

QUARTERLY STATEMENT

OF THE

BEACON MUTUAL INSURANCE COMPANY

of WARWICK

in the state of RHODE ISLAND

TO THE

Insurance Department

OF THE

STATE OF

STATE OF RHODE ISLAND

FOR THE QUARTER ENDED

June 30, 2017

PROPERTY AND CASUALTY

2017



24017201720100102

QUARTERLY STATEMENT

AS OF JUNE 30, 2017
OF THE CONDITION AND AFFAIRS OF THE

The Beacon Mutual Insurance Company

NAIC Group Code 3490, NAIC Company Code 24017, Employer's ID Number 05-0458697, Organized under the Laws of Rhode Island, State of Domicile or Port of Entry RI, Country of Domicile US, Incorporated/Organized July 11, 1990, Commenced Business August 12, 1992, Statutory Home Office One Beacon Centre, Warwick, RI US 02886-1378, Main Administrative Office One Beacon Centre, Warwick, RI US 02886-1378, Mail Address One Beacon Centre, Warwick, RI US 02886-1378, Primary Location of Books and Records One Beacon Centre, Warwick, RI US 02886-1378, Internet Website Address www.beaconmutual.com, Statutory Statement Contact Ann Lazzareschi, 401-825-2621, alazzareschi@beaconmutual.com

OFFICERS

Table with 2 columns: Name, Title. 1. James Vincent Rosati, President & CEO; 2. Brian Joseph Spero, EVP, COO, General Counsel, Assistant Secretary; 3. Cynthia Lee Lawlor, Chief Financial Officer

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Pamela Lee Alarie, Vice President; Robert Glenn DeOrsey, Vice President; Rajani Mahadevan, Vice President; Timothy Francis Benson, Vice President; Michael Dennis Lynch, Vice President

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Harry Robert Bacon, Raymond Christopher Coia, James Vincent Rosati, Robert Anthony Walsh Jr.; Myrth York, Linda D'Amario Rossi, Kathleen Coyne-McCoy, Bradford Dean #; Steven Issa #

State of Rhode Island

County of Kent ss

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

Signature and Title lines for James Vincent Rosati (President & CEO), Brian Joseph Spero (EVP, COO, General Counsel, Assistant Secretary), and Cynthia Lee Lawlor (Chief Financial Officer)

Subscribed and sworn to before me this day of , 2017

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

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	327,123,362		327,123,362	318,521,808
2. Stocks:				
2.1 Preferred stocks				861,800
2.2 Common stocks	14,493,844		14,493,844	17,813,966
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	10,980,969		10,980,969	11,173,328
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 442,915), cash equivalents (\$ 0), and short-term investments (\$ 3,082,776)	3,525,692		3,525,692	8,297,726
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets	35,333		35,333	35,455
9. Receivables for securities	9,071		9,071	
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	356,168,271		356,168,271	356,704,083
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	3,035,728		3,035,728	2,953,002
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,983,456	201,664	1,781,792	2,419,278
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 1,634,659 earned but unbilled premiums)	32,662,328	15,232	32,647,096	39,956,634
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	395,384		395,384	777,735
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	1,147,600	1,001,807	145,793	203,291
21. Furniture and equipment, including health care delivery assets (\$ 0)	154,360	154,360		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	27,520		27,520	145,860
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	3,100,774	3,095,176	5,598	1,019,976
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	398,675,421	4,468,239	394,207,182	404,179,859
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	398,675,421	4,468,239	394,207,182	404,179,859

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid Expenses	3,038,759	3,038,759		
2502. Miscellaneous Receivables	62,015	56,417	5,598	12,768
2503. SERP Accounts				1,007,208
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	3,100,774	3,095,176	5,598	1,019,976

NONE

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Statement Date	December 31, Prior Year
1. Losses (current accident year \$ 31,209,091)	138,951,459	129,500,630
2. Reinsurance payable on paid losses and loss adjustment expenses	17,578	11,223
3. Loss adjustment expenses	21,855,585	22,276,641
4. Commissions payable, contingent commissions and other similar charges	5,478,298	6,352,749
5. Other expenses (excluding taxes, licenses and fees)	3,807,761	6,810,970
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	11,685,056	9,069,108
7.1. Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		
7.2. Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ 92,727 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)	58,507,871	65,732,771
10. Advance premium	2,892,370	2,852,533
11. Dividends declared and unpaid:		
11.1. Stockholders		
11.2. Policyholders	987,896	2,079,604
12. Ceded reinsurance premiums payable (net of ceding commissions)	55,868	126,957
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others	4,590	179,334
15. Remittances and items not allocated	55,346	58,099
16. Provision for reinsurance (including \$ 0 certified)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates		
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	584,507	590,964
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	244,884,185	245,641,583
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	244,884,185	245,641,583
29. Aggregate write-ins for special surplus funds		
30. Common capital stock		
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds	20,758,685	20,758,685
33. Surplus notes		
34. Gross paid in and contributed surplus		
35. Unassigned funds (surplus)	128,564,312	137,779,591
36. Less treasury stock, at cost:		
36.1. 0 shares common (value included in Line 30 \$ 0)		
36.2. 0 shares preferred (value included in Line 31 \$ 0)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	149,322,997	158,538,276
38. Totals (Page 2, Line 28, Col. 3)	394,207,182	404,179,859

DETAILS OF WRITE-IN LINES		
2501. Deferred Gain - CH Investments	582,007	582,007
2502. Miscellaneous Liabilities	2,500	8,957
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	584,507	590,964
2901.		
2902.	NONE	
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201. Capital assessment by RI Dept of Labor to provide residual market	20,758,685	20,758,685
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	20,758,685	20,758,685

