....						0
17.3 Excess workers' compensation.....						0
18.1 Products liability - occurrence.....						0
18.2 Products liability - claims-made.....						0
19.1, 19.2 Private passenger auto liability.....						0
19.3, 19.4 Commercial auto liability.....						0
21. Auto physical damage.....						0
22. Aircraft (all perils).....						0
23. Fidelity.....						0
24. Surety.....						0
26. Burglary and theft.....						0
27. Boiler and machinery.....	540,676,733	82,110,478	290,150,904	39,469,209	157,537,914	715,930,992
28. Credit.....						0
29. International.....						0
30. Warranty.....						0
31. Reinsurance - nonproportional assumed property.....	XXX	282,951,105		65,874,426		217,076,679
32. Reinsurance - nonproportional assumed liability.....	XXX		9,963			9,963
33. Reinsurance - nonproportional assumed financial lines.....	XXX					0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
35. TOTALS.....	2,682,877,940	656,614,374	694,002,075	265,924,657	972,357,386	2,795,212,346

DETAILS OF WRITE-INS

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

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

If yes: 1. The amount of such installment premiums \$.0.

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

	Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
		1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1.	Fire.....	290,161,133	223,914,821	87,642,074	426,433,880	360,304,443	554,271,210	232,467,113	61.7
2.	Allied lines.....	248,231,039	46,529,888	60,315,108	234,445,819	333,351,122	208,480,401	359,316,540	48.1
3.	Farmowners multiple peril.....				.0	.0	.0	.0	0.0
4.	Homeowners multiple peril.....				.0	.0	.0	.0	0.0
5.	Commercial multiple peril.....				.0	.0	.0	.0	0.0
6.	Mortgage guaranty.....				.0	.0	.0	.0	0.0
8.	Ocean marine.....	5,962,581	2,350,608	8,387,798	(74,609)	33,116,220	31,055,032	1,986,579	45.0
9.	Inland marine.....	241,331,231	96,072,240	63,927,718	273,475,753	205,063,886	429,279,987	49,259,652	6.4
10.	Financial guaranty.....				.0	.0	.0	.0	0.0
11.1	Medical professional liability - occurrence.....				.0	.0	.0	.0	0.0
11.2	Medical professional liability - claims-made.....				.0	.0	.0	.0	0.0
12.	Earthquake.....				.0	.0	.0	.0	0.0
13.	Group accident and health.....				.0	.0	.0	.0	0.0
14.	Credit accident and health (group and individual).....				.0	.0	.0	.0	0.0
15.	Other accident and health.....				.0	.0	.0	.0	0.0
16.	Workers' compensation.....		9,444		9,444	527,843	303,564	233,723	0.0
17.1	Other liability - occurrence.....	14,966,643	3,783,212	13,510,868	5,238,987	128,262,976	137,644,139	(4,142,176)	0.0
17.2	Other liability - claims-made.....				.0	.0	.0	.0	0.0
17.3	Excess workers' compensation.....				.0	.0	.0	.0	0.0
18.1	Products liability - occurrence.....				.0	.0	.0	.0	0.0
18.2	Products liability - claims-made.....				.0	.0	.0	.0	0.0
19.1, 19.2	Private passenger auto liability.....				.0	.0	.0	.0	0.0
19.3, 19.4	Commercial auto liability.....				.0	.0	.0	.0	0.0
21.	Auto physical damage.....				.0	.0	.0	.0	0.0
22.	Aircraft (all perils).....	72,865	34,449	(18,614)	125,928	1,352,496	1,327,375	151,049	0.0
23.	Fidelity.....	(53,778)			(53,778)	.0	.0	(53,778)	0.0
24.	Surety.....				.0	.0	.0	.0	0.0
26.	Burglary and theft.....				.0	.0	.0	.0	0.0
27.	Boiler and machinery.....	254,805,314	68,441,495	53,337,932	269,908,877	309,513,546	175,062,063	404,360,360	57.3
28.	Credit.....				.0	.0	.0	.0	0.0
29.	International.....				.0	.0	.0	.0	0.0
30.	Warranty.....				.0	.0	.0	.0	0.0
31.	Reinsurance - nonproportional assumed property.....	XXX	426,017,868	39,909,084	386,108,784	.0	.0	386,108,784	177.9
32.	Reinsurance - nonproportional assumed liability.....	XXX	37,537,863	9,001,801	28,536,062	371,202,983	392,783,265	6,955,780	69,816.1
33.	Reinsurance - nonproportional assumed financial lines.....	XXX			.0	.0	.0	.0	0.0
34.	Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0	.0	0.0
35.	TOTALS.....	1,055,477,028	904,691,888	336,013,769	1,624,155,147	1,742,695,515	1,930,207,036	1,436,643,626	51.0

DETAILS OF WRITE-INS

3401.	.....							
3402.	.....							
3403.	.....							
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	XXX
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	.0	.0	.0	.0	.0	.0	.0	0.0

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	220,651,289	119,167,043	48,128,542	291,689,790	43,661,614	24,953,039	-	360,304,443	20,548,020
2. Allied lines.....	274,216,028	35,678,896	80,679,738	229,215,186	97,168,106	6,967,830	-	333,351,122	18,150,897
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....				0				0	
5. Commercial multiple peril.....				0				0	
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....	4,379,183	65,968	2,348,147	2,097,004	66,513,275	22,087,085	57,581,144	33,116,220	3,431,053
9. Inland marine.....	157,158,830	50,863,067	117,468,572	90,553,325	107,598,995	6,923,536	11,970	205,063,886	30,307,017
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....				0				0	
11.2 Medical professional liability - claims-made.....				0				0	
12. Earthquake.....				0				0	
13. Group accident and health.....				0				(a) 0	
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....				0				(a) 0	
16. Workers' compensation.....		154,818		154,818		373,025		527,843	181
17.1 Other liability - occurrence.....	36,139,471	2,517,924	25,386,225	13,271,170	220,434,765	93,935,217	199,378,176	128,262,976	11,108,696
17.2 Other liability - claims-made.....				0				0	
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....				0				0	
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....				0				0	
19.3, 19.4 Commercial auto liability.....				0				0	
21. Auto physical damage.....				0				0	
22. Aircraft (all perils).....	440,704	284	189,232	251,756	2,566,488	397,234	1,862,982	1,352,496	80,036
23. Fidelity.....				0				0	
24. Surety.....				0				0	
26. Burglary and theft.....				0				0	
27. Boiler and machinery.....	266,866,960	63,444,656	79,888,219	250,423,397	52,857,369	6,232,780		309,513,546	15,941,121
28. Credit.....				0				0	
29. International.....				0				0	
30. Warranty.....				0				0	
31. Reinsurance - nonproportional assumed property.....	XXX			0	XXX			0	
32. Reinsurance - nonproportional assumed liability.....	XXX	180,029,057	52,906,388	127,122,669	XXX	338,243,523	94,163,209	371,202,983	59,070,438
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	959,852,465	451,921,713	406,995,063	1,004,779,115	590,800,612	500,113,269	352,997,481	1,742,695,515	158,637,459
DETAILS OF WRITE-INS									
3401.				0				0	
3402.				0				0	
3403.				0				0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0

10

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	37,426,218			37,426,218
1.2 Reinsurance assumed.....	7,640,548			7,640,548
1.3 Reinsurance ceded.....	(12,198,318)			(12,198,318)
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	57,265,084	0	0	57,265,084
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		1,757,430		1,757,430
2.2 Reinsurance assumed, excluding contingent.....		183,693,989		183,693,989
2.3 Reinsurance ceded, excluding contingent.....		173,360,689		173,360,689
2.4 Contingent - direct.....				0
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....				0
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	12,090,730	0	12,090,730
3. Allowances to manager and agents.....				0
4. Advertising.....	10,324	14,188,888		14,199,212
5. Boards, bureaus and associations.....		(68,568)		(68,568)
6. Surveys and underwriting reports.....	90	9,589,744		9,589,834
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	25,507,728	347,545,477	2,875,480	375,928,685
8.2 Payroll taxes.....	1,257,888	18,124,313	114,488	19,496,689
9. Employee relations and welfare.....	6,134,596	89,126,028	872,937	96,133,561
10. Insurance.....	72,674	4,130,100	1,374	4,204,147
11. Directors' fees.....		3,333,640		3,333,640
12. Travel and travel items.....	4,438,035	49,807,793	49,193	54,295,020
13. Rent and rent items.....	2,837,520	44,576,140	456,557	47,870,217
14. Equipment.....	68,642	4,182,654	19,218	4,270,514
15. Cost or depreciation of EDP equipment and software.....	390,284	34,103,782	1,050,762	35,544,828
16. Printing and stationery.....	263,159	3,122,108	24,810	3,410,077
17. Postage, telephone and telegraph, exchange and express.....	215,666	2,945,215	(174,632)	2,986,248
18. Legal and auditing.....	831,828	4,660,826	20,400	5,513,054
19. Totals (Lines 3 to 18).....	42,028,433	629,368,140	5,310,587	676,707,160
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		71,266,814		71,266,814
20.2 Insurance department licenses and fees.....	14,289	1,284,415	11,459	1,310,163
20.3 Gross guaranty association assessments.....		255,816		255,816
20.4 All other (excluding federal and foreign income and real estate).....				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	14,289	72,807,045	11,459	72,832,793
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	44,086	97,921,461	10,224,115	108,189,662
25. Total expenses incurred.....	99,351,892	812,187,376	15,546,161	(a) 927,085,429
26. Less unpaid expenses - current year.....	158,637,459	559,001,993		717,639,452
27. Add unpaid expenses - prior year.....	155,342,000	493,688,002		649,030,002
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	96,056,433	746,873,385	15,546,161	858,475,979

DETAILS OF WRITE-INS

2401. Bank Activity fees.....	836	423,547	442,684	867,067
2402. Investment management fees.....			9,771,032	9,771,032
2403. Consulting.....	42,052	49,823,971	10,399	49,876,422
2498. Summary of remaining write-ins for Line 24 from overflow page.....	1,198	47,673,943	0	47,675,141
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above).....	44,086	97,921,461	10,224,115	108,189,662

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....21,038,762	.....21,271,568
1.1 Bonds exempt from U.S. tax.....	(a).....44,072,741	.....44,296,426
1.2 Other bonds (unaffiliated).....	(a).....57,632,651	.....58,465,203
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....121,878,161	.....123,342,293
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....3,830,401	.....3,804,431
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....12,990,008	.....12,990,008
9. Aggregate write-ins for investment income.....	.....1,008,733	.....1,008,733
10. Total gross investment income.....	.....262,451,457	.....265,178,662
11. Investment expenses.....	.....	(g).....15,534,702
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....11,459
13. Interest expense.....	.....	(h).....6,869,647
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....22,415,808
17. Net investment income (Line 10 minus Line 16).....	.....	.....242,762,854

DETAILS OF WRITE-INS

0901. Securities Litigation Income.....	.....493,120	.....493,120
0902. Miscellaneous Income.....	.....515,613	.....515,613
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....1,008,733	.....1,008,733
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above).....	.....	.....0

- (a) Includes \$.....2,840,465 accrual of discount less \$.....37,829,560 amortization of premium and less \$.....11,148,936 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....73,344 accrual of discount less \$.....419,182 amortization of premium and less \$.....1,531,772 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....1,886,226	.....	.....1,886,226	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....4,948,555	.....	.....4,948,555	.....	.....
1.2 Other bonds (unaffiliated).....	.....(1,852,209)	.....(1,936,520)	.....(3,788,729)	.....19,913,800	.....1,326,106
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....220,438,719	.....(37,170,551)	.....183,268,168	.....298,958,242	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....181,401,920	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....109,283	.....	.....109,283	.....103,510	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....44,860,789	.....(22,611,233)	.....22,249,556	.....(20,152,409)	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....270,391,363	.....(61,718,304)	.....208,673,059	.....480,225,063	.....1,326,106

DETAILS OF WRITE-INS

0901. ....	.....	.....	.....0	.....	.....
0902. ....	.....	.....	.....0	.....	.....
0903. ....	.....	.....	.....0	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page...	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	0	0
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	44,645,899	35,783,458	(8,862,441)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....			0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....			0
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....	31,872,609	36,780,311	4,907,702
21. Furniture and equipment, including health care delivery assets.....	37,602,244	19,177,597	(18,424,647)
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....	21,548,880	21,449,935	(98,945)
24. Health care and other amounts receivable.....			0
25. Aggregate write-ins for other-than-invested assets.....	157,652,338	252,735,626	95,083,288
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	293,321,970	365,926,927	72,604,957
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	293,321,970	365,926,927	72,604,957

DETAILS OF WRITE-INS

1101.....			0
1102.....			0
1103.....			0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0
2501. Pension asset.....	129,451,444	219,342,287	89,890,843
2502. Prepaid expenses.....	13,052,918	20,559,009	7,506,091
2503. Miscellaneous receivable.....	3,074,339	2,461,193	(613,146)
2598. Summary of remaining write-ins for Line 25 from overflow page.....	12,073,637	10,373,137	(1,700,500)
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	157,652,338	252,735,626	95,083,288

NOTES TO FINANCIAL STATEMENTS**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN****A. Accounting Practices, Impact of NAIC / State Differences**

The accompanying financial statements of Factory Mutual Insurance Company ("Company") have been prepared on the basis of accounting practices prescribed or permitted by the Rhode Island Division of Insurance.

The state of Rhode Island requires insurance companies domiciled in the state of Rhode Island to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioner' (NAIC) *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the Rhode Island Division of Insurance. The Company has no state prescribed or permitted practices.

	SSAP #	F/S Page	F/S Line #	2016	2015
NET INCOME					
(1) FACTORY MUTUAL INSURANCE COMPANY state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ 601,561,975	\$ 550,079,112
(2) State Prescribed Practices that increase/decrease NAIC SAP					
(3) State Permitted Practices that increase/decrease NAIC SAP					
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	\$ 601,561,975	\$ 550,079,112
SURPLUS					
(5) FACTORY MUTUAL INSURANCE COMPANY state basis (Page 3, line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 11,519,355,567	\$ 10,546,654,001
(6) State Prescribed Practices that increase/decrease NAIC SAP					
(7) State Permitted Practices that increase/decrease NAIC SAP					
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	\$ 11,519,355,567	\$ 10,546,654,001

B. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned Premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct, assumed and ceded business.

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

Net investment income earned consists primarily of interest, dividends and rent income less investment related expenses. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include writedowns for impairments considered to be other than temporary.

In addition, the Company utilizes the following accounting policies:

- Short-term debt securities are stated at amortized cost using the interest method. Short term money market mutual fund investments are categorized as "All Other Money Market Mutual Funds" on Schedule DA and are stated at fair value.
- Non loan-backed bonds with NAIC designations 1 or 2 are stated at amortized cost using the interest method. Non loan-backed bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. See paragraph 6 for loan-backed and structured securities.
- Common Stocks, except investments in stocks of subsidiaries, are stated at fair value.
- The Company has no preferred stocks.
- The Company has no mortgage loans.
- U.S. government agency loan-backed and structured securities are valued at amortized value. Other loan-backed and structured securities are valued at either amortized value or fair value, depending on many factors including: the type of underlying collateral, whether modeled by NAIC vendor, whether rated (by either NAIC approved rating organization or NAIC Securities Valuation Office), and relationship of amortized value to par value and amortized value to fair value.
- U.S. insurance subsidiaries (Affiliated FM Insurance Company, NAIC #10014, and Appalachian Insurance Company, NAIC #10316) are stated at statutory equity value in accordance with SSAP 97 paragraph 8(b)i. Foreign insurance companies (FM Insurance Company Limited, FM Global de Mexico S.A. de C.V., and Risk Engineering Insurance Company Limited) are stated at the audited foreign basis equity converted to U.S statutory equity value in accordance with SSAP 97 paragraph 8(b)iv. Non-insurance subsidiaries (FMRE Holdings LLC) are stated at audited GAAP equity in accordance with SSAP 97 paragraph 8(b)iii.
- Investments in joint ventures, partnerships and limited liability corporations are stated at the underlying audited GAAP equity value.
- The Company has no derivatives.

NOTES TO FINANCIAL STATEMENTS**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN (continued from preceding page)**

10. The Company does not anticipate investment income when evaluating the need for premium deficiency reserves.
11. Unpaid losses and loss adjustment expenses (including Asbestos and Environmental reserves) include amounts determined from individual case estimates and an amount for IBNR (incurred-but-not-reported) loss estimates. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
12. The Company has not changed its capitalization policy from the prior period
13. The Company has no “pharmaceutical rebate receivables.”

D. Going Concern

Based upon its evaluation of relevant conditions and events, management has concluded that the Company will continue as a going concern.

NOTE 2 – ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS - NOT APPLICABLE**NOTE 3 – BUSINESS COMBINATIONS AND GOODWILL - NOT APPLICABLE****NOTE 4 – DISCONTINUED OPERATIONS - NOT APPLICABLE****NOTE 5 – INVESTMENTS**

- A. Mortgage Loans, including Mezzanine Real Estate Loans - Not applicable
- B. Debt Restructuring - Not applicable
- C. Reverse Mortgages - Not applicable
- D. Loan-Backed Securities

(1) Description of Sources Used to Determine Prepayment Assumptions

Loan-backed bonds and structured securities are valued at amortized cost using the constant interest rate method, and using an effective yield based on current prepayment assumptions obtained from Bloomberg, rather than anticipated prepayments at the date of purchase. Prepayment assumptions are reviewed periodically and updated in response to changes in market interest rates.

(2) Other-Than-Temporary-Impairment (OTTI) Loss Recognized in the Aggregate - Not applicable

(3) Recognized OTTI securities - Not applicable

(4) All impaired securities (fair value is less than cost or amortized cost) for which an other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains):

a.	The aggregate amount of unrealized losses:	1.	Less than 12 Months	\$	143,151
		2.	12 Months or Longer	\$	1,475,311
b.	The aggregate related fair value of securities with unrealized losses:	1.	Less than 12 Months	\$	14,003,240
		2.	12 Months or Longer	\$	28,866,484

(5) OTTI Additional Information

All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether other-than-temporary impairments should be recognized. The Company asserts that it has the intent and ability to hold these securities long enough to allow the cost basis of these securities to be recovered. These conclusions are supported by a detailed analysis of the underlying credit and cash flows of each security. Unrealized losses are primarily attributable to credit spread widening and increased liquidity discounts. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities, if future events, information and the passage of time causes it to conclude that declines in value are other-than temporary.

NOTES TO FINANCIAL STATEMENTS**NOTE 5 – INVESTMENTS (continued from preceding page)****E. Repurchase Agreements and/or Securities Lending Transactions****(1) Policies Requiring Collateral**

Under a securities lending program with an agent, the Company has temporarily loaned certain debt securities. Borrowers of these securities must deposit an amount of cash and/or securities equal to 102% of the fair value of domestic securities or 105% of the fair value of foreign securities loaned as of the transaction date. The collateral level is monitored daily and additional cash calls are made by the agent if needed to retain the 102% or 105% collateral amount. The agent holds any securities pledged as collateral in trust for the borrower, and invests any cash collateral pledged as collateral in high quality short term securities. The cash collateral received under the securities lending agreement and invested in short term securities is included in the "Securities lending reinvested collateral assets" on Page 2 Line 10 and the offsetting liability in the "Payable for securities lending" on Page 3 Line 22.

(2) Collateral Pledged - Not applicable**(3) Collateral Received - Maturity Distribution**

a.	Aggregate Amount Collateral Received	Fair Value
1.	Repurchase Agreement	
(a)	Open	\$ -
(b)	30 Days or Less	
(c)	31 to 60 Days	
(d)	61 to 90 Days	
(e)	Greater Than 90 Days	
(f)	Sub-Total	\$ -
(g)	Securities Received	
(h)	Total Collateral Received	\$ -
2.	Securities Lending	
(a)	Open	\$ -
(b)	30 Days or Less	35,424,895
(c)	31 to 60 Days	4,500,000
(d)	61 to 90 Days	3,494,250
(e)	Greater Than 90 Days	5,000,000
(f)	Sub-Total	\$ 48,419,145
(g)	Securities Received	
(h)	Total Collateral Received	\$ 48,419,145
3.	Dollar Repurchase Agreement	
(a)	Open	\$ -
(b)	30 Days or Less	
(c)	31 to 60 Days	
(d)	61 to 90 Days	
(e)	Greater Than 90 Days	
(f)	Sub-Total	\$ -
(g)	Securities Received	
(h)	Total Collateral Received	\$ -
b.	The fair value of that collateral and of the portion of that collateral that it has sold or repledged	\$ 48,419,145

c. The securities acquired from the use of the cash collateral are managed by the agent using conservative guidelines regarding the type, duration and quality of investments permitted.

(4) The Company has no collateral administered by an affiliated agent.

NOTES TO FINANCIAL STATEMENTS**NOTE 5 – INVESTMENTS (continued from preceding page)**

(5) Collateral Reinvestment - Maturity Distribution

a. Aggregate Amount Collateral Reinvested		Amortized Cost	Fair Value
1.	Repurchase Agreement		
(a)	Open	\$ -	\$ -
(b)	30 Days or Less		
(c)	31 to 60 Days		
(d)	61 to 90 Days		
(e)	91 to 120 Days		
(f)	121 to 180 Days		
(g)	181 to 365 Days		
(h)	1 to 2 Years		
(i)	2 to 3 Years		
(j)	Greater Than 3 Years		
(k)	Sub-Total	\$ -	\$ -
(l)	Securities Received		
(m)	Total Collateral Reinvested	\$ -	\$ -
2.	Securities Lending		
(a)	Open	\$ -	\$ -
(b)	30 Days or Less	35,424,895	35,424,895
(c)	31 to 60 Days	4,500,000	4,500,000
(d)	61 to 90 Days	3,494,250	3,494,250
(e)	91 to 120 Days	5,000,000	5,000,000
(f)	121 to 180 Days		
(g)	181 to 365 Days		
(h)	1 to 2 Years		
(i)	2 to 3 Years		
(j)	Greater Than 3 Years		
(k)	Sub-Total	\$ 48,419,145	\$ 48,419,145
(l)	Securities Received		
(m)	Total Collateral Reinvested	\$ 48,419,145	\$ 48,419,145
3.	Dollar Repurchase Agreement		
(a)	Open	\$ -	\$ -
(b)	30 Days or Less		
(c)	31 to 60 Days		
(d)	61 to 90 Days		
(e)	91 to 120 Days		
(f)	121 to 180 Days		
(g)	181 to 365 Days		
(h)	1 to 2 Years		
(i)	2 to 3 Years		
(j)	Greater Than 3 Years		
(k)	Sub-Total	\$ -	\$ -
(l)	Securities Received		
(m)	Total Collateral Reinvested	\$ -	\$ -

b. The agent matches the maturity dates of the cash collateral with the expected return dates of that collateral.

(6) In addition to the cash collateral, the Company also receives collateral in the form of government securities. These securities are held by the agent and are not traded or replighted. The current fair value of the securities collateral is \$2,142,981.

(7) The Company has no collateral with transactions that extend beyond one year.

F. Real Estate - Not applicable

G. Investments in Low-Income Housing Trade Credits (LIHTC) - Not applicable

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – INVESTMENTS (continued from preceding page)

H. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year							Percentage			
	1	2	3	4	5	6	7	8	9	10	11
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown											
b. Collateral held under security lending arrangements	48,419,145				48,419,145	63,105,725	(14,686,580)		48,419,145	0.284	0.289
c. Subject to repurchase agreements											
d. Subject to reverse repurchase agreements											
e. Subject to dollar repurchase agreements											
f. Subject to dollar reverse repurchase agreements											
g. Placed under option contracts											
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock											
i. FHLB capital stock											
j. On deposit with states	5,877,367				5,877,367	5,590,422	286,945		5,877,367	0.034	0.035
k. On deposit with other regulatory bodies											
l. Pledged as collateral to FHLB (including assets backing funding agreements)											
m. Pledged as collateral not captured in other categories											
n. Other restricted assets											
o. Total Restricted Assets	\$ 54,296,512	\$ -	\$ -	\$ -	\$ 54,296,512	\$ 68,696,147	\$ (14,399,635)		\$ 54,296,512	0.318	0.324%

- (a) Subset of column 1
- (b) Subset of column 3
- (c) Column 5 divided by Asset Page, Column 1, Line 28
- (d) Column 9 divided by Asset Page, Column 3, Line 28

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories - Not applicable

(3) Detail of Other Restricted Assets - Not applicable

NOTES TO FINANCIAL STATEMENTS**NOTE 5 – INVESTMENTS (continued from preceding page)**

(4) Collateral Received and Reflected as Assets Within the Reporting Entity's Financial Statements

Collateral Assets	1 Book/Adjusted Carrying Value (BACV)	2 Fair Value	3 % of BACV to Total Assets (Admitted and Nonadmitted)*	4 % of BACV to Total Admitted Assets**
a. Cash	\$ -	\$ -	- %	- %
b. Schedule D, Part 1			%	%
c. Schedule D, Part 2, Sec. 1			%	%
d. Schedule D, Part 2, Sec. 2			%	%
e. Schedule B			%	%
f. Schedule A			%	%
g. Schedule BA, Part 1			%	%
h. Schedule DL, Part 1	48,419,145	48,419,145	0.284%	0.289%
i. Other			%	%
j. Total Collateral Assets (a+b+c+d+e+f+g+i)	\$ 48,419,145	\$ 48,419,145	0.284%	0.289%

* Column 1 divided by Asset Page, Line 26 (Column 1)

** Column 1 divided by Asset Page, Line 26 (Column 3)

	1 Amount	2 % of Liability to Total Liabilities
k. Recognized Obligation to Return Collateral Asset	\$ 48,419,145	0.923%

* Column 1 divided by Liability Page, Line 26 (Column 1)

- I. Working Capital Finance Investments - Not applicable
- J. Offsetting and Netting of Assets and Liabilities - Not applicable
- K. Structured Notes - Not applicable
- L. 5* Securities - Not applicable

NOTE 6 – JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

- A. Details for Those Greater than 10% of the Admitted Assets - Not applicable
- B. Writedowns for Impairments of Joint Ventures, Partnerships and LLC's
 1. During 2016 the Company recognized other than temporary impairments on one private equity investment managed by GCM Grosvenor and two private equity investments managed by Morgan Stanley. These investments were determined to be other-than-temporarily-impaired due to significantly depressed fair values for an extended period of time.
 2. The three private equity investments were written down to a total fair value of \$25,512,101 resulting in a realized loss of \$22,611,233. The fair value was determined based on the equity value of the private equity holdings.

NOTE 7 – INVESTMENT INCOME

- A. Accrued Investment Income

The Company non-admits investment income due and accrued if the amounts are over 90 days past due.
- B. Amounts Nonadmitted

There were no accrued investment income amounts over 90 days past due as of December 31, 2016, and as of December 31, 2015.

NOTE 8 – DERIVATIVE INSTRUMENTS - NOT APPLICABLE

NOTES TO FINANCIAL STATEMENTS**NOTE 9 – INCOME TAXES**

A. Deferred Tax Assets/(Liabilities)

1. Components of Net Deferred Tax Asset/(Liability)

	2016			2015			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	\$ 419,737,000	\$ 132,549,000	\$ 552,286,000	\$ 403,740,000	\$ 127,031,000	\$ 530,771,000	\$ 15,997,000	\$ 5,518,000	\$ 21,515,000
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	419,737,000	132,549,000	552,286,000	403,740,000	127,031,000	530,771,000	15,997,000	5,518,000	21,515,000
d. Deferred tax assets nonadmitted									
e. Subtotal net admitted deferred tax asset (1c-1d)	419,737,000	132,549,000	552,286,000	403,740,000	127,031,000	530,771,000	15,997,000	5,518,000	21,515,000
f. Deferred tax liabilities	35,558,000	1,055,304,000	1,090,862,000	36,182,000	948,822,000	985,004,000	(624,000)	106,482,000	105,858,000
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 384,179,000	\$ (922,755,000)	\$ (538,576,000)	\$ 367,558,000	\$ (821,791,000)	\$ (454,233,000)	\$ 16,621,000	\$ (100,964,000)	\$ (84,343,000)

2. Admission Calculation Components

	2016			2015			Change		
	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 184,513,000	\$ -	\$ 184,513,000	\$ 197,591,000	\$ -	\$ 197,591,000	\$ (13,078,000)	\$ -	\$ (13,078,000)
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below:	27,775,000		27,775,000	17,898,000		17,898,000	9,877,000		9,877,000
Adjusted gross deferred tax assets expected to be realized following the balance sheet date	27,775,000		27,775,000	17,898,000		17,898,000	9,877,000		9,877,000
Adjusted gross deferred tax assets allowed per limitation threshold			1,727,903,335			1,581,596,085			146,307,250
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	207,449,000	132,549,000	339,998,000	188,251,000	127,031,000	315,282,000	19,198,000	5,518,000	24,716,000
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c)	\$ 419,737,000	\$ 132,549,000	\$ 552,286,000	\$ 403,740,000	\$ 127,031,000	\$ 530,771,000	\$ 15,997,000	\$ 5,518,000	\$ 21,515,000

NOTES TO FINANCIAL STATEMENTS**NOTE 9 – INCOME TAXES (continued from preceding page)**

3. Other Admissibility Criteria

		2016	2015
a.	Ratio percentage used to determine recovery period and threshold limitation amount	923.825%	924.066%
b.	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 11,519,355,567	\$ 10,546,654,001

4. Impact of Tax Planning Strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage

	12/31/2016		12/31/2015		Change	
	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	\$ 419,737,000	\$ 132,549,000	\$ 403,740,000	\$ 127,031,000	\$ 15,997,000	\$ 5,518,000
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	- %	- %	- %	- %	- %	- %
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 419,737,000	\$ 132,549,000	\$ 403,740,000	\$ 127,031,000	\$ 15,997,000	\$ 5,518,000
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	- %	- %	- %	- %	- %	- %

(b) Does the company's tax planning strategies include the use of reinsurance? NO

B. Deferred Tax Liabilities Not Recognized - Not applicable

C. Current and Deferred Income Taxes

1. Current Income Tax

	1 2016	2 2015	3 (Col 1-2) Change
a. Federal	\$ 214,426,654	\$ 197,746,544	\$ 16,680,110
b. Foreign	19,630,317	(5,217,649)	24,847,966
c. Subtotal	\$ 234,056,971	\$ 192,528,895	\$ 41,528,076
d. Federal income tax on net capital gains	73,036,000	72,672,000	364,000
e. Utilization of capital loss carry-forwards			
f. Other			
g. Federal and Foreign income taxes incurred	\$ 307,092,971	\$ 265,200,895	\$ 41,892,076

NOTES TO FINANCIAL STATEMENTS**NOTE 9 – INCOME TAXES (continued from preceding page)**

2. Deferred Tax Assets

	1	2	3
	2016	2015	(Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 48,717,000	\$ 49,403,000	\$ (686,000)
2. Unearned premium reserve	95,529,000	98,043,000	(2,514,000)
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets			
8. Compensation and benefits accrual	86,823,000	76,382,000	10,441,000
9. Pension accrual	78,636,000	65,086,000	13,550,000
10. Receivables - nonadmitted	15,540,000	12,480,000	3,060,000
11. Net operating loss carry-forward			
12. Tax credit carry-forward	22,567,000	26,009,000	(3,442,000)
13. Other (including items <5% of total ordinary tax assets)	71,925,000	76,337,000	(4,412,000)
99. Subtotal	\$ 419,737,000	\$ 403,740,000	\$ 15,997,000
b. Statutory valuation allowance adjustment			
c. Nonadmitted			
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 419,737,000	\$ 403,740,000	\$ 15,997,000
e. Capital:			
1. Investments	\$ 132,549,000	\$ 127,031,000	\$ 5,518,000
2. Net capital loss carry-forward			
3. Real estate			
4. Other (including items <5% of total capital tax assets)			
99. Subtotal	\$ 132,549,000	\$ 127,031,000	\$ 5,518,000
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)	132,549,000	127,031,000	5,518,000
i. Admitted deferred tax assets (2d+2h)	\$ 552,286,000	\$ 530,771,000	\$ 21,515,000

3. Deferred Tax Liabilities

	1	2	3
	2016	2015	(Col 1-2) Change
a. Ordinary:			
1. Investments	\$ -	\$ -	\$ -
2. Fixed assets	8,494,000	5,927,000	2,567,000
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (including items <5% of total ordinary tax liabilities)	27,064,000	30,255,000	(3,191,000)
99. Subtotal	\$ 35,558,000	\$ 36,182,000	\$ (624,000)
b. Capital:			
1. Investments	\$ 1,055,304,000	\$ 948,822,000	\$ 106,482,000
2. Real estate			
3. Other (including items <5% of total capital tax liabilities)			
99. Subtotal	1,055,304,000	948,822,000	106,482,000
c. Deferred tax liabilities (3a99+3b99)	\$ 1,090,862,000	\$ 985,004,000	\$ 105,858,000

4. Net Deferred Tax Assets (2i – 3c)	\$ (538,576,000)	\$ (454,233,000)	\$ (84,343,000)
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NOTES TO FINANCIAL STATEMENTS**NOTE 9 – INCOME TAXES (continued from preceding page)**

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

Among the more significant book to tax adjustments were the following:

	Amount	Effective Tax Rate (%)
Permanent Differences:		
Provision computed at statutory rate	\$ 318,029,229	35.0%
Proration of tax exempt investment income	5,443,000	0.6%
Tax exempt income deduction	(15,495,000)	-1.7%
Dividends received deduction	(23,074,000)	-2.5%
Disallowed travel and entertainment	2,126,000	0.2%
Other permanent differences	(1,020,000)	-0.1%
Temporary Differences:		
Total ordinary DTAs	\$ (8,253,000)	-0.9%
Total ordinary DTLs	6,070,000	0.7%
Total capital DTAs		%
Total capital DTLs		%
Other:		
Statutory valuation allowance adjustment	\$ -	-%
Accrual adjustment – prior year	2,698,000	0.3%
Other	(1,570,258)	-0.2%
Totals	\$ 284,953,971	31.4%
Federal and foreign income taxes incurred	234,056,971	25.8%
Realized capital gains (losses) tax	73,036,000	8.0%
Change in net deferred income taxes	(22,139,000)	-2.4%
Total statutory income taxes	\$ 284,953,971	31.4%

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

At December 31, 2016, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.