STATEMENT OF INCOME

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 57,264,588)	63,720,263	66,579,561	133,663,432
1.2 Assumed (written \$ 2,123,258)	2,892,483	3,205,374	6,151,962
1.3 Ceded (written \$ 3,289,304)	3,289,304	3,974,301	7,407,958
1.4 Net (written \$ 56,098,542)	63,323,442	65,810,634	132,407,436
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 0):			
2.1 Direct	44,234,032	34,829,824	70,035,235
2.2 Assumed	3,030,005	3,279,368	5,805,593
2.3 Ceded	(797,307)	(1,693,903)	(7,658,829)
2.4 Net	48,066,730	39,803,095	83,499,657
3. Loss adjustment expenses incurred	12,188,259	11,374,812	22,285,036
4. Other underwriting expenses incurred	18,665,220	20,714,451	40,128,491
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2 through 5)	78,914,823	71,892,358	145,913,184
7. Net income of protected cells			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(15,591,381)	(6,081,724)	(13,505,748)
INVESTMENT INCOME			
9. Net investment income earned	6,237,228	5,920,148	11,885,774
10. Net realized capital gains (losses) less capital gains tax of \$ 0	1,211,841	2,398,714	3,373,937
11. Net investment gain (loss) (Lines 9 + 10)	7,449,069	8,318,862	15,259,711
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 amount charged off \$ 0)	(240,587)	(407,698)	(571,188)
13. Finance and service charges not included in premiums	78,385	80,650	148,315
14. Aggregate write-ins for miscellaneous income	9,213	6,985	33,382
15. Total other income (Lines 12 through 14)	(152,989)	(320,063)	(389,491)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(8,295,301)	1,917,075	1,364,472
17. Dividends to policyholders			1,000,000
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)	(8,295,301)	1,917,075	364,472
19. Federal and foreign income taxes incurred			
20. Net income (Line 18 minus Line 19) (to Line 22)	(8,295,301)	1,917,075	364,472
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	158,538,277	158,216,326	158,216,326
22. Net income (from Line 20)	(8,295,301)	1,917,075	364,472
23. Net transfers (to) from Protected Cell accounts			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 0	(72,971)	330,589	(165,297)
25. Change in net unrealized foreign exchange capital gain (loss)			
26. Change in net deferred income tax			
27. Change in nonadmitted assets	(847,008)	(661,014)	122,776
28. Change in provision for reinsurance			
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			
37. Aggregate write-ins for gains and losses in surplus			
38. Change in surplus as regards policyholders (Lines 22 through 37)	(9,215,280)	1,586,650	321,951
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	149,322,997	159,802,976	158,538,277

DETAILS OF WRITE-IN LINES			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 05 from overflow page			
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)			
1401. Miscellaneous Income (Loss)	7,473	5,165	3,857
1402. Gain (Loss) on Disposal of Assets	2,990		1,920
1403. Retroactive Reinsurance Gain (Loss)		1,820	27,605
1498. Summary of remaining write-ins for Line 14 from overflow page	(1,250)		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	9,213	6,985	33,382
3701.			
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page			
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)			

CASH FLOW

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	64,217,336	65,383,749	130,937,322
2. Net investment income	6,898,130	6,733,526	13,718,532
3. Miscellaneous income	(152,989)	(320,062)	(389,492)
4. Total (Lines 1 to 3)	70,962,477	71,797,213	144,266,362
5. Benefit and loss related payments	38,228,519	37,049,666	71,123,842
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	32,515,350	29,058,340	61,024,940
8. Dividends paid to policyholders	1,091,707	1,080,177	2,322,209
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)			
10. Total (Lines 5 through 9)	71,835,576	67,188,183	134,470,991
11. Net cash from operations (Line 4 minus Line 10)	(873,099)	4,609,030	9,795,371
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	23,781,084	35,299,818	66,040,778
12.2 Stocks	9,572,806	19,484,441	27,995,661
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets			
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments			
12.7 Miscellaneous proceeds		158,196	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	33,353,890	54,942,455	94,036,439
13. Cost of investments acquired (long-term only):			
13.1 Bonds	32,755,345	45,812,220	76,496,485
13.2 Stocks	4,497,345	19,183,798	29,811,239
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			
13.6 Miscellaneous applications	9,071		
13.7 Total investments acquired (Lines 13.1 to 13.6)	37,261,761	64,996,018	106,307,724
14. Net increase (or decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(3,907,871)	(10,053,563)	(12,271,285)
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)	8,936	(785,158)	81,757
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	8,936	(785,158)	81,757
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)	(4,772,034)	(6,229,691)	(2,394,157)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	8,297,726	10,691,883	10,691,883
19.2 End of period (Line 18 plus Line 19.1)	3,525,692	4,462,192	8,297,726

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

20.0001			
20.0002			
20.0003			

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of The Beacon Mutual Insurance Company (the "Company") have been prepared in conformity with insurance accounting practices prescribed or permitted by the Rhode Island Insurance Department. 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 Commissioners' (NAIC) Accounting Practices and Procedures Manual.

SSAP 97 requires investments in subsidiaries to be carried at the entity's underlying audited statutory equity. As the Castle Hill Insurance subsidiary ("Castle Hill") has been inactive since its inception, the State of Rhode Island has granted the subsidiary an exemption from filing audited financial statements. As such, the State of Rhode Island has also granted a permitted practice to allow Castle Hill to be recorded on the Company's balance sheet as an invested asset at its unaudited statutory equity value.

A summary of the impact of the permitted practices on the Company's net income and surplus as a result of recording Castle Hill as an invested asset is estimated to be as follows:

				F/S		F/S	
	SSAP #	Page	Line #	6/30/2017	12/31/2016		
<u>NET INCOME</u>							
Rhode Island Basis	97	4	20	\$ (8,298,301)	\$ 364,472		
State Permitted Practice:							
Value of Castle Hill Subsidiary							
NAIC SAP	97	4	20	\$ (8,298,301)	\$ 364,472		
<u>SURPLUS</u>							
Rhode Island Basis	97	3	37	\$149,322,998	\$158,538,279		
State Permitted Practice:							
Value of Castle Hill Subsidiary				\$ (1,367,621)	\$ (1,350,844)		
NAIC SAP	97	3	37	\$ 147,955,377	\$ 157,187,435		

2. Accounting Changes and Corrections of Errors

Not applicable

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable

5. Investments

(A, B, C, E, F & G) No change.

D. Loan-Backed Securities

1. Prepayment assumptions for single class and multi-class mortgage backed/ asset-backed securities were obtained from an external investment manager.
2. The Company did not recognize any other-than-temporary impairments on loan back or structured securities during the second quarter of 2017.
3. Not applicable.

NOTES TO FINANCIAL STATEMENTS

4. The following summarizes gross unrealized investment losses on loan-backed and structured securities by the length of time that securities have continuously been in an unrealized loss position.

a. The aggregate amount of unrealized losses:	
1. Less than 12 Months	\$ (899,572)
2. 12 Months or Longer	<u>(159,426)</u>
	(1,058,998)

b. The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 Months	\$ 45,569,828
2. 12 Months or Longer	<u>8,987,596</u>
	54,557,424

5. All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether an other-than-temporary impairment should be recognized. For those securities in an unrealized loss position as of June 30, 2017, the Company has not made a decision to sell any such securities. The Company evaluated its cash flow requirements and believes that its liquidity is adequate and it will not be required to sell these securities before recovery of their cost basis. As of June 30, 2017, the Company can attest that it has the intent and believes that it has the ability to hold these securities long enough to allow the cost basis of these securities to be recovered. The conclusions are determined by a detailed analysis of the underlying credit and cash flows on each security. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities held at June 30, 2017 if future events, information, and the passage of time cause it to conclude that declines in value are other than temporary.

6. Joint Ventures, Partnerships and Limited Liability Companies

No significant change.

7. Investment Income

No change.

8. Derivative Instruments

Not applicable.

9. Income Taxes

No change.

10. Information Concerning Parent, Subsidiaries and Affiliates

No significant change.

11. Debt

A. No change.

B. FHLB (Federal Home Loan Bank) Agreements

1. The Company is a member of the Federal Home Loan Bank (FHLB) of Boston. Through its membership, the Company has the ability to conduct business activity (borrowings) with the FHLB. It is part of the Company's strategy to utilize these funds as backup liquidity if necessary.

2. FHLB Capital Stock - Aggregate Totals

The Company holds 2,312 shares of Membership stock – Class B at \$100 par value, totaling \$231,200. None of the stock is eligible for redemption.

3. Collateral Pledged to FHLB

There is no collateral pledged to the FHLB as of June 30, 2017.

NOTES TO FINANCIAL STATEMENTS

4. Borrowing from FHLB

There have no been borrowings from the FHLB as of June 30, 2017.

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

No significant change.

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

No significant change.

14. Contingencies

No significant change.

15. Leases

No significant change.

16. Information About Financial Instruments With Off-Balance Sheet Risk

Not applicable.

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

Not applicable.

18. Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

Not applicable.

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

Not applicable.

20. Fair Value Measurement

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

1) Fair Value Measurements by Levels 1, 2 and 3

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

Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, prepayment speeds, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following table provides information about the Company's financial assets and liabilities measured at fair value:

	June 30, 2017			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets at fair value (in 000's)				
Bonds and debt securities	\$ -	\$ 345	\$ -	\$ 345
Short-term investments	3,083	-	-	3,083
Common stock	12,895	-	-	12,895
Total assets at fair value	<u>\$ 15,978</u>	<u>\$ 345</u>	<u>\$ -</u>	<u>\$ 16,323</u>

NOTES TO FINANCIAL STATEMENTS

The following table provides information about the Company's financial assets and liabilities, including those measured at other than fair value in the Statements of Admitted Assets, Liabilities, and Policyholders' Surplus.

	June 30, 2017			Aggregate	Admitted	Not Practicable
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>	<u>Assets</u>	<u>(Carrying Value)</u>
Assets at fair value (in 000's)						
Bonds and debt securities	\$ 10,112	\$ 327,865	\$ -	\$ 337,977	\$ 326,778	-
Short-term investments	3,083	-	-	3,083	3,083	-
Common stock	12,895	231	-	13,126	13,126	-
Total assets at fair value	<u>\$ 26,090</u>	<u>\$ 328,096</u>	<u>\$ -</u>	<u>\$ 354,186</u>	<u>\$ 342,987</u>	<u>-</u>

The Company had no transfers into or out of Level 3.

2) Rollforward of Level 3 Items

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

3) Policy on Transfers Into and Out of Level 3

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

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

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

The Company's investments in bond and debt securities and preferred stock reported at fair value are classified in Level 2. Fair values of the investments reported in this category are provided by independent pricing services. Where independent pricing services provide fair values, the Company has obtained an understanding of the methods, models and inputs used in pricing and has controls in place to validate that the amounts provided represent current fair values.

Typical inputs to models used by independent pricing services include but are not limited to benchmark yields, reported trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers, reference data, and industry and economic events.

Because some preferred and common stocks do not trade daily, independent pricing services regularly derive fair values using recent trades of securities with similar features. When recent trades are not available, pricing models are used to estimate the fair values of securities by discounting future cash flows at estimated market interest rates.

B. Other Fair Value Disclosures

Not applicable.

C. Reasons Not Practical to Estimate Fair Values

Not applicable.

21. Other Items

No significant changes.

22. Events Subsequent

No change.

NOTES TO FINANCIAL STATEMENTS

23. Reinsurance

A. Reinsurance Assumed and Ceded and Protected Cells

All reinsurance premiums are paid on earned premium; therefore return commission is zero. At June 30, 2017, the unearned premium reserves for direct and assumed premiums were \$54,442,128 and \$2,278,228, respectively. The unearned premium reserve for ceded premiums was \$92,727 at June 30, 2017.

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

No significant change.

25. Changes in Incurred Losses and Loss Adjustment Expenses

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years increased by \$12.8M during 2017. Increases (or decreases) of this nature take place as the result of ongoing claims activity and the review of claim reserves as additional information becomes available.