The following is the consolidated income tax expense for 2016 and 2015 that is available for recoupment in the event of future net losses:

Year	Amount
2016	\$ 311,047,000
2015	\$ 335,341,000

The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

F. Consolidated Federal Income Tax Return

1. The Company's federal income tax return is consolidated with the following entities:

Factory Mutual Insurance Company (Parent)	FMIC Holdings, Inc.
Affiliated FM Insurance Company	TSB Loss Control Consultants, Inc.
Appalachian Insurance Company	Corporate Insurance Services, Inc.
Risk Engineering Insurance Company Limited	Watch Hill Insurance Company

2. The method of allocation among companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled monthly.

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

NOTE 10 – INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES

A. Nature of Relationships

The Company is not directly or indirectly owned or controlled by any other company, corporation, group of companies, partnership or individual.

B. Detail of Transactions Greater than ½% of Admitted Assets

The Company lists its transactions with affiliates on Schedule Y Part 2. There were no non-insurance transactions between the Company and any affiliates, which exceeded ½% of admitted assets.

NOTES TO FINANCIAL STATEMENTS**NOTE 10 – INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES (continued from preceding page)**

C. Change in Terms of Intercompany Arrangements - Not applicable

D. Amounts Due to or from Related Parties

The amounts reported due (to) from affiliates are as follows:

Affiliate	2016	2015
Affiliated FM Insurance Company	\$(70,055,295)	\$(34,428,170)
Appalachian Insurance Company	9,373,661	12,552,307
FM Insurance Company Ltd	51,993,506	118,381,576
FM Global de Mexico S.A. de C.V.	(12,856,017)	(31,190,053)
FMIC Holdings, Inc.	34,710	(185,993)
FM do Brasil Servicos de Prevencao de Perdas LTDA	(987,195)	(753,826)
FMIC Escritorio de Representacao No Brasil LTDA	(533,844)	(265,683)
Corporate Insurance Services, Inc.	866,293	115,738
FM Global Servicos de R.L de C.V.	82,538	518,652
FM Approvals LLC	(4,722,010)	6,205,052
TSB Loss Control Consultants	595,225	362,208
FM Engineering Consulting (Shanghai) Co. Ltd	(138,486)	(396,144)
FM Global Services LLC	(910,854)	(402,272)
FMRE Holdings LLC	(2,804,990)	-
Risk Engineering Insurance Company	36,943	-
Totals	\$(30,025,815)	\$70,513,392

Settlement terms/procedures are 60 days or 90 days from the end of each quarter.

E. Guarantees or Undertakings for Related Parties

The Company has entered into Performance Guarantee agreements with its affiliates FM Insurance Company Ltd, Affiliated FM Insurance Company, and FM Asia Holdings Pte. Ltd.. See Note 14A for further information.

F. Management, Service Contracts, Cost Sharing Agreements

The Company provides certain accounting management and other services to its affiliates. Management fees are charged to affiliates for services rendered.

G. Nature of Relationships that Could Affect Operations - Not applicable

H. Amounts Deducted for Investment in Upstream Company - Not applicable

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets - Not applicable

Note that the investment in FMIC Holdings, Inc. is valued utilizing the look-through approach as indicated in Item L and none of the values of the SCA entities owned by FMIC Holdings, Inc. exceeds 10% of the admitted assets of the Company.

J. Write-down for Impairments of Investments in Affiliates - Not applicable

K. Foreign Insurance Subsidiary Valued Using CARVM - Not applicable

L. Downstream Holding Company Valued Using Look-Through Method

This reporting entity utilizes the look-through approach for the valuation of a downstream non-insurance holding company (FMIC Holdings, Inc.) instead of obtaining audited financial statements of the downstream non-insurance holding company, and therefore makes the following disclosures:

- The carrying value of the downstream non-insurance company is \$2,148,494,418.
- The financial statements of the downstream non-insurance company are not audited.
- The reporting entity has limited the value of its investment in the downstream non-insurance holding company to the value contained in the audited financial statements of applicable SCA entities owned by the downstream non-insurance holding company, and valued in accordance with paragraphs 21 through 24 of SSAP 97.
- All liabilities, commitments, contingencies, guarantees or obligations of the downstream non-insurance holding company, which are required to be recorded as liabilities, commitments, contingencies, guarantees or obligations under applicable accounting guidance, are reflected in the reporting entity's determination of the carrying value of the investment in the downstream non-insurance holding company, if not already recorded in the financial statements of the downstream non-insurance holding company.

NOTES TO FINANCIAL STATEMENTS**NOTE 10 – INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES (continued from preceding page)**

M. All SCA Investments

The NAIC agreed with the company's prior year admitted values in all of its non-insurance SCA entity SUB 2 filings.

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
	%			
Total SSAP No. 97 8a Entities	XXX	\$ -	\$ -	\$ -
b. SSAP No. 97 8b(ii) Entities				
	%			
Total SSAP No. 97 8b(ii) Entities	XXX	\$ -	\$ -	\$ -
c. SSAP No. 97 8b(iii) Entities				
FMRE Holdings LLC	100.000 %	1,058,205,253	1,058,205,253	-
FM Approvals LLC	100.000	-	-	-
TSB Loss Control Consultants, Inc.	100.000	-	-	-
Total SSAP No. 97 8b(iii) Entities	XXX	\$ 1,058,205,253	\$ 1,058,205,253	\$ -
d. SSAP No. 97 8b(iv) Entities				
FM Global de Mexico S.A de C.V.	100.000 %	34,082,721	34,082,721	-
FM Insurance Company Limited	100.000	703,030,851	703,030,851	-
Risk Engineering Insurance Company Limited	100.000	314,934,847	314,934,847	-
FM Insurance Europe S.A.	100.000	-	-	-
Total SSAP No. 97 8b(iv) Entities	XXX	\$ 1,052,048,419	\$ 1,052,048,419	\$ -
e. Total SSAP No. 97 8b Entities (exception 8b(i) entities) (b + c + d)	XXX	\$ 2,110,253,672	\$ 2,110,253,672	\$ -
f. Aggregate Total (a + e)	XXX	\$ 2,110,253,672	\$ 2,110,253,672	\$ -

(2) NAIC Filing Response Information

SCA Entity (Should be the same entities as shown in M(1) above)	Type of NAIC Filing*	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method Resubmission Required Y/N	Code**
a. SSAP No. 97 8a Entities						
Total SSAP No. 97 8a Entities	XXX	XXX	\$ -	XXX	XXX	XXX
b. SSAP No. 97 8b(ii) Entities						
Total SSAP No. 97 8b(ii) Entities	XXX	XXX	\$ -	XXX	XXX	XXX
c. SSAP No. 97 8b(iii) Entities						
FMRE Holdings LLC	S2	08/15/2016	1,058,205,253	Y	N	
FM Approvals LLC			-			
TSB Loss Control Consultants, Inc.			-			
Total SSAP No. 97 8b(iii) Entities	XXX	XXX	\$ 1,058,205,253	XXX	XXX	XXX
d. SSAP No. 97 8b(iv) Entities						
FM Global de Mexico S.A de C.V.	S2	08/15/2016	34,082,721	Y	N	
FM Insurance Company Limited	S2	08/15/2016	703,030,851	Y	N	
Risk Engineering Insurance Company Limited	S2	08/15/2016	314,934,847	Y	N	
FM Insurance Europe S.A.			-			
Total SSAP No. 97 8b(iv) Entities	XXX	XXX	\$ 1,052,048,419	XXX	XXX	XXX
e. Total SSAP No. 97 8b Entities (exception 8b(i) entities) (b + c + d)	XXX	XXX	\$ 2,110,253,672	XXX	XXX	XXX
f. Aggregate Total (a + e)	XXX	XXX	\$ 2,110,253,672	XXX	XXX	XXX

* S1 – Sub-1, S2 – Sub-2 or RDF – Resubmission of Disallowed Filing

** I – Immaterial or M – Material

Risk Engineering Insurance Company Limited is a subsidiary of FMIC Holdings, Inc., a downstream non-insurance holding company, described above in Note 10(L). The value of Risk Engineering Insurance Company Limited is included within the SUB-2 filing for FMIC Holdings, Inc.

The statutory reporting value of the company's investments in TSB Loss Control Consultants, Inc. FM Approvals LLC, and FM Insurance Europe S.A. have been historically zero; therefore SCA filings have been deemed not applicable in the past. Due to the amendments to SSAP 97 adopted in December 2016, SUB-1 reports will be filed for these entities during 2017.

NOTES TO FINANCIAL STATEMENTS**NOTE 10 – INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES AND OTHER RELATED PARTIES (continued from preceding page)**

N. Investment in Insurance SCAs

- (1) The Company's reported insurance SCA investments include one insurance company that has a permitted practice. Specifically, Affiliated FM Insurance Company (NAIC # 10014), applies paragraph 5(a) of SSAP 23, rather than paragraph 5(b) of SSAP 23, with respect to the methodology applied in translating its Canadian branch to USD. This is consistent with the methodology used in prior years, and a permitted practice has been approved by the State of Rhode Island. The total adjustment to convert Affiliated FM Insurance Company's balance sheet to USD is \$54,452,847, which appears on line 17 – "Net adjustment in assets and liabilities due to foreign exchange rates", on page 3 – "Liabilities" of its 2016 annual statement. There is no net impact on surplus for this practice, and the effect on 2016 net income would be a decrease to net income in the amount of \$6,815,488 (which would be offset by a corresponding increase to surplus).
- (2) Monetary Effect on NAIC SAP

SCA Entity (Investments in Insurance SCA Entities)	Monetary Effect on NAIC SAP		Amount of Investment	
	Net Income Increase (Decrease)	Surplus Increase (Decrease)	Per Audited Statutory Equity	If the Insurance SCA Had Completed Statutory Financial Statements*
AFFILIATED FM INSURANCE COMPANY	\$ (6,815,488)	\$ -	\$ 1,618,651,765	\$ 1,618,651,765

* Per AP&P Manual (without permitted or prescribed practices)

- (3) Since there is no impact on surplus from this permitted practice, there is no effect on risk-based capital that would have triggered a regulatory event. There is no difference in the amount of the Company's investment in Affiliated FM Insurance Company from applying the permitted practice, rather than applying NAIC statutory accounting principles.

NOTE 11 – DEBT - NOT APPLICABLE**NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS**

A. Defined Benefit Plans

The Company sponsors noncontributory retirement income plans covering substantially all employees in the United States, Canada, and Australia. The benefits are generally based on years of service and the average of the highest consecutive 60 months of the employee's compensation within the 120 months prior to retirement. Generally, the Company's funding policy is to maintain a sufficient funded level to ensure benefit security and to vary contribution levels as appropriate to business conditions. However, the contribution for any year will not be less than the minimum required contribution, nor greater than the maximum deductible contribution. The Company also has Supplemental Retirement Plans that are noncontributory defined benefit plans covering certain employees.

The Company provides health care and life insurance benefits for certain retired employees and their dependents. Employees not eligible for benefits under pre-merger plan provisions, under age 30 as of January 1, 2000, or hired after January 1, 2000, are ineligible for benefits. Other employees may become eligible if they meet certain age and service requirements. The plans are contributory, with retiree contributions adjusted annually, and contain other cost-saving features such as deductibles and coinsurance.

NOTES TO FINANCIAL STATEMENTS**NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS (continued from preceding page)**

(1) Change in Benefit Obligation		Overfunded		Underfunded	
		2016	2015	2016	2015
a. Pension Benefits					
1.	Benefit obligation at beginning of year	\$ 2,046,700,000	\$ 2,061,684,000	\$ 141,608,000	\$ 130,046,000
2.	Service cost	48,403,000	53,660,000	1,638,000	1,649,000
3.	Interest cost	89,338,000	82,972,000	6,056,000	5,059,000
4.	Continuation by plan participants	664,000	545,000		
5.	Actuarial gain (loss)	137,247,000	(80,994,000)	35,287,000	10,025,000
6.	Foreign currency exchange rate changes	490,000	(3,490,000)		
7.	Benefits paid	70,992,000	67,677,000	5,370,000	5,171,000
8.	Plan amendments				
9.	Business combinations, divestitures, curtailments, settlements and special termination benefits			257,000	
10.	Benefit obligation at end of year	\$ 2,251,850,000	\$ 2,046,700,000	\$ 178,962,000	\$ 141,608,000
		Overfunded		Underfunded	
b. Postretirement Benefits					
1.	Benefit obligation at beginning of year	\$ -	\$ -	\$ 206,026,000	\$ 210,168,000
2.	Service cost			1,838,000	1,979,000
3.	Interest cost			8,725,000	8,242,000
4.	Continuation by plan participants				
5.	Actuarial gain (loss)			5,407,000	(3,038,000)
6.	Foreign currency exchange rate changes				
7.	Benefits paid			12,174,000	11,325,000
8.	Plan amendments				
9.	Business combinations, divestitures, curtailments, settlements and special termination benefits				
10.	Benefit obligation at end of year	\$ -	\$ -	\$ 209,822,000	\$ 206,026,000
		Overfunded		Underfunded	
c. Special or Contractual Benefits per SSAP No. 11					
1.	Benefit obligation at beginning of year	\$ -	\$ -	\$ -	\$ -
2.	Service cost				
3.	Interest cost				
4.	Continuation by plan participants				
5.	Actuarial gain (loss)				
6.	Foreign currency exchange rate changes				
7.	Benefits paid				
8.	Plan amendments				
9.	Business combinations, divestitures, curtailments, settlements and special termination benefits				
10.	Benefit obligation at end of year	\$ -	\$ -	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS**NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS (continued from preceding page)**

(2) Change in plan assets		Pension Benefits		Postretirement Benefits		Special or Contractual Benefits per SSAP No. 11	
		2016	2015	2016	2015	2016	2015
a.	Fair value of plan assets at beginning of year	\$ 2,266,042,000	\$ 2,311,537,000	\$ 145,613,000	\$ 156,948,000	\$ -	\$ -
b.	Actual return on plan assets	184,483,000	27,291,000	10,491,000	(453,000)		
c.	Foreign currency exchange rate changes	1,058,000	(7,387,000)				
d.	Reporting entity contribution	5,416,000	6,904,000	1,190,000	1,149,000		
e.	Plan participants' contributions	664,000	545,000				
f.	Benefits paid	76,362,000	72,848,000	12,649,000	12,031,000		
g.	Business combinations, divestitures and settlements						
h.	Fair value of plan assets at end of year	\$ 2,381,301,000	\$ 2,266,042,000	\$ 144,645,000	\$ 145,613,000	\$ -	\$ -

(3) Funded status		Pension Benefits		Postretirement Benefits	
		2016	2015	2016	2015
Overfunded:					
a.	Assets (nonadmitted)				
1.	Prepaid benefit costs	\$ 913,300,000	\$ 930,047,000	\$ -	\$ -
2.	Overfunded plans assets	(783,849,000)	(710,705,000)		
3.	Total assets (nonadmitted)	\$ 129,451,000	\$ 219,342,000	\$ -	\$ -
Underfunded:					
b.	Liabilities recognized				
1.	Accrued benefits costs	\$ (86,998,000)	\$ (79,735,000)	\$ (28,809,000)	\$ (27,387,000)
2.	Liability for pension benefits	(91,964,000)	(61,873,000)	(36,368,000)	(33,025,000)
3.	Total liabilities recognized	\$ (178,962,000)	\$ (141,608,000)	\$ (65,177,000)	\$ (60,412,000)
c.	Unrecognized liabilities	\$ -	\$ -	\$ -	\$ -

(4) Components of net periodic benefit cost		Pension Benefits		Postretirement Benefits		Special or Contractual Benefits per SSAP No. 11	
		2016	2015	2016	2015	2016	2015
a.	Service cost	\$ 50,041,000	\$ 55,388,000	\$ 1,838,000	\$ 1,979,000	\$ -	\$ -
b.	Interest cost	95,394,000	88,057,000	8,725,000	8,242,000		
c.	Expected return on plan assets	(164,817,000)	(168,047,000)	(8,383,000)	(9,062,000)		
d.	Transition asset or obligation	(116,000)	(117,000)	1,749,000	1,749,000		
e.	Gains and losses	49,282,000	47,876,000	3,854,000	3,313,000		
f.	Prior service cost or credit	139,000	4,702,000	4,633,000	4,633,000		
g.	Gain or loss recognized due to a settlements curtailment						
h.	Total net periodic benefit cost	\$ 29,923,000	\$ 27,859,000	\$ 12,416,000	\$ 10,854,000	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS**NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS (continued from preceding page)**

(5)	Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost	Pension Benefits		Postretirement Benefits	
		2016	2015	2016	2015
a.	Items not yet recognized as a component of net periodic cost – prior year	\$ 772,578,000	\$ 754,925,000	\$ 72,937,000	\$ 76,156,000
b.	Net transition asset or obligation recognized	260,000	5,000		(1,749,000)
c.	Net prior service cost or credit arising during the period				
d.	Net prior service cost or credit recognized	(88,000)	(4,702,000)	26,000	(4,633,000)
e.	Net gain and loss arising during the period	152,651,000	70,226,000	3,299,000	6,476,000
f.	Net gain and loss recognized	(49,590,000)	(47,876,000)	(10,262,000)	(3,313,000)
g.	Items not yet recognized as a component of net periodic cost – current year	\$ 875,811,000	\$ 772,578,000	\$ 66,000,000	\$ 72,937,000
(6)	Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost	Pension Benefits		Postretirement Benefits	
		2016	2015	2016	2015
a.	Net transition asset or obligations	\$ (116,000)	\$ 114,000	\$ 1,749,000	\$ 1,749,000
b.	Net prior service cost or credit	139,000	139,000	4,633,000	4,633,000
c.	Net recognized gains and losses	\$ 47,085,000	\$ 49,282,000	\$ 3,218,000	\$ 3,854,000
(7)	Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost	Pension Benefits		Postretirement Benefits	
		2016	2015	2016	2015
a.	Net transition asset or obligations	\$ (435,000)	\$ (538,000)	\$ 4,808,000	\$ 6,558,000
b.	Net prior service cost or credit	520,000	659,000	12,859,000	17,492,000
c.	Net recognized gains and losses	\$ 875,726,000	\$ 772,457,000	\$ 48,333,000	\$ 48,887,000

(8)	Weighted-average assumptions used to determine net periodic benefit cost as of December 31	2016	2015
		a.	Weighted-average discount rate	4.340%	4.000%
b.	Expected long-term rate of return on plan assets	7.320%	7.310%
c.	Rate of compensation increase	4.480%	4.480%
	Weighted-average assumptions used to determine projected benefit obligations as of December 31	2016	2015
		d.	Weighted-average discount rate	4.000%	4.340%
e.	Rate of compensation increase	4.480%	4.480%

(9) The amount of the accumulated benefit obligation for defined benefit pension plans was \$2,068,746 for the current year and \$1,930,682,000 for the prior year.

(10) The Company has two non-pension postretirement healthcare plans in the United States and Canada.

For the United States plan the assumed healthcare cost trend for the next year used to measure the expected cost of benefits covered by the plan is 7.50%. The ultimate trend rate of 5.00% is expected to be achieved in five years.

For the Canada plan the assumed healthcare cost trend for the next year used to measure the expected cost of benefits covered by the plan is 6.50%. The ultimate trend rate of 5.00% is expected to be achieved in three years.

(11)	Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage point change in assumed health care cost trend rates would have the following effects:	1 Percentage Point Increase	1 Percentage Point Decrease
		a.	Effect on total of service and interest cost components	$ 585,000	$ (497,000)
b.	Effect on postretirement benefit obligation	\$ 11,791,000	\$ (10,185,000)

(12) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the year indicated:

	Year(s)	Amount
a.	2017	\$ 97,607,000
b.	2018	\$ 103,566,000
c.	2019	\$ 108,113,000
d.	2020	\$ 111,783,000
e.	2021	\$ 117,721,000
f.	2022 through 2026	\$ 669,363,000

NOTES TO FINANCIAL STATEMENTS**NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS (continued from preceding page)**

(13) The Company currently intends to make voluntary contributions to the defined benefit pension plans of \$10,349,000 in 2017. The Company currently intends to make voluntary contributions to other postretirement benefit plans of \$592,000 in 2017.

(14) - (21) - Not applicable

B. Investment Policies and Strategies

Description of Investment Policies

The investment policy of the Plans specify the type of securities that may be used, limits on the amount of the asset classes and subclasses, and general principles used in managing the plan's assets. The overriding objective is to maximize long-term total return of plan assets within constraints established to control risk and volatility. Three primary asset classes represent the first layer of asset allocation, these being equity securities, debt securities, and cash equivalents. Since equity securities are expected to provide the highest long-term total return, exposure to equities is emphasized. As a representative example, current approved ranges for the three asset classes in the U.S. Pension fund (which is also the largest of the retirement plans) are as follows:

<u>Asset class</u>	<u>Range</u>
Equity securities	50 - 80%
Debt securities	10 - 50%
Cash equivalents	0 - 15%

Equity securities include individual common stocks as well as equity mutual funds and private equity partnerships. All equity investments are based on fundamental analysis of investment variables, including earning prospects, cash flow, balance sheet strength, competitive positioning, and other factors. Diversification is emphasized, with specific size limits on individual stocks, international-oriented mutual funds, small capitalization-oriented funds and private equity. Investment returns are benchmarked against standard indices including the S&P 500 and MSCI global stock indices.

Debt securities include individual securities, primarily in the high-grade taxable subcategory, debt mutual funds, as well as an outside managed portfolio of U.S. high-yield bonds. Debt securities are actively managed, using many of the same investment disciplines as in the Company's general account. These disciplines include diversification of securities and ongoing analysis of the fundamental and valuation factors underlying the securities owned.

Short-term investments, defined as debt securities with a maturity of less than one year, are held primarily for liquidity purposes. Safety of principal is the primary consideration of investment in this asset class, and so only the highest quality investments are used. This will principally be money market funds and commercial paper carrying the highest quality ratings.

The defined benefit pension plan asset allocation and the target asset allocation, presented as a percentage of total plan assets, were as follows:

Asset Category	Percentage of Plan Assets	
	2016	Target Allocation
Equity Securities	67%	63%
Debt Securities	22%	27%
Cash	6%	6%
Other	5%	4%
Total	100%	100%

The defined benefit postretirement plan asset allocation and the target asset allocation, presented as a percentage of total plan assets, were as follows:

Asset Category	Percentage of Plan Assets	
	2016	Target Allocation
Equity Securities	92%	93%
Debt Securities	0%	0%
Cash	7%	7%
Other	1%	0%
Total	100%	100%

NOTES TO FINANCIAL STATEMENTS**NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS (continued from preceding page)**

C. Fair Value of Plan Assets

(1) Fair Value Measurements of Plans Assets at Reporting Date

Description for each class of plan assets	(Level 1)	(Level 2)	(Level 3)	Total
Equity securities	\$	\$	\$	\$
Consumer discretionary	180,554,000			180,554,000
Consumer staples	120,350,000			120,350,000
Energy	127,136,000			127,136,000
Financials	267,786,000			267,786,000
Healthcare	201,399,000			201,399,000
Industrials	138,659,000			138,659,000
Information technology	243,981,000			243,981,000
Mutual funds	290,345,000	11,489,000		301,834,000
All other sectors	146,418,000			146,418,000
Total equity securities	1,716,628,000	11,489,000		1,728,117,000
Debt securities				
U.S. Treasury securities and obligations of U.S. government agencies		187,770,000		187,770,000
Mortgage and asset-backed securities				
Agency		71,751,000		71,751,000
Other mortgage and asset-backed securities		22,230,000		22,230,000
U.S. corporate securities		193,065,000		193,065,000
Mutual funds		35,152,000		35,152,000
Other debts securities		8,486,000		8,486,000
Total debt securities		518,454,000		518,454,000
Cash equivalents	149,408,000			149,408,000
Other	6,136,000		123,831,000	129,967,000
Total Plan Assets	\$ 1,872,172,000	\$ 529,943,000	\$ 123,831,000	\$ 2,525,946,000

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

Description for each class of plan assets	Beginning Balance at 1/1/2016	Transfers into Level 3	Transfers out of Level 3	Return on Assets Still Held	Return on Assets Sold	Purchases	Issuances	Sales	Settlements	Ending Balance at 12/31/2016
Other	\$116,834,000	\$ -	\$ -	\$1,953,000	\$(2,887,000)	\$13,660,000	\$ -	\$11,503,000	\$ -	\$123,831,000
Total Plan Assets	\$116,834,000	\$ -	\$ -	\$1,953,000	\$(2,887,000)	\$13,660,000	\$ -	\$11,503,000	\$ -	\$123,831,000

(3) Inputs and Techniques used for Fair Value

The valuation techniques required by the Fair Value Measurements guidance (SSAP 100) are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 Quoted prices for identical instruments in active markets

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable

Level 3 Significant inputs to the valuation model are unobservable

When available, the Company uses quoted market prices to determine the fair value of investment securities, and they are included in Level 1.

When quoted market prices are unavailable, the Company uses quotes from independent pricing vendors based on recent trading activity and other relevant information, including market interest rate curves, referenced credit spreads and estimated prepayment rates, where applicable. These investments are included in Level 2 and are primarily comprised of fixed income securities.

When pricing is not available from a pricing vendor it is based on significant unobservable inputs. In those circumstances, the investment security is classified in Level 3. These investments are primarily comprised of private equity funds and partnerships.

NOTES TO FINANCIAL STATEMENTS**NOTE 12 – RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS (continued from preceding page)****D. Rate-of-Return Assumptions**

Expected rate of return assumptions are created based on assessments of future behavior of asset classes. As part of the process, historical relationships are considered. Using a three- to five-year outlook, estimates of numerous variables have been combined to gauge economic growth potential. Corporate cash flows are correlated with economic growth but also reflect productivity and profit margin trends, with positive cash flow trends driving favorable return to equity owners. Debt security returns are expected to produce somewhat lower returns with a lower level of volatility.

E. Defined Contribution Plans

The Company also sponsors a 401(k) savings plan whereby eligible employees may elect annually to contribute from 1% to 50% of their base pay on a pretax or after-tax basis. Employee contributions are restricted to Internal Revenue Service limits. The Company matches pretax contributions up to 6% of the employee's base pay. Company contributions to the Plan were \$17,974,000 in 2016 and \$17,372,000 in 2015.

F. Multiemployer Plans - Not applicable**G. Consolidated/Holding Company Plans - See Note 12A****H. Postemployment Benefits and Compensated Absences - Not applicable****I. Impact of Medicare Modernization Act on Postretirement Benefits - Not applicable****NOTE 13 – CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS****A. Outstanding Shares - Not applicable****B. Dividend Rate of Preferred Stock - Not applicable****C. Dividend Restrictions - Not applicable****D. Dates and Amounts of Dividends Paid - Not applicable****E. Amount of Ordinary Dividends That May Be Paid - Not applicable****F. Restrictions on Unassigned Funds - Not applicable****G. Mutual Surplus Advances - Not applicable****H. Company Stock Held for Special Purposes - Not applicable****I. Changes in Special Surplus Fund - Not applicable****J. Changes in Unassigned Funds**

The portion of unassigned funds (surplus) represented by cumulative unrealized gains and losses is \$3,015,154,000 and \$2,710,921,000 for 2016 and 2015, respectively, less applicable deferred taxes of \$1,055,306,000 and \$948,826,000 for 2016 and 2015, respectively.

K. Surplus Notes - Not applicable**L. Impact of Quasi-Reorganizations - Not applicable****M. Date of Quasi-Reorganizations - Not applicable.****NOTE 14 – LIABILITIES, CONTINGENCIES AND ASSESSMENTS****A. Contingent Commitments**

1. The Company has committed to provide \$437,199,643 of additional funds based on request of third party fund managers in connection with certain private equity limited partnerships, as listed on Schedule BA.
2. Factory Mutual Insurance Company, as owner of all the issued and outstanding common stock of FM Insurance Company Limited ("FMI"), has previously entered into a Performance Guarantee agreement with FMI. Specifically, Factory Mutual Insurance Company guarantees the full performance by FMI of its lawful obligations with respect to contracts of insurance and reinsurance issued by FMI on or after January 1, 2004. The agreement has no expiration date, but the terms allow Factory Mutual Insurance Company to terminate or modify the agreement in its sole discretion with respect to new contracts of insurance and reinsurance, not in effect on the date of such termination or modification.

There is no current or anticipated amount payable under this agreement, nor is there any amount anticipated to be payable. Should any amounts ever become payable, Factory Mutual Insurance Company would be required to contribute sufficient cash to FMI to enable FMI to fulfill its contractual obligations. There is no applicable carrying value with respect to this agreement, and due to its nature the likelihood of potential future payments is remote and not quantifiable or determinable.

NOTES TO FINANCIAL STATEMENTS**NOTE 14 – LIABILITIES, CONTINGENCIES AND ASSESSMENTS (continued from preceding page)**

Factory Mutual Insurance Company, as owner of all the issued and outstanding common stock of FMIC Holdings, Inc., the owner of all the issued and outstanding common stock of Affiliated FM Insurance Company ("AFM"), entered into a Performance Guarantee agreement for the benefit of the policyholders of AFM. Specifically, FMIC guarantees the full performance by AFM of its lawful obligations with respect to contracts of insurance and reinsurance issued by AFM on or after January 1, 2014.

There is no current or anticipated amount payable under this agreement, nor is there any amount anticipated to be payable. Should any amounts ever become payable, Factory Mutual Insurance Company would be required to contribute sufficient cash to AFM to enable AFM to fulfill its contractual obligations. There is no applicable carrying value with respect to this agreement, and due to its nature the likelihood of potential future payments is remote and not quantifiable or determinable.

Factory Mutual Insurance Company provided a parental guarantee to Singapore Science Park Ltd., the landlord in a real estate project in Singapore, to guarantee the obligations of the tenant, FM Asia Holdings Pte. Ltd., a wholly owned subsidiary of FMRE Holdings LLC, itself a wholly owned subsidiary of the Company.

There is no current or anticipated amount payable under this agreement, nor is there any amount anticipated to be payable. Should any amounts ever become payable, Factory Mutual Insurance Company would be required to contribute sufficient cash to FM Asia Holdings Pte. Ltd to enable FM Asia Holdings Pte. Ltd to fulfill its contractual obligations. There is no applicable carrying value with respect to this agreement, and due to its nature the likelihood of potential future payments is remote and not quantifiable or determinable.

B. Assessments

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Insurance company insolvencies in states where the Company writes business may result in guaranty fund assessments on future premiums.

The Company has accrued a liability for guaranty fund and other assessments of \$500,000 and a related premium tax benefit asset of \$192,000.

The amount recorded represents management's best estimates based on information received from the states in which the company writes business. The liability is included in the taxes, licenses and fees liability and will be paid in the next year. The asset is included in the guaranty funds receivable asset and is expected to be realized over the five to ten years following payment.

At times, the Company has the ability to recover a portion of the accrued assessment liability through policyholder surcharges. As of December 31, 2016, there are no such recoverable amounts.

The following reflects the current year change in the premium tax benefit asset.

a.	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$	131,000
b.	Decreases current year: Premium tax offset applied	\$	29,000
c.	Increases current year: Premium tax credits generated	\$	90,000
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	\$	192,000

C. Gain Contingencies - Not applicable**D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits - Not applicable****E. Product Warranties - Not applicable****F. Joint and Several Liabilities - Not applicable****G. All Other Contingencies**

At December 31, 2016 and 2015 the Company had admitted premiums receivable assets of \$523,184,223 and \$481,286,202, respectively, in premiums receivable due from policyholders, agents and ceding insurers. The Company routinely assesses the collectability of these receivables. Based upon Company experience, any uncollectible premium receivables as of December 31, 2016 are not expected to exceed the nonadmitted amount totaling \$44,645,899, and therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the Company's financial condition.

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

NOTE 15 – LEASES**A. Lessee Operating Lease**

(1) In connection with its various operating offices through North America, the Company leases office space and automobiles. These leases are classified as operating leases. Rental expense for all operating leases was \$53,343,627 in 2016 and \$54,272,521 in 2015. There are no contingent rental payments or unusual renewal options, escalation clauses or restrictions. There is no liability recognized in the financial statements for early termination of existing leases.

NOTES TO FINANCIAL STATEMENTS**NOTE 15 – LEASES (continued from preceding page)**

(2) Future minimum rental payments are as follows:

a.	At January 1, 2017 the minimum aggregate rental commitments are as follows:		
	Year Ending December 31	Operating Leases	
1.	2017	\$	25,013,351
2.	2018	\$	21,391,685
3.	2019	\$	16,204,444
4.	2020	\$	11,860,453
5.	2021	\$	9,262,249
6.	Total	\$	134,792,936

(3) Sale-Leaseback Transactions - Not applicable

B. Lessor 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**

A. Transfers of Receivables Reported as Sales - Not applicable

B. Transfer and Servicing of Financial Assets

(1) Loaned Securities

Under a securities lending program with an agent, the Company has temporarily loaned certain debt securities with a fair value of \$49,488,167 and \$156,733,109 at December 31, 2016 and December 31, 2015, respectively. Borrowers of these securities must deposit an amount of cash and/or securities equal to 102% of the fair value of domestic securities or 105% of foreign securities. The Company continues to receive the interest on the loaned debt securities as a beneficial owner, and the loaned debt securities are included in the investment portfolio of the Company. The agent holds any securities pledged as collateral in trust for the borrower, and invests any cash collateral pledged in high quality short term securities. There are no collateral transactions that extend beyond one year.