Two main factors contributed to the IBNR adjustment in the first half of the year. The first relates to the higher than expected loss activity Beacon has been experiencing in the 2013-2015 accident years. Although loss trends take time to develop, management feels there is now sufficient data to increase the ultimate loss ratio selections for these years. Second, management's goal is to maintain a conservative estimate in Beacon's overall loss reserves due to Beacon's role as the carrier of last resort in Rhode Island. Loss reserves in recent years have been subject to the negative effects of the economic downturn, workforce co-morbidity, and uncontrollable cost escalators such as medical fee schedules.

26. Intercompany Pooling Arrangements

Not applicable.

27. Structured Settlements

No change.

28. Health Care Receivables

Not applicable.

29. Participating Policies

Not applicable.

30. Premium Deficiency Reserves

No change.

31. High Deductibles

Not applicable.

32. Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

Not applicable.

33. Asbestos/Environmental Reserves

No change.

34. Subscriber Savings Accounts

Not applicable.

35. Multiple Peril Crop Insurance

Not applicable.

NOTES TO FINANCIAL STATEMENTS

36. Financial Guaranty Insurance

Not applicable.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]

2.2 If yes, date of change: _____

3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []

If yes, complete Schedule Y, Parts 1, and 1A.

3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]

3.3 If the response to 3.2 is yes, provide a brief description of those changes.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]

4.2 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
.....
.....

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [] N/A [X]
 If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. _____ 12/31/2015 _____

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. _____ 12/31/2015 _____

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). _____ 04/05/2017 _____

6.4 By what department or departments?
 Department of Business Regulation, Rhode Island

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] N/A [X]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]

GENERAL INTERROGATORIES

7.2 If yes, give full information

.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

- (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.

Yes [X] No []

9.11 If the response to 9.1 is No, please explain:

.....

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

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

.....

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

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ _____

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

GENERAL INTERROGATORIES

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

.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ _____

13. Amount of real estate and mortgages held in short-term investments: \$ _____

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes No

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$ _____	\$ _____
14.22 Preferred Stock	\$ _____	\$ _____
14.23 Common Stock	\$ <u>1,350,844</u>	\$ <u>1,367,621</u>
14.24 Short-Term Investments	\$ _____	\$ _____
14.25 Mortgage Loans on Real Estate	\$ _____	\$ _____
14.26 All Other	\$ _____	\$ _____
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$ <u>1,350,844</u>	\$ <u>1,367,621</u>
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$ _____	\$ _____

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

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
 If no, attach a description with this statement. Yes No

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

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

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

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

1 Name of Custodian(s)	2 Custodian Address
Bank of America, National Association	135 South LaSalle Street, Chicago, IL 60603
.....

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

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

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

GENERAL INTERROGATORIES

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

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

17.5 Investment management - Identify all investment advisors, investment managers, broker/dealers. Including individuals that have the authority to make investments 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
New England Asset Management	U

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

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

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

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
105900	New England Asset Management	KUR85E5PS4GQFZTFC130	Securities Exchange Commission	No

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

18.2 If no, list exceptions:

.....

GENERAL INTERROGATORIES

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

3.2 If yes, give full and complete information thereto:

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

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Discount Rate	TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 TOTAL	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 TOTAL
.....
.....
.....
TOTAL		

5. Operating Percentages:
 5.1. A&H loss percent _____ %
 5.2. A&H cost containment percent _____ %
 5.3. A&H expense percent excluding cost containment expenses _____ %

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

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

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

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

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

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

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year To Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid		
		2	3	4	5	6	7	
		Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date	Current Year to Date	Prior Year to Date	
1. Alabama	AL	N						
2. Alaska	AK	N						
3. Arizona	AZ	N						
4. Arkansas	AR	N						
5. California	CA	N						
6. Colorado	CO	N						
7. Connecticut	CT	N						
8. Delaware	DE	N						
9. District of Columbia	DC	N						
10. Florida	FL	N						
11. Georgia	GA	N						
12. Hawaii	HI	N						
13. Idaho	ID	N						
14. Illinois	IL	N						
15. Indiana	IN	N						
16. Iowa	IA	N						
17. Kansas	KS	N						
18. Kentucky	KY	N						
19. Louisiana	LA	N						
20. Maine	ME	N						
21. Maryland	MD	N						
22. Massachusetts	MA	L						
23. Michigan	MI	N						
24. Minnesota	MN	N						
25. Mississippi	MS	N						
26. Missouri	MO	N						
27. Montana	MT	N						
28. Nebraska	NE	N						
29. Nevada	NV	N						
30. New Hampshire	NH	N						
31. New Jersey	NJ	N						
32. New Mexico	NM	N						
33. New York	NY	N						
34. North Carolina	NC	N						
35. North Dakota	ND	N						
36. Ohio	OH	N						
37. Oklahoma	OK	N						
38. Oregon	OR	N						
39. Pennsylvania	PA	N						
40. Rhode Island	RI	L	57,264,588	65,118,415	37,135,673	34,807,930	150,135,720	143,350,766
41. South Carolina	SC	N						
42. South Dakota	SD	N						
43. Tennessee	TN	N						
44. Texas	TX	N						
45. Utah	UT	N						
46. Vermont	VT	N						
47. Virginia	VA	N						
48. Washington	WA	N						
49. West Virginia	WV	N						
50. Wisconsin	WI	N						
51. Wyoming	WY	N						
52. American Samoa	AS	N						
53. Guam	GU	N						
54. Puerto Rico	PR	N						
55. U.S. Virgin Islands	VI	N						
56. Northern Mariana Islands	MP	N						
57. Canada	CAN	N						
58. Aggregate Other Alien	OT	X X X						
59. Totals	(a) 2		57,264,588	65,118,415	37,135,673	34,807,930	150,135,720	143,350,766