(2) Servicing Asset and Liabilities - Not applicable

(3) Servicing Assets and Liabilities Subsequently Measured at Fair Value - Not applicable

(4) Securitized Financial Assets that Transfer as a Sale - Not applicable

(5) Transfers of Financial Assets Accounted for as Secured Borrowing - Not applicable

(6) Transfers of Receivables with Recourse - Not applicable

(7) Repurchase Agreements - Not applicable

C. Wash Sales - 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. Inputs Used for Assets and Liabilities Measured and Reported at Fair Value

(1) Fair Value Measurements at Reporting Date

The Company categorizes its invested assets that are measured at fair value into the three-level fair value hierarchy. Item 4 provides a discussion of each of these three levels.

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Bonds	\$ -	\$ 42,010,947	\$ -	\$ 42,010,947
Common Stocks - Industrial & Miscellaneous	5,211,506,195			5,211,506,195
Common Stocks - Mutual Funds	804,569,410	97,257,640		901,827,050
Short-term investments	435,297,420			435,297,420
Total	\$ 6,451,373,025	\$ 139,268,587	\$ -	\$ 6,590,641,612

NOTES TO FINANCIAL STATEMENTS**NOTE 20 – FAIR VALUE MEASUREMENTS (continued from preceding page)**

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

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

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

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. The Company has no assets measured at fair value in the Level 3 category.

(4) Inputs and Techniques Used for Fair Value

The valuation techniques required by the Fair Value Measurements guidance (SSAP 100) are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 Quoted prices for identical instruments in active markets

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable

Level 3 Significant inputs to the valuation model are unobservable

The Company retains independent pricing vendors to assist in valuing invested assets when the prices are not available from the SVO.

When available, the Company uses quoted market prices to determine the fair value of investment securities, and they are included in Level 1.

When quoted market prices are unavailable, the Company uses quotes from independent pricing vendors based on recent trading activity and other relevant information, including market interest rate curves, referenced credit spreads and estimated prepayment rates, where applicable. These investments are included in Level 2 and are primarily comprised of fixed income securities which are NAIC rated 3 or below.

In infrequent circumstances, the pricing is not available from the pricing vendor and is based on significant unobservable inputs. In those circumstances, the investment security is classified in Level 3. There are no Level 3 investments at reporting date.

(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

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

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 4,273,858,875	\$ 4,229,339,398	\$ -	\$ 4,229,339,398	\$ -	\$ -
Common Stocks	6,113,333,245	6,113,333,245	6,016,075,605	97,257,640		
Cash, Cash Equivalents and Short Term Investments	718,368,254	718,368,255	718,368,255			
Securities Lending Reinvested Collateral Assets	48,419,145	48,419,145	48,419,145			
Total	\$ 11,153,979,519	\$ 11,109,460,043	\$ 6,782,863,005	\$ 4,326,597,038	\$ -	\$ -

D. Financial Instruments for Which Not Practicable to Estimate Fair Value - Not applicable

NOTE 21 – OTHER ITEMS

A. Unusual or Infrequent Items - Not applicable

B. Troubled Debt Restructuring Debtors - Not applicable

C. Other Disclosures

The Company records Canadian activity in Canadian dollars in the Annual Statement. The net balance of Canadian assets and liabilities which represent a portion of the Company's surplus, is adjusted to U.S. dollars through the "change in net unrealized foreign exchange" adjustment line on page 4, line 25. This has the effect of converting total surplus to U.S. Dollars.

D. Business Interruption Insurance Recoveries - Not applicable

NOTES TO FINANCIAL STATEMENTS**NOTE 21 – OTHER ITEMS (continued from preceding page)**

E. State Transferable and Non-Transferable Tax Credits

- (1) Carrying Value of Transferable and Non-Transferable State Tax Credits Gross of any Related Tax Liabilities and Total Unused Transferable and Non-Transferable State Tax Credits by State and in Total

Description of State Transferable and Non-Transferable Tax Credits	State	Carrying Value	Unused Amount
Investment Tax Credit	RI	\$ -	\$ 1,942,888
Total		\$ -	\$ 1,942,888

- (2) Method of Estimating Utilization of Remaining Transferable and Non-Transferable State Tax Credits

The Company estimated the utilization of the remaining Transferable and Non-transferable State Tax Credits by projecting future premium taking into account policy growth and rate changes, projecting future tax liability based on projected premium, tax rates and tax credits, and comparing projected future tax liability to the availability of remaining Transferable and Non-transferable State Tax Credits.

- (3) Impairment Loss - Not applicable
 (4) State Tax Credits Admitted and Nonadmitted - NONE

F. Subprime Mortgage Related Risk Exposure

- (1) The Company defines its exposure to subprime mortgage related risk by considering securities with a weighted average FICO/Credit score of less than 660 to be subprime. The company monitors the underlying collateral performance of these securities via monthly trustee reports, Bloomberg performance data and Rating Agency performance reports. The company has minimal exposure to subprime securities and has no plans to increase its holding in subprime securities at this time. This exposure will not materially affect the Company's unrealized losses or anticipated cash flows.
- (2) Direct Exposure Through Investments in Subprime Mortgage Loans - Not applicable
- (3) Direct Exposure Through Other Investments

	Actual Cost	Book/Adjusted Carrying Value (Excluding Interest)	Fair Value	Other-Than-Temporary Impairment Losses Recognized
a. Residential mortgage backed securities	\$ 1,524,738	\$ 1,532,400	\$ 3,908,311	\$ -
b. Commercial mortgage backed securities				
c. Collateralized debt obligations				
d. Structured securities				
e. Equity investments in SCAs*				
f. Other assets				
g. Total	\$ 1,524,738	\$ 1,532,400	\$ 3,908,311	\$ -

* These investments comprise - % of the company's invested assets.

- (4) Underwriting Exposure to Subprime Mortgage Risk Through Mortgage Guaranty or Financial Guaranty Insurance Coverage - Not applicable

G. Insurance-Linked Securities (ILS) Contracts - Not applicable

NOTE 22 – EVENTS SUBSEQUENT

Subsequent events have been considered through February 24, 2017 for these statutory financial statements which are to be issued February 24, 2017. There were no events occurring subsequent to the end of the year that merited recognition or disclosure in these statements.

A. - H.

The Company does not write health insurance policies, and therefore is not subject to Section 9010 of the Affordable Care Act.

NOTE 23 – REINSURANCE

- A. Unsecured Reinsurance Recoverables - Not applicable
 B. Reinsurance Recoverable in Dispute - Not applicable
 C. Reinsurance Assumed and Ceded and Protected Cells

NOTES TO FINANCIAL STATEMENTS**NOTE 23 – REINSURANCE (continued from preceding page)**

- (1) The following table summarizes ceded and assumed unearned premiums and the related commission equity at the end of the current year, as applicable:

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$ 146,790,090	\$ 3,005,140	\$ 62,989,000	\$ 12,597,800	\$ 83,801,090	\$ (9,592,660)
b. All Other	320,140,910	52,675,058	420,926,918	65,859,887	(100,786,008)	(13,184,829)
c. Total	\$ 466,931,000	\$ 55,680,198	\$ 483,915,918	\$ 78,457,687	\$ (16,984,918)	\$ (22,777,489)
d. Direct Unearned Premium Reserves			\$ 1,408,709,360			

- (2) Profit Sharing Arrangements - Not applicable

- (3) Protected Cells - Not applicable

D. Uncollectible Reinsurance - Not applicable

E. Commutation of Ceded Reinsurance

The Company has reported in its operations in the current year as a result of commutation of reinsurance with the companies listed below, amounts that are reflected as:

(1) Losses incurred	\$	39,225
(2) Loss adjustment expenses incurred	\$	-
(3) Premiums earned	\$	-
(4) Other	\$	-
(5) Company		Amount
CIE Financiere DE Reassurance	\$	39,225

F. Retroactive Reinsurance - Not applicable

G. Reinsurance Accounted for as a Deposit - Not applicable

H. Disclosures for the Transfer of Property and Casualty 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 REDTERMINATION - NOT APPLICABLE**NOTE 25 – CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES**

As a result of changes in estimates of insured events related to prior years, the provision for losses and loss adjustment expenses decreased by \$195,335,000. The decrease in the prior years was primarily due to the reduction of incurred-but-not-reported (IBNR) reserves based on actual experience and decreases on a small number of individual losses.

No additional premiums or return of premiums have been accrued as a result of prior year effects.

NOTE 26 – INTERCOMPANY POOLING ARRANGEMENTS

Factory Mutual Insurance Company (lead insurer), NAIC #21482, Affiliated FM Insurance Company, NAIC #10014, and Appalachian Insurance Company, NAIC #10316, are members of the FM Global Group and have entered into a Tripartite Quota Share Pooling Agreement (the agreement). The agreement became effective January 1, 1982. The current pooling percentages, amended as of January 1, 2005, are 86% Factory Mutual Insurance Company, 12% Affiliated FM Insurance Company, and 2% Appalachian Insurance Company. The percentages represent the policyholder's surplus of each company compared to the combined policyholder's surplus for the three companies.

All business written by each of the pool participants is subject to pooling. Also, reinsurance may be ceded on a facultative and/or treaty basis by any pool participant prior to pooling. There are no discrepancies between the assumed and ceded reinsurance schedules of the pool participants. Each pool participant establishes its respective provision for reinsurance Schedule F - Part 8 and the write-off of uncollectible reinsurance for its own facultative and treaty cessions. Uncollectible reinsurance has been furnished to insurance departments of those states where the company is licensed.

The parties agreed to pool net premiums earned, net losses and loss adjustment expenses incurred, and other underwriting expenses incurred. Each company agreed to cede and/or assume from the others that amount of net premium earned, reported in the NAIC Annual Statement, Page 4, Line 1, less that amount of dividends to policyholders reported on Page 4, Line 17, net losses and loss adjustment expenses incurred included in the NAIC Annual Statement, Page 4 Lines 2 and 3 and other underwriting expenses incurred reported in the NAIC Annual Statement, Page 4, Line 4, required to bring its share to the agreed upon percentage of the total. Also, premiums and losses that are assumed and ceded pursuant to stop loss reinsurance treaties between Factory Mutual Insurance Company (Asia Pacific branches) and Affiliated FM Insurance Company, and pursuant to an intercompany reinsurance agreement between the Canadian branches of Factory Mutual Insurance Company and Affiliated FM Insurance Company, are excluded from the intercompany pooling agreement

NOTES TO FINANCIAL STATEMENTS**NOTE 26 – INTERCOMPANY POOLING ARRANGEMENTS (continued from preceding page)**

The pooling activity is recorded and settled as current accident and occurrence year transactions for Schedule P reporting purposes. The pooling results are considered as written and earned in the current accident year. The pooling results of losses and loss adjustment expenses paid and incurred are reflected in the current occurrence year.

The amount due to / from the lead entity and the pool participants as of December 31, 2016 are as follows:

Name of Insurer	Amounts Receivable	Amounts Payable
Factory Mutual Insurance Company (lead insurer)	\$89,671,355	\$113,818,073
Affiliated FM Insurance Company	\$97,246,235	\$72,271,993
Appalachian Insurance Company	\$16,571,838	\$17,399,362

The Combined Annual Statement eliminates the results of all intercompany activity.

NOTE 27 – STRUCTURED SETTLEMENTS - NOT APPLICABLE**NOTE 28 – HEALTH CARE RECEIVABLES - NOT APPLICABLE****NOTE 29 – PARTICIPATING POLICIES - NOT APPLICABLE****NOTE 30 – PREMIUM DEFICIENCY RESERVES**

The Company evaluated whether a premium deficiency reserve is required as of December 31, 2016 and determined that a premium deficiency reserve is not applicable.

The Company does not anticipate investment income when evaluating the need for a premium deficiency reserve.

- Liability carried for premium deficiency reserve: NONE
- Date of most recent evaluation of this liability: February 6, 2017
- Was anticipated investment income utilized in the calculation? Yes [] No [X]

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****A. Five-Year Rollforward of Asbestos Reserves, Direct, Assumed and Net**

The Company has potential exposure involving asbestos, environmental impairment liability, and other types of tort-related claims, which applies only to the casualty and assumed reinsurance business now in runoff. Management has indicated that liabilities are recognized for known claims (including the cost of related litigation) when sufficient information has been developed to indicate the involvement of a specific insurance policy, and the Company's liabilities can be reasonably estimated. Additional reserves for such claims are established to cover further exposures on both known and unasserted claims based on facts currently known and the present state of the law and coverage litigation. The reserves for these types of claims are included in the foregoing loss and loss adjustment expense reserves and are subject to considerable uncertainty, due to the potential severity of the claims and the uncertain legal climate.

(1) Direct - Asbestos

	2012	2013	2014	2015	2016
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 356,209,000	\$ 337,759,000	\$ 325,456,000	\$ 294,599,000	\$ 327,477,000
b. Incurred losses and loss adjustment expense	2,482,000	2,900,000	(10,612,000)	47,806,000	(4,769,000)
c. Calendar year payments for losses and loss adjustment expenses	20,932,000	15,203,000	20,245,000	14,928,000	19,861,000
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 337,759,000	\$ 325,456,000	\$ 294,599,000	\$ 327,477,000	\$ 302,847,000

NOTES TO FINANCIAL STATEMENTS**NOTE 33 – ASBESTOS/ENVIRONMENTAL RESERVES (continued from preceding page)**

(2) Assumed Reinsurance - Asbestos

	2012	2013	2014	2015	2016
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 449,977,000	\$ 403,204,000	\$ 485,401,000	\$ 470,835,000	\$ 507,928,000
b. Incurred losses and loss adjustment expense	(8,819,000)	107,647,000	25,895,000	71,380,000	9,003,000
c. Calendar year payments for losses and loss adjustment expenses	37,954,000	25,450,000	40,461,000	34,287,000	33,746,000
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 403,204,000	\$ 485,401,000	\$ 470,835,000	\$ 507,928,000	\$ 483,185,000

(3) Net of Ceded Reinsurance - Asbestos

	2012	2013	2014	2015	2016
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 378,906,000	\$ 346,570,000	\$ 458,239,000	\$ 434,431,000	\$ 454,195,000
b. Incurred losses and loss adjustment expense	(1,834,000)	129,000,000	5,464,000	41,771,000	6,401,000
c. Calendar year payments for losses and loss adjustment expenses	30,502,000	17,331,000	29,272,000	22,007,000	24,644,000
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 346,570,000	\$ 458,239,000	\$ 434,431,000	\$ 454,195,000	\$ 435,952,000

B. State the amount of the ending reserves for Asbestos Bulk and IBNR included in A (Loss and LAE)

(1) Direct basis	\$ 263,370,000
(2) Assumed reinsurance basis	328,894,000
(3) Net of ceded reinsurance basis	\$ 321,223,000

C. State the amount of the ending reserves for Asbestos loss adjustment expenses included in A (Case, Bulk and IBNR)

(1) Direct basis	\$ 10,703,730
(2) Assumed reinsurance basis	55,686,848
(3) Net of ceded reinsurance basis	\$ 55,654,079

D. Five-Year Rollforward of Environmental Reserves, Direct, Assumed and Net

The Company has potential exposure involving asbestos, environmental impairment liability, and other types of tort-related claims, which applies only to the casualty and assumed reinsurance business now in runoff. Management has indicated that liabilities are recognized for known claims (including the cost of related litigation) when sufficient information has been developed to indicate the involvement of a specific insurance policy, and the Company's liabilities can be reasonably estimated. Additional reserves for such claims are established to cover further exposures on both known and unasserted claims based on facts currently known and the present state of the law and coverage litigation. The reserves for these types of claims are included in the foregoing loss and loss adjustment expense reserves and are subject to considerable uncertainty, due to the potential severity of the claims and the uncertain legal climate.