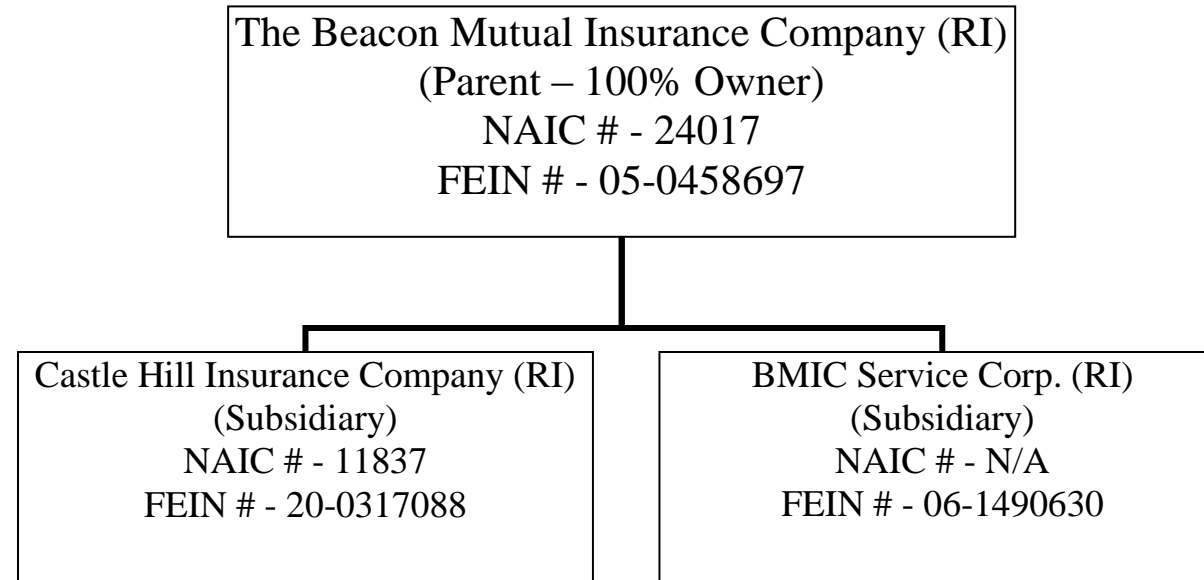
DETAILS OF WRITE-INS							
58001.		X X X					
58002.		X X X					
58003.		X X X					
58998. Summary of remaining write-ins for Line 58 from overflow page		X X X					
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)		X X X					

NONE

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

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

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	Is an SCA Filing Required? (Y/N)	*
3490	Beacon Mutual Insurance Group	24017	05-0458697				Beacon Mutual Insurance Company	RI						N	
3490	Beacon Mutual Insurance Group	11837	20-0317088				Castle Hill Insurance Company	RI	DS	Beacon Mutual Insurance Company	Ownership	100.0	Beacon Mutual Insurance Company	N	
		00000	06-1490630				BMIC Service Corp	RI	DS	Beacon Mutual Insurance Company	Ownership	100.0	Beacon Mutual Insurance Company	Y	

12

Asterik	Explanation
	NONE

PART 1 – LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire				
2. Allied lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability-occurrence				
11.2 Medical professional liability-claims made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation	63,720,262	44,234,032	69.4	52.3
17.1 Other liability-occurrence				
17.2 Other liability-claims made				
17.3 Excess Workers' Compensation				
18.1 Products liability-occurrence				
18.2 Products liability-claims made				
19.1, 19.2 Private passenger auto liability				
19.3, 19.4 Commercial auto liability				
21. Auto physical damage				
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business				
35. TOTALS	63,720,262	44,234,032	69.4	52.3

DETAILS OF WRITE-INS			
3401.	NONE		
3402.			
3403.			
3498. Summary of remaining write-ins for Line 34 from overflow page			
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)			

PART 2 – DIRECT PREMIUMS WRITTEN

Lines of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire			
2. Allied lines			
3. Farmowners multiple peril			
4. Homeowners multiple peril			
5. Commercial multiple peril			
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine			
10. Financial guaranty			
11.1 Medical professional liability-occurrence			
11.2 Medical professional liability-claims made			
12. Earthquake			
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation	23,236,432	57,264,588	65,118,415
17.1 Other liability-occurrence			
17.2 Other liability-claims made			
17.3 Excess Workers' Compensation			
18.1 Products liability-occurrence			
18.2 Products liability-claims made			
19.1, 19.2 Private passenger auto liability			
19.3, 19.4 Commercial auto liability			
21. Auto physical damage			
22. Aircraft (all perils)			
23. Fidelity			
24. Surety			
26. Burglary and theft			
27. Boiler and machinery			
28. Credit			
29. International			
30. Warranty			
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business			
35. TOTALS	23,236,432	57,264,588	65,118,415

DETAILS OF WRITE-INS			
3401.	NONE		
3402.			
3403.			
3498. Summary of remaining write-ins for Line 34 from overflow page			
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34)			

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2017 Loss and LAE Payments on Claims Reported as of Prior Year-End	2017 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2017 Loss and LAE Payments (Cols 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss & LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 - 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 - 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2014 + prior	45,742	13,540	59,282	11,479	3	11,482	39,696	31	14,175	53,902	5,433	669	6,102
2. 2015	16,966	13,410	30,376	9,403	30	9,433	16,564	61	8,578	25,203	9,001	(4,741)	4,260
3. Subtotals 2015 + prior	62,708	26,950	89,658	20,882	33	20,915	56,260	92	22,753	79,105	14,434	(4,072)	10,362
4. 2016	26,310	35,809	62,119	18,134	655	18,789	21,371	724	23,644	45,739	13,195	(10,786)	2,409
5. Subtotals 2016 + prior	89,018	62,759	151,777	39,016	688	39,704	77,631	816	46,397	124,844	27,629	(14,858)	12,771
6. 2017	X X X	X X X	X X X	X X X	11,488	11,488	X X X	13,414	22,550	35,964	X X X	X X X	X X X
7. Totals	89,018	62,759	151,777	39,016	12,176	51,192	77,631	14,230	68,947	160,808	27,629	(14,858)	12,771

8. Prior Year-End Surplus As Regards Policyholders

158,538

Col. 11, Line 7	Col. 12, Line 7	Col. 13, Line 7
As % of Col. 1,	As % of Col. 2,	As % of Col. 3,
<u>Line 7</u>	<u>Line 7</u>	<u>Line 7</u>
1. <u>31.038</u>	2. <u>-23.675</u>	3. <u>8.414</u>
		<u>Col. 13, Line 7</u>
		<u>Line 8</u>
		4. <u>8.055</u>

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

Explanation:

- Question 1: Not applicable
.....
.....
.....
- Question 2: Not applicable
.....
.....
.....
- Question 3: Not applicable
.....
.....
.....
- Question 4: Not applicable
.....
.....
.....

Bar Code:



24017201749000020



24017201745500020



24017201736500020



24017201750500020

OVERFLOW PAGE FOR WRITE-INS

Page 4 - Continuation

STATEMENT OF INCOME

	1	2	3
REMAINING WRITE-INS AGGREGATED AT LINE 14 FOR MISCELLANEOUS INCOME	Current Year	Prior Year	Prior Year Ended December 31
1404. Interest & Penalties	(1,250)		
1497. Totals (Lines 1404 through 1496) (Page 4, Line 1498)	(1,250)		

SCHEDULE A - VERIFICATION

Real Estate

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	11,173,328	11,558,043
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation	192,358	384,715
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)	10,980,970	11,173,328
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)	10,980,970	11,173,328

SCHEDULE B - VERIFICATION

Mortgage Loans

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

NONE

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	35,455	82,849
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)	(122)	(47,394)
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)	35,333	35,455
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	35,333	35,455

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	337,197,574	323,084,781
2. Cost of bonds and stocks acquired	37,252,692	106,307,730
3. Accrual of discount	41,675	91,418
4. Unrealized valuation increase (decrease)	(139,741)	(156,487)
5. Total gain (loss) on disposals	1,211,838	3,361,511
6. Deduct consideration for bonds and stocks disposed of	33,353,887	94,036,437
7. Deduct amortization of premium	592,945	1,413,762
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		41,180
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	341,617,206	337,197,574
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	341,617,206	337,197,574

SCHEDULE D - PART 1B

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

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a)	282,481,557	18,893,831	16,780,085	2,275,914	282,481,557	286,871,217		278,012,415
2. NAIC 2 (a)	43,251,572	1,022,230		(2,540,712)	43,251,572	41,733,090		44,626,710
3. NAIC 3 (a)	1,611,680			(9,848)	1,611,680	1,601,832		1,615,859
4. NAIC 4 (a)								
5. NAIC 5 (a)								
6. NAIC 6 (a)								
7. Total Bonds	327,344,809	19,916,061	16,780,085	(274,646)	327,344,809	330,206,139		324,254,984
PREFERRED STOCK								
8. NAIC 1								
9. NAIC 2								
10. NAIC 3								500,000
11. NAIC 4								361,800
12. NAIC 5								
13. NAIC 6								
14. Total Preferred Stock								861,800
15. Total Bonds & Preferred Stock	327,344,809	19,916,061	16,780,085	(274,646)	327,344,809	330,206,139		325,116,784

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated, short-term and cash-equivalent bonds by NAIC designation:

NAIC 1 \$ 3,082,776; NAIC 2 \$ 0; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0

SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	3,082,776	X X X	3,082,776		

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	5,733,174	11,189,510
2. Cost of short-term investments acquired	16,686,384	45,724,459
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	19,336,782	51,180,795
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	3,082,776	5,733,174
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	3,082,776	5,733,174

- NONE Schedule DB - Part A and B Verification**
- NONE Schedule DB - Part C - Section 1**
- NONE Schedule DB - Part C - Section 2**
- NONE Schedule DB - Verification**
- NONE Schedule E Verification**
- NONE Schedule A - Part 2 and 3**
- NONE Schedule B - Part 2 and 3**
- NONE Schedule BA - Part 2 and 3**

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
64990C-ZX-2	NEW YORK ST DORM AUTH REVENUES		05/17/2017	WELLS FARGO FINANCIAL		1,250,000	1,250,000.00		1FE
73209G-AZ-3	POMONA CA REVENUE		04/21/2017	BC ZIEGLER AND COMPANY		1,500,000	1,500,000.00		1FE
73358W-RQ-9	PORT AUTH OF NEW YORK & NEW JE		06/22/2017	SALOMON SMITH BARNEY		276,695	250,000.00	5,384	1FE
768874-SG-5	RIVERSIDE CA ELEC REVENUE		05/24/2017	FTN FINANCIAL SECURITIES CORP		364,610	250,000.00	3,116	1FE
796166-CG-9	SAN ANGELO TX WTRWKS & SWR SYS		05/18/2017	SALOMON SMITH BARNEY		500,000	500,000.00		1FE
3199999	Subtotal - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations				X X X	3,891,305	3,750,000.00	8,500	X X X
04351L-AB-6	ASCENSION HEALTH		05/23/2017	MORGAN STANLEY & CO		245,588	250,000.00	438	1FE
26443C-AA-1	DUKE UNIVERSITY HEALTH		06/01/2017	JP MORGAN SECURITIES INC.		250,000	250,000.00		1FE
423012-AG-8	HEINEKEN NV	D	05/16/2017	CITIGROUP GLOBAL MARKETS		1,022,230	1,000,000.00	6,042	2FE
48305Q-AD-5	KAISER FOUNDATION HOSPIT		04/25/2017	GOLDMAN SACHS		495,255	500,000.00		1FE
747525-AS-2	QUALCOMM INC		05/19/2017	GOLDMAN SACHS		1,000,000	1,000,000.00		1FE
797440-BV-5	SAN DIEGO G & E		06/05/2017	GOLDMAN SACHS		746,655	750,000.00		1FE
92826C-AE-2	VISA INC		06/20/2017	US BANCORP		814,143	750,000.00	10,519	1FE
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	4,573,871	4,500,000.00	16,999	X X X
8399997	Subtotal - Bonds - Part 3				X X X	8,465,176	8,250,000.00	25,499	X X X
8399998	Summary Item from Part 5 for Bonds				X X X	X X X	X X X	X X X	X X X
8399999	Total - Bonds				X X X	8,465,176	8,250,000.00	25,499	X X X
9999999	Totals				X X X	8,465,176	X X X	25,499	X X X