(1) Direct - Environmental

	2012	2013	2014	2015	2016
a. Beginning reserves	\$ 18,112,000	\$ 17,174,000	\$ 16,501,000	\$ 14,932,000	\$ 16,596,000
b. Incurred losses and loss adjustment expense	126,000	100,000	(540,000)	2,423,000	(187,000)
c. Calendar year payments for losses and loss adjustment expenses	1,064,000	773,000	1,029,000	759,000	1,010,000
d. Ending reserves	\$ 17,174,000	\$ 16,501,000	\$ 14,932,000	\$ 16,596,000	\$ 15,399,000

(2) Assumed Reinsurance - Environmental

	2012	2013	2014	2015	2016
a. Beginning reserves	\$ 70,643,000	\$ 61,126,000	\$ 72,348,000	\$ 76,213,000	\$ 86,914,000
b. Incurred losses and loss adjustment expense	(4,619,000)	13,185,000	5,979,000	12,509,000	962,000
c. Calendar year payments for losses and loss adjustment expenses	4,898,000	1,963,000	2,114,000	1,808,000	3,902,000
d. Ending reserves	\$ 61,126,000	\$ 72,348,000	\$ 76,213,000	\$ 86,914,000	\$ 83,974,000

(3) Net of Ceded Reinsurance - Environmental

	2012	2013	2014	2015	2016
a. Beginning reserves	\$ 58,537,000	\$ 49,543,000	\$ 61,054,000	\$ 62,778,000	\$ 71,983,000
b. Incurred losses and loss adjustment expense	(4,505,000)	13,000,000	3,874,000	10,627,000	(4,729,000)
c. Calendar year payments for losses and loss adjustment expenses	4,489,000	1,489,000	2,150,000	1,422,000	3,011,000
d. Ending reserves	\$ 49,543,000	\$ 61,054,000	\$ 62,778,000	\$ 71,983,000	\$ 64,243,000

NOTES TO FINANCIAL STATEMENTS**NOTE 33 – ASBESTOS/ENVIRONMENTAL RESERVES (continued from preceding page)**

E. State the amount of the ending reserves for Environmental Bulk and IBNR included in D (Loss and LAE)

(1)	Direct basis	\$	13,392,000
(2)	Assumed reinsurance basis		65,049,000
(3)	Net of ceded reinsurance basis	\$	47,489,000

F. State the amount of the ending reserves for Environmental loss adjustment expenses included in D (Case, Bulk and IBNR)

(1)	Direct basis	\$	544,175
(2)	Assumed reinsurance basis		6,830,428
(3)	Net of ceded reinsurance basis	\$	8,127,225

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 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No
If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A
- 1.3 State regulating? Rhode Island
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2012
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2012
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 01/10/2014
- 3.4 By what department or departments?
Rhode Island Division of Insurance
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes No N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 4.12 renewals? Yes No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes No
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 5.2 If yes, provide the name of 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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes No
- 6.2 If yes, give full information:

- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes No

- 7.2 If yes,
- 7.21 State the percentage of foreign control _____ %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

- 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 locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Ernst & Young, LLP 200 Clarendon Street, Boston, MA 02116

- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes No

10.2 If the response to 10.1 is yes, provide information related to this exemption:

- 10.3 Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes No

10.4 If the response to 10.3 is yes, provide information related to this exemption:

- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes No N/A

10.6 If the response to 10.5 is no or n/a, please explain:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Kathleen Odomirok, FCAS, MAAA - Executive Director, Ernst & Young LLP 200 Clarendon Street, Boston, MA 02116
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes No
- 12.11 Name of real estate holding company FMRE Holdings LLC
- 12.12 Number of parcels involved 35
- 12.13 Total book/adjusted carrying value \$ 1,058,205,255
- 12.2 If yes, provide explanation
FMRE Holdings LLC is a wholly owned subsidiary owning subsidiaries that own commercial office buildings that are leased.
13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes No
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes No
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes No N/A
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes No
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes No
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
The Code of Ethics was amended to refer to the whistleblowing process referenced in the Code of Conduct.
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes No
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes No
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

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

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes No
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$ 0
- 20.12 To stockholders not officers \$ 0
- 20.13 Trustees, supreme or grand (Fraternal only) \$ 0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$ 0
- 20.22 To stockholders not officers \$ 0
- 20.23 Trustees, supreme or grand (Fraternal only) \$ 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting in the statement? Yes No
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$ _____
- 21.22 Borrowed from others \$ _____
- 21.23 Leased from others \$ _____
- 21.24 Other \$ _____
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes No
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$ _____
- 22.22 Amount paid as expenses \$ _____
- 22.23 Other amounts paid \$ _____
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

INVESTMENT

24.01 Were all of stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [] No [X]

24.02 If no, give full and complete information, relating thereto:
JP Morgan Worldwide Securities Services and RBC (Toronto) hold custody of the securities.

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).
The market value and collateral value of securities loaned as of year end 2016 is \$49,488,167 and \$50,562,126 respectively. The amount of cash collateral carried on the balance sheet is \$48,419,145. See Note 17 for a description of the securities lending program

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

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 50,562,126

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

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

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

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

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

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 48,419,145

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$ 48,419,145

24.103 Total payable for securities lending reported on the liability page: \$ 48,419,145

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.) Yes [X] No []

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

25.21 Subject to repurchase agreements \$ 0

25.22 Subject to reverse repurchase agreements \$ 0

25.23 Subject to dollar repurchase agreements \$ 0

25.24 Subject to reverse dollar repurchase agreements \$ 0

25.25 Placed under option agreements \$ 0

25.26 Letter stock or securities restricted as sale – excluding FHLB Capital Stock \$ 0

25.27 FHLB Capital Stock \$ 0

25.28 On deposit with states \$ 5,877,367

25.29 On deposit with other regulatory bodies \$ 0

25.30 Pledged as collateral – excluding collateral pledged to an FHLB \$ 0

25.31 Pledged as collateral to FHLB – including assets backing funding agreements \$ 0

25.32 Other \$ 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		\$

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

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

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

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

28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [X] No []

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Worldwide Securities Services	383 Madison Avenue New York, NY
RBC Investor Services	200 Bay Street, Toronto, Ontario Canada

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

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

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

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

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

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES**

- 28.05 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
Alliance Bernstein L.P.	U
Standish Mellon Asset Management	U
GCM Grosvenor LLC	U
Morgan Stanley & Co. LLC	U
Goldman Sachs Asset Management, L.P.	U
Blackrock Financial Management Inc	U
BMO Asset Management Inc	U

28.0597 For those firms/individuals listed in the table for Question 28.05, 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]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets?

Yes [] No [X]

- 28.06 For those firms or individuals listed in the table for 28.05 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
108477	Alliance Bernstein L.P.	0JK55UGWSWNF3X7KLQ85	SEC	DS
113972	Standish Mellon Asset Management	ME7YUCK4NF1W8VM8SP25	SEC	DS
169155	GCM Grosvenor LLC	549300PT67J6DFJCA91	SEC	DS
8209	Morgan Stanley & Co. LLC	6N8SC06AK49F0N7K1X52	SEC	DS
107738	Goldman Sachs Asset Management, L.P.	CF5M58QA35CFPUX70H17	SEC	DS
107105	Blackrock Financial Management Inc	549300LVXY1VJKE13M84	SEC	DS
	BMO Asset Management Inc	KT1X5Y238S91W0TNKJ87	OSC	NO
104559	Pacific Investment Management Company LLC	549300KGPYQZXGMYYN38	SEC	DS

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [X] No []

- 29.2 If yes, complete the following schedule:

1 CUSIP	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
01882C 10 4	ALLIANCE BERNSTEIN US STRATEGIC VALUE	97,257,640
464286 10 3	ISHARES AUSTRALIA ETF	34,896,750
464286 80 6	ISHARES GERMANY ETF	38,396,000
464287 23 4	ISHARES MSCI EMERGING MKT INDEX ETF	18,905,400
464287 50 7	ISHARES CORE S&P MIDCAP ETF	74,403,000
464287 80 4	ISHARES CORE S&P SMALLCAP ETF	13,752,000
464288 63 8	ISHARES INTERMEDIATE CREDIT	43,276
78464A 69 8	SPDR REGIONAL BANKING ETF	20,560,900
78464A 73 0	SPDR S&P O&G EXP&PRD	12,426,000
78464A 74 8	SPDR OIL & GAS EQUIP & SERV	6,705,000
78464A 78 9	SPDR S&P INSURANCE ETF	8,295,000
78464A 87 0	SPDR S&P BIOTECH ETF	16,277,250
922042 71 8	VANGUARD INTL EQUITY ETF	11,283,600
922042 77 5	VANGUARD INTL EQUITY INDEX	128,122,000
922042 85 8	VANGUARD MSCI EMERGING MARKET ETF	8,229,400
922042 86 6	VANGUARD PACIFIC ETF	33,709,600
922042 87 4	VANGUARD EUROPEAN ETF	47,940,000
92204A 87 6	VANGUARD UTILITIES ETF	63,071,694
92647K 30 9	VICTORY MUNDER INTL SMALL CAP FUND	174,482,787
L5458T 11 7	INVESCO US SENIOR LOAN - GX COMMON STK	93,069,753
29.2999 TOTAL		901,827,050

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES**

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

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
ALLIANCE BERNSTEIN US STRATEGIC VALUE EX	Bank of America	4,794,802	12/31/2016
ALLIANCE BERNSTEIN US STRATEGIC VALUE EX	Oracle Corp	4,541,932	12/31/2016
ALLIANCE BERNSTEIN US STRATEGIC VALUE EX	Synchrony Financial	4,162,627	12/31/2016
ALLIANCE BERNSTEIN US STRATEGIC VALUE EX	American International Group	4,123,724	12/31/2016
ALLIANCE BERNSTEIN US STRATEGIC VALUE EX	Delta Air Lines Inc	4,094,547	12/31/2016
ISHARES AUSTRALIA ETF	Commonwealth Bank of Australia	3,928,676	12/31/2016
ISHARES AUSTRALIA ETF	Westpac Banking Corp	3,041,601	12/31/2016
ISHARES AUSTRALIA ETF	Australia & new Zealand	2,503,842	12/31/2016
ISHARES AUSTRALIA ETF	National Australia Bank	2,271,778	12/31/2016
ISHARES AUSTRALIA ETF	BHP Billiton Ltd	2,253,283	12/31/2016
ISHARES GERMANY ETF	Siemens AG	3,099,709	12/31/2016
ISHARES GERMANY ETF	Bayer AG	2,955,724	12/31/2016
ISHARES GERMANY ETF	SAP SE	2,837,464	12/31/2016
ISHARES GERMANY ETF	BASF SE	2,567,541	12/31/2016
ISHARES GERMANY ETF	Allianz SE	2,567,541	12/31/2016
ISHARES MSCI EMERGING MKT INDEX ETF	Samsung Electronic Corp	696,097	12/31/2016
ISHARES MSCI EMERGING MKT INDEX ETF	Taiwan Semiconductor	663,769	12/31/2016
ISHARES MSCI EMERGING MKT INDEX ETF	Tencent Holdings Ltd	663,390	12/31/2016
ISHARES MSCI EMERGING MKT INDEX ETF	Alibaba Group Holding	496,078	12/31/2016
ISHARES MSCI EMERGING MKT INDEX ETF	China Mobile Ltd	312,506	12/31/2016
ISHARES CORE S&P MIDCAP ETF	WhiteWave Foods Co	434,514	12/31/2016
ISHARES CORE S&P MIDCAP ETF	Duke Realty Corp	434,514	12/31/2016
ISHARES CORE S&P MIDCAP ETF	SVB Financial Group	419,633	12/31/2016
ISHARES CORE S&P MIDCAP ETF	Steel Dynamics Inc	414,425	12/31/2016
ISHARES CORE S&P MIDCAP ETF	Ingredion Inc	411,449	12/31/2016
ISHARES CORE S&P SMALLCAP ETF	Take-Two Interactive	80,862	12/31/2016
ISHARES CORE S&P SMALLCAP ETF	PDC Energy Inc	78,249	12/31/2016
ISHARES CORE S&P SMALLCAP ETF	US Silica Holdings Inc	75,911	12/31/2016
ISHARES CORE S&P SMALLCAP ETF	Texas Capital Bancshares	73,161	12/31/2016
ISHARES CORE S&P SMALLCAP ETF	Wintrust Fiancial Corp	70,960	12/31/2016
ISHARES INTERMEDIATE CREDIT	BlackRock Cash Fun	519	12/31/2016
ISHARES INTERMEDIATE CREDIT	IBRD	256	12/31/2016
ISHARES INTERMEDIATE CREDIT	KFW	177	12/31/2016
ISHARES INTERMEDIATE CREDIT	IADB	166	12/31/2016
ISHARES INTERMEDIATE CREDIT	ABIBB	166	12/31/2016
SPDR REGIONAL BANKING ETF	PNC Financial Services	759,108	12/31/2016
SPDR REGIONAL BANKING ETF	M&T Bank Corp	744,716	12/31/2016
SPDR REGIONAL BANKING ETF	SunTrust Banks Inc	742,660	12/31/2016
SPDR REGIONAL BANKING ETF	Citizens Financial Group	741,632	12/31/2016
SPDR REGIONAL BANKING ETF	Zions Bancorporation	735,669	12/31/2016
SPDR S&P O&G EXP&PRD	Calyton William Energy	290,023	12/31/2016
SPDR S&P O&G EXP&PRD	RSP Permian Inc	255,976	12/31/2016
SPDR S&P O&G EXP&PRD	Whiting Petroleum Corp	252,745	12/31/2016
SPDR S&P O&G EXP&PRD	Loredo Petroleum Inc	251,875	12/31/2016
SPDR S&P O&G EXP&PRD	Marathon Petroleum Corp	246,780	12/31/2016
SPDR OIL & GAS EQUIP & SERV	Fairmount Santrol Holding	283,152	12/31/2016
SPDR OIL & GAS EQUIP & SERV	Nabors Industries Ltd	249,694	12/31/2016
SPDR OIL & GAS EQUIP & SERV	Weatherford International	247,079	12/31/2016
SPDR OIL & GAS EQUIP & SERV	EnSCO PLC	242,386	12/31/2016
SPDR OIL & GAS EQUIP & SERV	Haliburton Co	238,564	12/31/2016
SPDR S&P INSURANCE ETF	Assured Guaranty Ltd	195,762	12/31/2016
SPDR S&P INSURANCE ETF	The Progressive Corp	188,214	12/31/2016
SPDR S&P INSURANCE ETF	Loews Corp	186,223	12/31/2016
SPDR S&P INSURANCE ETF	XL Group PLC	185,725	12/31/2016
SPDR S&P INSURANCE ETF	Renainssance RE Holdings	185,725	12/31/2016
SPDR S&P BIOTECH ETF	Clovis Oncology Inc	445,183	12/31/2016
SPDR S&P BIOTECH ETF	ACADIA Pharmaceutical	430,045	12/31/2016
SPDR S&P BIOTECH ETF	Kite Pharma Inc	39,747	12/31/2016

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES**

SPDR S&P BIOTECH ETF	United Therapeutics Corp	393,584	12/31/2016
SPDR S&P BIOTECH ETF	TESARO Inc	389,515	12/31/2016
VANGUARD INTL EQUITY ETF	CMT Market Liquidity	976,257	12/31/2016
VANGUARD INTL EQUITY ETF	Teck Resources Ltd	60,367	12/31/2016
VANGUARD INTL EQUITY ETF	First Quantum Mineral	39,380	12/31/2016
VANGUARD INTL EQUITY ETF	Open Text Corp	38,703	12/31/2016
VANGUARD INTL EQUITY ETF	Dollarama Inc	38,590	12/31/2016
VANGUARD INTL EQUITY INDE	CMT Market Liquidity	2,010,234	12/31/2016
VANGUARD INTL EQUITY INDE	Nestle SA	1,511,840	12/31/2016
VANGUARD INTL EQUITY INDE	Novartis AG	1,186,410	12/31/2016
VANGUARD INTL EQUITY INDE	Toyota Motor Corp	1,182,566	12/31/2016
VANGUARD INTL EQUITY INDE	Roche Holding AG	1,150,536	12/31/2016
VANGUARD MSCI EMERGING MARKET ETF	Tencent Holdings Ltd	272,064	12/31/2016
VANGUARD MSCI EMERGING MARKET ETF	Taiwan Semiconductor	181,211	12/31/2016
VANGUARD MSCI EMERGING MARKET ETF	CMT Maket Liquidity	171,830	12/31/2016
VANGUARD MSCI EMERGING MARKET ETF	China Construction	138,007	12/31/2016
VANGUARD MSCI EMERGING MARKET ETF	Naspers Ltd	127,391	12/31/2016
VANGUARD PACIFIC ETF	Toyota Motor Corp	897,350	12/31/2016
VANGUARD PACIFIC ETF	Samsung Electronic Corp	834,313	12/31/2016
VANGUARD PACIFIC ETF	CMT Market Liquidity	756,443	12/31/2016
VANGUARD PACIFIC ETF	Commonwealth Bank of Australia	544,410	12/31/2016
VANGUARD PACIFIC ETF	Mitsubishi UFJ Financial	452,046	12/31/2016
VANGUARD EUROPEAN ETF	Nestle SA	1,202,335	12/31/2016
VANGUARD EUROPEAN ETF	Novartis AG	943,459	12/31/2016
VANGUARD EUROPEAN ETF	Roche Holding AG	934,830	12/31/2016
VANGUARD EUROPEAN ETF	HSBC Holdings PLC	909,422	12/31/2016
VANGUARD EUROPEAN ETF	Royal Dutvh Shell PLC	637,602	12/31/2016
VANGUARD UTILITIES ETF	NextEra Energy Inc	4,564,498	12/31/2016
VANGUARD UTILITIES ETF	Duke Energy Copr	4,396,097	12/31/2016
VANGUARD UTILITIES ETF	Dominion Resources	3,981,085	12/31/2016
VANGUARD UTILITIES ETF	Southern Co	3,963,425	12/31/2016
VANGUARD UTILITIES ETF	Xel Energy Inc	3,427,316	12/31/2016
VICTORY MUNDER INT'L SMALL CAP FUND	Teleperformance	2,329,345	12/31/2016
VICTORY MUNDER INT'L SMALL CAP FUND	Brembo SpA	2,015,276	12/31/2016
VICTORY MUNDER INT'L SMALL CAP FUND	Lonza Group AG	2,010,042	12/31/2016
VICTORY MUNDER INT'L SMALL CAP FUND	Sanwa Holdings Corp	1,669,800	12/31/2016
VICTORY MUNDER INT'L SMALL CAP FUND	Georg Fischer AG	1,634,904	12/31/2016
INVESCO US SENIOR LOAN - GX COMMON STK	IHeartCommunications, Inc	1,461,195	12/31/2016
INVESCO US SENIOR LOAN - GX COMMON STK	First Data Corp	1,321,590	12/31/2016
INVESCO US SENIOR LOAN - GX COMMON STK	Transdigm Inc.	1,181,986	12/31/2016
INVESCO US SENIOR LOAN - GX COMMON STK	Calpine Corp	1,163,372	12/31/2016
INVESCO US SENIOR LOAN - GX COMMON STK	Vistra Operations Co LLC	1,126,144	12/31/2016

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

		1	2	3
		Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	4,236,475,501	4,280,994,978	44,519,477
30.2	Preferred Stocks	0	0	0
30.3	Totals	4,236,475,501	4,280,994,978	44,519,477

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

Bonds and preferred stocks are priced by the SVO when available. When SVO pricing is not available, the securities are priced by our external pricing source, [Interactive Data Pricing and Reference Data LLC](#).

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 620,900

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

1 Name	2 Amount Paid
American Insurance Association	\$ 503,040

34.1 Amount of payments for legal expenses, if any? \$ 2,365,532

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

1 Name	2 Amount Paid
	\$

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

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

1 Name	2 Amount Paid
	\$

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

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?			Yes []	No [X]		
1.2	If yes, indicate premium earned on U.S. business only.		\$		0		
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?		\$		0		
1.31	Reason for excluding:						
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.		\$		0		
1.5	Indicate total incurred claims on all Medicare Supplement insurance.		\$		0		
1.6	Individual policies:						
	Most current three years:						
1.61	Total premium earned		\$		0		
1.62	Total incurred claims		\$		0		
1.63	Number of covered lives				0		
	All years prior to most current three years:						
1.64	Total premium earned		\$		0		
1.65	Total incurred claims		\$		0		
1.66	Number of covered lives				0		
1.7	Group policies:						
	Most current three years:						
1.71	Total premium earned		\$		0		
1.72	Total incurred claims		\$		0		
1.73	Number of covered lives				0		
	All years prior to most current three years:						
1.74	Total premium earned		\$		0		
1.75	Total incurred claims		\$		0		
1.76	Number of covered lives				0		
2.	Health Test:						
				1	2		
				Current Year	Prior Year		
2.1	Premium Numerator	\$		0	\$	0	
2.2	Premium Denominator	\$		2,819,104,150	\$	2,784,235,112	
2.3	Premium Ratio (2.1/2.2)						
2.4	Reserve Numerator	\$		0	\$	0	
2.5	Reserve Denominator	\$		3,389,985,415	\$	3,533,970,206	
2.6	Reserve Ratio (2.4/2.5)						
3.1	Does the reporting entity issue both participating and non-participating policies?				Yes []	No [X]	
3.2	If yes, state the amount of calendar year premiums written on:						
3.21	Participating policies		\$			0	
3.22	Non-participating policies		\$			0	
4.	FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:						
4.1	Does the reporting entity issue assessable policies?				Yes []	No [X]	
4.2	Does the reporting entity issue non-assessable policies?				Yes [X]	No []	
4.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders?					%	
4.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.		\$			0	
5.	FOR RECIPROCAL EXCHANGES ONLY:						
5.1	Does the exchange appoint local agents?				Yes []	No []	
5.2	If yes, is the commission paid:						
5.21	Out of Attorney's-in-fact compensation				Yes []	No []	N/A [X]
5.22	As a direct expense of the exchange				Yes []	No []	N/A [X]
5.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?						
5.4	Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?				Yes []	No []	
5.5	If yes, give full information:						
6.1	What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss? <u>The Company does not issue Workers' Compensation contracts.</u>						
6.2	Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: <u>The Company uses the AIR Touchstone 3.1 software to model our catastrophe exposure in hurricane and earthquake prone areas where we have concentrations of business.</u>						
6.3	What provision has this reporting entity made (such as catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss? <u>In addition to controlling the Company's exposure by loss prevention engineering, deductibles, and limits of liability, we purchase risk and catastrophe reinsurance.</u>						
6.4	Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?				Yes []	No [X]	

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss:
There are certain parts of the Company's catastrophe program in the high excess layers for which a reimbursement clause is not applicable. These parts of the program cover events that management considered and evaluated as less likely to occur, and given the Company's strong surplus position and its ability to purchase additional reinsurance if an event occurs, it was determined that a reinstatement clause is not required for those parts of the program.
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 0
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
- (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;
- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, *Property and Casualty Reinsurance*, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
- (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or, Yes [] No [X]
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes [X] No []
- 11.2 If yes, give full information
Factory Mutual Insurance Company, as owner of all the issued and outstanding common stock of FM Insurance Company Limited ("FMI") has previously entered into a Performance Guarantee agreement with FMI. Specifically, Factory Mutual Insurance Company guarantees the full performance of its lawful obligations with respect to contracts of insurance and reinsurance issued by FMI on or after January 1, 2004. See Notes to the Financial Statements # 14 for further detail. Factory Mutual Insurance Company, as owner of all the issued and outstanding common stock of FMIC Holding, Inc., the owner of all of the issued and outstanding common stock of Affiliated FM Insurance Company (AFM), entered into a Performance Guarantee agreement for the benefit of the policyholders of AFM. Specifically, Factory Mutual Insurance Company guarantees the full performance of AFM of its lawful obligations with respect to contracts of insurance and reinsurance issued by AFM on or after January 1, 2014. See Notes to the Financial Statements #14 for further details.
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses \$ 0
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$ 0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? \$ 0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [] N/A [X]

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

12.4	If yes, provide the range of interest rates charged under such notes during the period covered by this statement:					
12.41	From					%
12.42	To					%
12.5	Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?					Yes [] No [X]
12.6	If yes, state the amount thereof at December 31 of current year:					
12.61	Letters of Credit					\$ 0
12.62	Collateral and other funds					\$ 0
13.1	Largest net aggregate amount insured in any one risk (excluding workers' compensation):					\$ 313,750,000
13.2	Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?					Yes [] No [X]
13.3	State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.					4
14.1	Is the reporting entity a cedant in a multiple cedant reinsurance contract?					Yes [X] No []
14.2	If yes, please describe the method of allocating and recording reinsurance among the cedants: <u>The method of allocating and recording reinsurance among the cedants is based on specific contract terms, and proportionately with respect to loss occurrences involving multiple cedants.</u>					
14.3	If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?					Yes [] No [X]
14.4	If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?					Yes [X] No []
14.5	If the answer to 14.4 is no, please explain:					
15.1	Has the reporting entity guaranteed any financed premium accounts?					Yes [] No [X]
15.2	If yes, give full information					
16.1	Does the reporting entity write any warranty business?					Yes [] No [X]
	If yes, disclose the following information for each of the following types of warranty coverage:					
		1	2	3	4	5
		Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	Direct Premium Earned
16.11	Home	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
16.12	Products	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
16.13	Automobile	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
16.14	Other*	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	* Disclose type of coverage:					
17.1	Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5. Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5. Provide the following information for this exemption:					Yes [X] No []
17.11	Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5					\$ 16,830,000
17.12	Unfunded portion of Interrogatory 17.11					\$ 16,830,000
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11					\$ 0
17.14	Case reserves portion of Interrogatory 17.11					\$ 0
17.15	Incurred but not reported portion of Interrogatory 17.11					\$ 16,830,000
17.16	Unearned premium portion of Interrogatory 17.11					\$ 0
17.17	Contingent commission portion of Interrogatory 17.11					\$ 0
	Provide the following information for all other amounts included in Schedule F-Part 3 and excluded from Schedule F-Part 5, not included above.					
17.18	Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5					\$ 0
17.19	Unfunded portion of Interrogatory 17.18					\$ 0
17.20	Paid losses and loss adjustment expenses portion of Interrogatory 17.18					\$ 0
17.21	Case reserves portion of Interrogatory 17.18					\$ 0
17.22	Incurred but not reported portion of Interrogatory 17.18					\$ 0
17.23	Unearned premium portion of Interrogatory 17.18					\$ 0
17.24	Contingent commission portion of Interrogatory 17.18					\$ 0
18.1	Do you act as a custodian for health savings accounts?					Yes [] No [X]
18.2	If yes, please provide the amount of custodial funds held as of the reporting date.					\$ 0
18.3	Do you act as an administrator for health savings accounts?					Yes [] No [X]
18.4	If yes, please provide the balance of the funds administered as of the reporting date.					\$ 0

FIVE-YEAR HISTORICAL DATA

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

	1 2016	2 2015	3 2014	4 2013	5 2012
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....					
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	2,831,744,004	2,824,409,792	3,070,982,857	3,097,178,280	2,996,715,187
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	918,789,317	854,847,276	604,298,111	625,021,876	588,681,729
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	282,961,068	283,483,936	291,938,101	287,474,672	251,165,229
6. Total (Line 35).....	4,033,494,389	3,962,741,004	3,967,219,069	4,009,674,828	3,836,562,145
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....					
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	1,857,014,780	1,878,091,814	2,125,272,932	2,100,831,894	2,182,403,954
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	721,110,924	685,453,655	484,707,776	500,505,204	487,374,593
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	217,086,642	218,547,090	228,518,855	223,201,615	185,539,341
12. Total (Line 35).....	2,795,212,346	2,782,092,559	2,838,499,563	2,824,538,713	2,855,317,888
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	470,921,256	372,777,718	633,290,990	594,066,275	436,875,720
14. Net investment gain (loss) (Line 11).....	378,399,913	385,052,769	367,023,124	365,436,044	320,562,128
15. Total other income (Line 15).....	(13,702,223)	(15,222,480)	(18,704,732)	(2,398,826)	(5,775,246)
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	234,056,971	192,528,895	310,785,002	294,617,242	139,602,810
18. Net income (Line 20).....	601,561,975	550,079,112	670,824,380	662,486,251	612,059,792
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	16,764,262,160	15,682,895,828	15,070,065,036	13,795,712,203	12,239,933,900
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	530,215,499	481,286,202	541,984,725	415,546,721	430,400,201
20.2 Deferred and not yet due (Line 15.2).....					
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	5,244,906,593	5,136,241,827	4,928,219,299	4,642,256,727	4,714,811,834
22. Losses (Page 3, Line 1).....	1,742,695,515	1,930,207,036	1,692,117,034	1,766,167,326	1,891,280,612
23. Loss adjustment expenses (Page 3, Line 3).....	158,637,459	155,342,000	158,858,474	158,359,867	186,832,025
24. Unearned premiums (Page 3, Line 9).....	1,391,724,586	1,415,616,390	1,417,758,943	1,312,020,891	1,261,721,638
25. Capital paid up (Page 3, Lines 30 & 31).....					
26. Surplus as regards policyholders (Page 3, Line 37).....	11,519,355,567	10,546,654,001	10,141,845,737	9,153,455,476	7,525,122,066
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	424,876,007	532,796,242	587,410,630	426,310,102	270,224,940
Risk-Based Capital Analysis					
28. Total adjusted capital.....	11,519,355,567	10,546,654,001	10,141,845,737	9,153,455,476	7,525,122,066
29. Authorized control level risk-based capital.....	1,246,919,588	1,141,331,442	1,117,514,713	1,041,576,678	881,984,126
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	26.6	26.4	25.1	27.3	29.6
31. Stocks (Lines 2.1 & 2.2).....	56.5	55.6	57.5	56.5	52.4
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					0.1
34. Cash, cash equivalents and short-term investments (Line 5).....	4.5	5.3	4.7	4.0	4.5
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....	12.0	12.3	12.4	11.8	12.7
38. Receivables for securities (Line 9).....	0.0	0.0	0.1	0.0	0.2
39. Securities lending reinvested collateral assets (Line 10).....	0.3	0.4	0.2	0.4	0.5
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....	2,885,607,991	2,691,526,706	2,597,913,531	2,309,437,037	1,943,447,602
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....	1,058,205,255	993,433,806	943,670,260	819,309,638	792,433,720
48. Total of above lines 42 to 47.....	3,943,813,246	3,684,960,512	3,541,583,791	3,128,746,675	2,735,881,322
49. Total investment in parent included in Lines 42 to 47 above.....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	34.2	34.9	34.9	25.2	36.4

Annual Statement for the year 2016 of the **FACTORY MUTUAL INSURANCE COMPANY**
FIVE-YEAR HISTORICAL DATA
(Continued)

	1	2	3	4	5
	2016	2015	2014	2013	2012
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	373,743,063	(65,463,722)	378,973,160	932,692,210	508,857,064
52. Dividends to stockholders (Line 35).....					
53. Change in surplus as regards policyholders for the year (Line 38).....	972,701,566	404,808,264	988,390,261	1,628,333,410	1,093,510,542
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	18,759,299	24,125,531	26,005,142	19,099,435	28,402,145
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	1,146,240,352	1,227,888,342	1,185,499,720	1,571,799,881	2,126,000,173
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	331,667,312	254,298,560	263,220,123	297,046,626	275,689,311
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(53,778)	(47,733)	(43,293)	(108,793)	(54,614)
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	463,555,731	145,710,557	220,535,156	166,553,606	428,039,355
59. Total (Line 35).....	1,960,168,916	1,651,975,257	1,695,216,848	2,054,390,755	2,858,076,370
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	5,248,431	6,234,447	6,673,061	4,023,716	9,396,888
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	934,355,452	933,445,884	921,106,657	1,028,676,871	1,432,507,809
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	269,960,196	228,099,399	230,408,075	253,186,348	220,562,833
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(53,778)	(47,733)	(43,293)	(108,793)	(54,614)
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	414,644,846	105,879,531	187,061,761	159,579,811	381,903,108
65. Total (Line 35).....	1,624,155,147	1,273,611,528	1,345,206,261	1,445,357,953	2,044,316,024
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2).....	51.0	54.3	46.5	47.6	56.8
68. Loss expenses incurred (Line 3).....	3.5	3.7	3.6	3.0	3.0
69. Other underwriting expenses incurred (Line 4).....	28.8	28.7	26.7	28.0	24.9
70. Net underwriting gain (loss) (Line 8).....	16.7	13.4	23.2	21.4	15.4
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	29.5	29.2	26.3	27.6	25.0
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	54.5	58.0	50.2	50.6	59.8
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	24.3	26.4	28.0	30.9	37.9
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(195,335)	40,397	(159,404)	166,153	(82,953)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year-end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100).....	(1.9)	0.4	(1.7)	2.2	(1.3)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	38,362	(103,555)	42,105	7,621	(215,317)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior-year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0).....	0.4	(1.1)	0.6	0.1	(3.1)

If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?
If no, please explain:

Yes [] No []