E04

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

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of
During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident- ification	Description	For e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid- eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amort- ization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Design- ation or Market Indicat (a)
38373A-L2-0	GOVERNMENT NATIONAL MORTGAGE A 09		06/01/2017	PAYDOWN		17,734	17,734.00	18,638	17,848		(115)		(115)		17,734				332	07/20/2038	1FE
38376F-J3-7	GOVERNMENT NATIONAL MORTGAGE A 09		06/01/2017	PAYDOWN		1,435	1,435.00	1,584	1,458		(23)		(23)		1,435				27	08/20/2038	1FE
38378K-RR-2	GOVERNMENT NATIONAL MORTGAGE A 13		06/01/2017	PAYDOWN		46,425	46,425.00	47,727	46,444		(20)		(20)		46,425				538	03/16/2048	1FE
36296H-Q6-9	GOVERNMENT NATL MTG ASSOC #691777		06/01/2017	PAYDOWN		7,783	7,783.00	7,939	7,785		(2)		(2)		7,783				162	07/15/2038	1FE
36296Q-LY-3	GOVERNMENT NATL MTG ASSOC #697943		06/01/2017	PAYDOWN		368	368.00	376	368						368				8	03/15/2039	1FE
36296W-WP-7	GOVERNMENT NATL MTG ASSOC #703654		06/01/2017	PAYDOWN		184	184.00	188	184						184				4	02/15/2039	1FE
3620C6-EG-6	GOVERNMENT NATL MTG ASSOC #749935		06/01/2017	PAYDOWN		2,518	2,518.00	2,627	2,516		1		1		2,518				42	11/15/2040	1FE
36241K-YZ-5	GOVERNMENT NATL MTG ASSOC #782528		06/01/2017	PAYDOWN		10,263	10,263.00	10,468	10,274		(11)		(11)		10,263				214	01/15/2039	1FE
912810-RP-5	UNITED STATES TREASURY BOND		04/04/2017	RBC CAPITAL MARKETS		1,048,027	1,050,000.00	1,046,559	1,046,568		22		22		1,046,590		1,437	1,437	12,269	11/15/2045	1
0599999	Subtotal - Bonds - U.S. Governments				X X X	1,134,737	1,136,710.00	1,136,106	1,133,445		(148)		(148)		1,133,300		1,437	1,437	13,596	X X X	X X X
31396V-4B-1	FANNIE MAE 07 58 FG		06/25/2017	PAYDOWN		2,024	2,024.00	2,024	2,024						2,024				11	06/25/2037	1FE
3136A5-TB-2	FANNIE MAE 12 33 GV		06/01/2017	PAYDOWN		27,503	27,503.00	29,377	27,596		(93)		(93)		27,503				401	07/25/2028	1FE
312943-7E-7	FEDERAL HOME LN MTG CORP #A95393		06/01/2017	PAYDOWN		23,458	23,458.00	23,469	23,458						23,458				417	12/01/2040	1FE
312944-FE-6	FEDERAL HOME LN MTG CORP #A95565		06/01/2017	PAYDOWN		27,246	27,246.00	26,691	27,227		19		19		27,246				457	12/01/2040	1FE
312962-VW-0	FEDERAL HOME LN MTG CORP #B10629		06/01/2017	PAYDOWN		2,846	2,846.00	3,077	2,883		(36)		(36)		2,846				63	11/01/2018	1FE
312962-ZK-2	FEDERAL HOME LN MTG CORP #B10746		06/01/2017	PAYDOWN		1,384	1,384.00	1,496	1,401		(17)		(17)		1,384				30	11/01/2018	1FE
312962-3G-6	FEDERAL HOME LN MTG CORP #B10799		06/01/2017	PAYDOWN		2,620	2,620.00	2,833	2,655		(35)		(35)		2,620				55	12/01/2018	1FE
312963-PY-1	FEDERAL HOME LN MTG CORP #B11339		06/01/2017	PAYDOWN		1,623	1,623.00	1,755	1,650		(27)		(27)		1,623				33	12/01/2018	1FE
31292S-AN-0	FEDERAL HOME LN MTG CORP #C09013		06/01/2017	PAYDOWN		8,808	8,808.00	8,979	8,814		(6)		(6)		8,808				110	09/01/2042	1FE
3128H8-CB-4	FEDERAL HOME LN MTG CORP #E99966		06/01/2017	PAYDOWN		1,441	1,441.00	1,558	1,461		(20)		(20)		1,441				30	10/01/2018	1FE
3128M4-CP-6	FEDERAL HOME LN MTG CORP #G02478		06/01/2017	PAYDOWN		1,342	1,342.00	1,322	1,340		2		2		1,342				28	12/01/2036	1FE
3128MJ-Q7-8	FEDERAL HOME LN MTG CORP #G08477		06/01/2017	PAYDOWN		20,156	20,156.00	21,070	20,206		(49)		(49)		20,156				293	02/01/2042	1FE
3128MJ-Q9-4	FEDERAL HOME LN MTG CORP #G08479		06/01/2017	PAYDOWN		5,801	5,801.00	6,171	5,820		(19)		(19)		5,801				86	03/01/2042	1FE
3128MJ-RV-4	FEDERAL HOME LN MTG CORP #G08499		06/01/2017	PAYDOWN		5,972	5,972.00	6,090	5,977		(5)		(5)		5,972				77	07/01/2042	1FE
3128MJ-R5-1	FEDERAL HOME LN MTG CORP #G08507		06/01/2017	PAYDOWN		3,417	3,417.00	3,584	3,423		(6)		(6)		3,417				43	10/01/2042	1FE
3128MM-K7-7	FEDERAL HOME LN MTG CORP #G18317		06/01/2017	PAYDOWN		5,880	5,880.00	6,130	5,907		(27)		(27)		5,880				111	07/01/2024	1FE
3128PP-YY-3	FEDERAL HOME LN MTG CORP #J10727		06/01/2017	PAYDOWN		1,452	1,452.00	1,552	1,464		(11)		(11)		1,452				25	10/01/2024	1FE
3128PP-4D-2	FEDERAL HOME LN MTG CORP #J10820		06/01/2017	PAYDOWN		5,794	5,794.00	5,951	5,803		(9)		(9)		5,794				122	10/01/2024	1FE
3128PR-FA-2	FEDERAL HOME LN MTG CORP #J11961		06/01/2017	PAYDOWN		15,550	15,550.00	16,181	15,584		(34)		(34)		15,550				310	04/01/2025	1FE
3128PR-M7-1	FEDERAL HOME LN MTG CORP #J12182		06/01/2017	PAYDOWN		28,426	28,426.00	29,441	28,496		(70)		(70)		28,426				565	05/01/2025	1FE
3128PT-7B-5	FEDERAL HOME LN MTG CORP #J14490		06/01/2017	PAYDOWN		19,826	19,826.00	19,860	19,829		(3)		(3)		19,826				281	02/01/2026	1FE
3128PV-BD-1	FEDERAL HOME LN MTG CORP #J15436		06/01/2017	PAYDOWN		8,425	8,425.00	8,785	8,465		(40)		(40)		8,425				134	05/01/2026	1FE
3128PV-5E-6	FEDERAL HOME LN MTG CORP #J16245		06/01/2017	PAYDOWN		20,537	20,537.00	21,583	20,686		(149)		(149)		20,537				134	08/01/2026	1FE
3128Q0-VW-4	FEDERAL HOME LN MTG CORP #J19629		06/01/2017	PAYDOWN		15,226	15,226.00	15,969	15,283		(57)		(57)		15,226				188	07/01/2027	1FE
31306Y-KF-7	FEDERAL HOME LN MTG CORP #J21194		06/01/2017	PAYDOWN		30,190	30,190.00	31,525	30,253		(62)		(62)		30,190				315	11/01/2027	1FE