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX	XXX	XXX	54,907	30,968	5,630	2,516	(65)		(104)	26,988	XXX
2. 2007.....	3,147,998	791,285	2,356,713	1,009,055	141,409	1,292	654	54,998	4,304	16,982	918,978	XXX
3. 2008.....	3,043,700	719,342	2,324,358	2,738,253	766,845	26,752	2,285	74,430	9,782	17,879	2,060,522	XXX
4. 2009.....	3,358,963	757,262	2,601,701	797,383	130,649	26,254	143	89,359	2,434	8,721	779,770	XXX
5. 2010.....	3,230,937	829,057	2,401,879	1,499,809	198,045	2,739	3,941	64,642	19,059	13,105	1,346,145	XXX
6. 2011.....	3,374,597	847,435	2,527,162	3,435,444	1,015,485	7,486	501	84,273	8,188	9,606	2,503,029	XXX
7. 2012.....	3,803,061	959,893	2,843,168	2,155,550	517,499	21,574	4,772	75,182	4,896	9,415	1,725,139	XXX
8. 2013.....	3,870,242	1,096,002	2,774,240	1,267,635	172,306	14,334	2,305	76,531	4,183	7,754	1,179,706	XXX
9. 2014.....	3,881,846	1,149,085	2,732,761	1,547,502	216,697	7,556	1,147	80,610	4,354	5,127	1,413,470	XXX
10. 2015.....	3,948,178	1,163,942	2,784,236	1,375,498	334,709	7,882	591	79,244	4,405	2,341	1,122,919	XXX
11. 2016.....	4,013,303	1,194,199	2,819,104	948,636	148,637	5,014	832	65,277	3,632	(389)	865,826	XXX
12. Totals.....	XXX	XXX	XXX	16,829,671	3,673,249	126,514	19,687	744,481	65,237	90,437	13,942,494	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	225,939	80,883	747,635	352,997	19,700	9,447	18,595		45,877			614,419	XXX
2. 2007.....	3,554	691									530	2,863	XXX
3. 2008.....	(18)	305			1						951	(322)	XXX
4. 2009.....	(672)	619	2,998		2						2,719	1,709	XXX
5. 2010.....	(3,372)	516	4,397		9						3,670	518	XXX
6. 2011.....	4,465		14,795		20						5,376	19,280	XXX
7. 2012.....	3,920	67,735	62,706		3,440		15,610		23		7,217	17,964	XXX
8. 2013.....	6,216	1,660	17,303		271				1,208		11,547	23,338	XXX
9. 2014.....	50,006	10,910	29,778		658				2,721		16,131	72,253	XXX
10. 2015.....	240,475	60,686	62,669		2,363				12,723		16,749	257,544	XXX
11. 2016.....	881,260	182,989	148,632		7,741				37,124		16,407	891,768	XXX
12. Totals...	1,411,774	406,995	1,090,914	352,997	34,204	9,447	34,205	0	99,676	0	81,299	1,901,334	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX	XXX	XXX	XXX	XXX	XXX			XXX	539,694	74,725
2. 2007.	1,068,899	147,058	921,841	34.0	18.6	39.1			86.00	2,863	0
3. 2008.	2,839,417	779,217	2,060,200	93.3	108.3	88.6			86.00	(323)	1
4. 2009.	915,324	133,845	781,479	27.3	17.7	30.0			86.00	1,707	2
5. 2010.	1,568,224	221,561	1,346,663	48.5	26.7	56.1			86.00	509	9
6. 2011.	3,546,483	1,024,174	2,522,309	105.1	120.9	99.8			86.00	19,260	20
7. 2012.	2,338,005	594,902	1,743,103	61.5	62.0	61.3			86.00	(1,109)	19,073
8. 2013.	1,383,498	180,454	1,203,044	35.7	16.5	43.4			86.00	21,859	1,479
9. 2014.	1,718,831	233,108	1,485,723	44.3	20.3	54.4			86.00	68,874	3,379
10. 2015.	1,780,855	400,391	1,380,463	45.1	34.4	49.6			86.00	242,458	15,086
11. 2016.	2,093,684	336,090	1,757,594	52.2	28.1	62.3			86.00	846,903	44,864
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	1,742,696	158,638

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	One Year	Two Year
1. Prior.....	989,115	773,569	931,142	923,525	890,804	873,549	1,005,068	981,654	1,039,819	1,033,443	(6,375)	51,790
2. 2007.....	1,046,272	885,678	856,790	857,104	859,509	855,536	867,644	871,894	872,336	871,148	(1,188)	(746)
3. 2008.....	XXX	2,095,256	2,017,961	2,002,859	1,959,567	1,949,603	1,965,413	1,975,103	1,980,919	1,995,553	14,634	20,450
4. 2009.....	XXX	XXX	956,813	714,739	700,137	690,547	682,041	679,110	686,699	694,554	7,855	15,444
5. 2010.....	XXX	XXX	XXX	1,406,985	1,352,657	1,320,660	1,301,569	1,305,138	1,308,961	1,301,080	(7,881)	(4,058)
6. 2011.....	XXX	XXX	XXX	XXX	2,479,920	2,469,746	2,428,480	2,427,646	2,444,981	2,446,224	1,243	18,578
7. 2012.....	XXX	XXX	XXX	XXX	XXX	1,725,297	1,800,876	1,686,498	1,670,435	1,672,794	2,359	(13,704)
8. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	1,177,143	1,141,787	1,120,529	1,129,488	8,959	(12,299)
9. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,443,839	1,428,387	1,406,746	(21,641)	(37,093)
10. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,486,201	1,292,901	(193,300)	XXX
11. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,658,825	XXX	XXX
12. Totals.....											(195,335)	38,362

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
1. Prior.....	000	224,182	266,385	331,268	374,806	405,386	396,573	420,279	437,849	464,901	XXX	XXX
2. 2007.....	273,750	711,315	828,502	850,613	853,318	857,220	872,668	871,628	872,073	868,285	XXX	XXX
3. 2008.....	XXX	809,114	1,655,559	1,806,101	1,882,171	1,920,965	1,913,816	1,981,751	1,980,255	1,995,875	XXX	XXX
4. 2009.....	XXX	XXX	248,998	561,340	654,992	669,541	676,518	678,380	692,656	692,845	XXX	XXX
5. 2010.....	XXX	XXX	XXX	570,851	1,160,032	1,243,217	1,285,493	1,295,729	1,299,229	1,300,562	XXX	XXX
6. 2011.....	XXX	XXX	XXX	XXX	932,506	2,007,368	2,329,682	2,393,496	2,433,480	2,426,944	XXX	XXX
7. 2012.....	XXX	XXX	XXX	XXX	XXX	825,034	1,483,598	1,613,320	1,645,102	1,654,853	XXX	XXX
8. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	445,342	899,390	1,060,981	1,107,358	XXX	XXX
9. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	614,658	1,207,921	1,337,214	XXX	XXX
10. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	432,313	1,048,080	XXX	XXX
11. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	804,181	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1. Prior.....	577,036	355,564	452,237	400,479	347,500	315,556	435,500	387,780	440,344	413,233
2. 2007.....	142,725	27,000	14,463	14,600	10,200	905				
3. 2008.....	XXX	218,816	95,581	69,585	45,397	36,994	4,000			
4. 2009.....	XXX	XXX	188,283	41,256	20,071	15,061	12,500	5,277		2,998
5. 2010.....	XXX	XXX	XXX	177,613	55,746	31,655	23,161	15,410	12,960	4,397
6. 2011.....	XXX	XXX	XXX	XXX	214,129	138,016	36,642	20,449	14,155	14,795
7. 2012.....	XXX	XXX	XXX	XXX	XXX	116,482	80,940	63,888	57,928	78,316
8. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	106,725	55,669	17,921	17,303
9. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	116,703	35,052	29,778
10. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	185,875	62,669
11. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	148,632

FACTORY MUTUAL INSURANCE COMPANY SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	L	31,972,107	30,465,099		359,642	5,765,322	7,553,224		
2. Alaska.....AK	L	12,879,491	11,841,011		1,050,010	3,287,834	2,949,666		
3. Arizona.....AZ	L	33,083,423	33,875,984		27,503,025	34,950,583	30,444,911		
4. Arkansas.....AR	L	20,963,752	20,873,435		17,990,508	19,124,040	9,993,979		
5. California.....CA	L	348,304,353	331,236,578		34,069,248	55,810,445	48,424,426		
6. Colorado.....CO	L	22,085,123	22,221,139		7,741,639	619,437	12,367,970		
7. Connecticut.....CT	L	29,009,640	30,788,530		4,059,298	7,820,285	5,933,180		
8. Delaware.....DE	L	2,517,012	2,209,547		596,694	1,427,018	937,800		
9. District of Columbia.....DC	L	10,456,567	11,200,707		1,766,963	2,212,293	5,081,132		
10. Florida.....FL	L	109,569,154	113,248,795		16,268,649	40,281,897	39,993,413		
11. Georgia.....GA	L	61,498,887	63,343,726		32,700,509	55,412,849	38,565,022		
12. Hawaii.....HI	L	8,006,356	6,744,630		26,105	62,713	98,357		
13. Idaho.....ID	L	8,855,658	8,796,045		4,947,517	6,054,341	1,106,824		
14. Illinois.....IL	L	78,250,107	82,339,059		15,125,031	10,979,554	33,144,709		
15. Indiana.....IN	L	39,233,558	34,044,673		3,775,750	4,871,736	6,798,823		
16. Iowa.....IA	L	27,158,559	27,020,372		3,732,171	5,246,695	4,259,117		
17. Kansas.....KS	L	17,487,015	20,925,911		3,204,059	2,848,802	2,310,894		
18. Kentucky.....KY	L	53,588,471	51,497,289		15,008,073	15,918,970	13,164,409		
19. Louisiana.....LA	L	51,035,988	45,454,604		7,171,220	16,895,427	37,440,528		
20. Maine.....ME	L	8,744,449	9,241,655		787,940	4,467,678	6,012,593		
21. Maryland.....MD	L	27,331,008	27,513,855		22,368,374	42,469,074	33,947,749		
22. Massachusetts.....MA	L	53,333,755	52,592,892		28,208,225	22,547,343	24,243,824		
23. Michigan.....MI	L	42,406,513	43,253,097		5,660,794	1,576,115	16,541,347		
24. Minnesota.....MN	L	39,108,836	36,028,273		7,011,608	(3,487,209)	4,319,839		
25. Mississippi.....MS	L	17,549,632	22,088,823		7,827,310	1,427,047	843,239		
26. Missouri.....MO	L	37,885,920	37,701,767		30,496,772	(15,003,188)	13,373,927		
27. Montana.....MT	L	6,983,961	6,078,078		1,477,455	1,015,988	263,852		
28. Nebraska.....NE	L	13,434,771	12,551,121		6,249,272	8,357,672	9,604,457		
29. Nevada.....NV	L	21,604,604	21,017,716		1,286,025	6,554,244	6,524,960		
30. New Hampshire.....NH	L	8,076,911	7,417,940		1,687,542	5,343,203	6,309,494		
31. New Jersey.....NJ	L	41,175,264	41,212,320		3,821,373	2,072,814	28,925,617		
32. New Mexico.....NM	L	7,295,161	9,174,299		4,836,783	(5,055,029)	6,526,120		
33. New York.....NY	L	90,917,461	91,969,453		54,948,768	67,211,309	229,882,429		
34. North Carolina.....NC	L	64,733,923	67,515,775		12,452,257	43,830,083	33,966,975		
35. North Dakota.....ND	L	17,957,465	17,176,526		9,651,322	37,277,889	33,697,218		
36. Ohio.....OH	L	62,154,747	63,767,652		29,435,784	28,965,789	86,152,669		
37. Oklahoma.....OK	L	23,003,752	21,944,620		55,941,835	152,469,226	101,988,858		
38. Oregon.....OR	L	36,976,689	34,655,206		1,328,273	268,185	248,463		
39. Pennsylvania.....PA	L	100,098,686	101,489,612		69,103,297	15,846,689	58,050,649		
40. Rhode Island.....RI	L	8,399,672	7,963,602		1,448,394	2,160,564	2,561,643		
41. South Carolina.....SC	L	36,596,998	37,016,200		56,423,923	25,284,383	33,005,244		
42. South Dakota.....SD	L	5,364,915	5,427,751		2,135,020	(54,265)			
43. Tennessee.....TN	L	53,802,826	55,506,007		4,504,755	39,209,024	48,004,004		
44. Texas.....TX	L	198,760,679	194,656,477		128,319,442	159,754,664	169,413,185		
45. Utah.....UT	L	16,522,621	16,611,137		533,042	1,360,875	1,129,515		
46. Vermont.....VT	L	5,682,135	5,436,916		1,280,528	369,118	121,238		
47. Virginia.....VA	L	40,934,547	42,236,987		29,923,173	22,501,938	4,936,293		
48. Washington.....WA	L	63,466,648	59,304,308		19,899,026	15,799,356	14,756,052		
49. West Virginia.....WV	L	5,911,467	6,019,379		7,293,619	10,313,899	3,020,280		
50. Wisconsin.....WI	L	39,820,435	40,274,247		13,284,469	17,757,679	11,605,416		
51. Wyoming.....WY	L	9,228,632	8,500,891		537,490	(206,657)	5,651,618		
52. American Samoa.....AS	N	279	230						
53. Guam.....GU	L	321,332	247,046						
54. Puerto Rico.....PR	L	19,625,129	21,261,741		983,209	583,334	1,934,938		
55. US Virgin Islands.....VI	L	98,011	97,372		66,951	57,356			
56. Northern Mariana Islands.....MP	L	25,309	16,654						
57. Canada.....CAN	L	258,531,940	258,219,857		161,983,953	132,692,805	111,376,127		
58. Aggregate Other Alien.....OT	XXX	233,055,637	224,071,396	0	75,182,912	163,419,837	141,144,862	0	0
59. Totals.....(a).55		2,682,877,940	2,655,386,011	0	1,055,477,026	1,298,749,072	1,550,653,077	0	0

DETAILS OF WRITE-INS

58001. AFG AFGHANISTAN	XXX	27,990	21,400						
58002. ALB ALBANIA	XXX	89,580	17,389			(5,787)			
58003. DZA ALGERIA	XXX	149,243	50,469						
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	232,788,824	223,982,138	0	75,182,912	163,425,624	141,144,862	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	233,055,637	224,071,396	0	75,182,912	163,419,837	141,144,862	0	0

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

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer; (E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

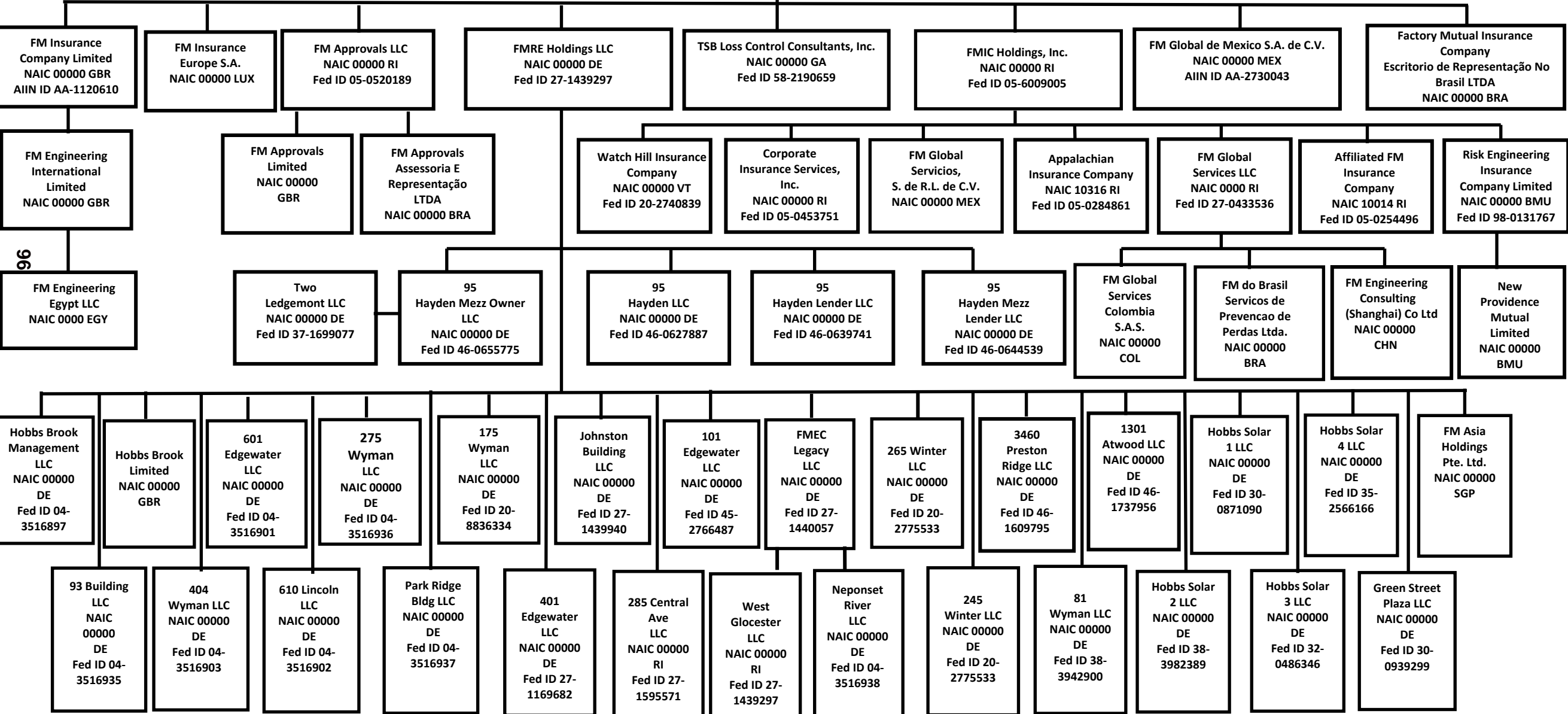
Explanation of Basis of Allocation of Premiums by States, etc.

All Premiums are allocated to the location of the property insured.

Organizational Chart
December 31, 2016

Policyholders

Factory Mutual Insurance Company
NAIC 21482 Fed ID 05-0316605 RI
100% OWNERSHIP of all Subs



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