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

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of
During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid- eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Design- ation or Market Indicat (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
3132GM-KJ-0	FEDERAL HOME LN MTG CORP #Q05997		06/01/2017	PAYDOWN		9,019	9,019.00	9,364	9,022		(3)		(3)		9,019				131	02/01/2042	1FE
3132GT-DJ-3	FEDERAL HOME LN MTG CORP #Q07905		06/01/2017	PAYDOWN		35,907	35,907.00	37,332	36,013		(106)		(106)		35,907				455	05/01/2042	1FE
3132HL-A2-9	FEDERAL HOME LN MTG CORP #Q10025		06/01/2017	PAYDOWN		4,025	4,025.00	4,282	4,035		(9)		(9)		4,025				68	08/01/2042	1FE
3132QU-AK-9	FEDERAL HOME LN MTG CORP #Q37209		06/01/2017	PAYDOWN		77,413	77,413.00	80,098	77,469		(56)		(56)		77,413				1,157	11/01/2045	1FE
31371L-PL-7	FEDERAL NATIONAL MTG ASSOC #255227		06/01/2017	PAYDOWN		11,560	11,560.00	11,925	11,606		(46)		(46)		11,560				217	05/01/2019	1FE
31400S-BR-9	FEDERAL NATIONAL MTG ASSOC #695848		06/01/2017	PAYDOWN		1,175	1,175.00	1,281	1,195		(19)		(19)		1,175				24	05/01/2018	1FE
31400S-CF-4	FEDERAL NATIONAL MTG ASSOC #695870		06/01/2017	PAYDOWN		773	773.00	842	786		(14)		(14)		773				16	04/01/2018	1FE
31401C-LJ-0	FEDERAL NATIONAL MTG ASSOC #704229		06/01/2017	PAYDOWN		1,801	1,801.00	1,963	1,834		(33)		(33)		1,801				37	05/01/2018	1FE
31401X-L4-7	FEDERAL NATIONAL MTG ASSOC #721347		06/01/2017	PAYDOWN		1,349	1,349.00	1,470	1,370		(21)		(21)		1,349				27	06/01/2018	1FE
31405D-KC-0	FEDERAL NATIONAL MTG ASSOC #786091		06/01/2017	PAYDOWN		474	474.00	516	480		(6)		(6)		474				10	07/01/2019	1FE
31407B-WY-1	FEDERAL NATIONAL MTG ASSOC #826063		06/01/2017	PAYDOWN		7,478	7,478.00	7,166	7,465		14		14		7,478				147	07/01/2035	1FE
31410G-ME-0	FEDERAL NATIONAL MTG ASSOC #888757		06/01/2017	PAYDOWN		137	137.00	138	137						137				2	09/01/2037	1FE
31410G-RJ-4	FEDERAL NATIONAL MTG ASSOC #888889		06/01/2017	PAYDOWN		1,807	1,807.00	1,952	1,837		(30)		(30)		1,807				34	12/01/2018	1FE
31410K-3R-3	FEDERAL NATIONAL MTG ASSOC #890108		06/01/2017	PAYDOWN		4,987	4,987.00	5,123	5,003		(16)		(16)		4,987				93	03/01/2018	1FE
31412U-AJ-9	FEDERAL NATIONAL MTG ASSOC #934809		06/01/2017	PAYDOWN		4,234	4,234.00	4,385	4,253		(18)		(18)		4,234				87	03/01/2024	1FE
31412U-L7-3	FEDERAL NATIONAL MTG ASSOC #935150		06/01/2017	PAYDOWN		1,180	1,180.00	1,221	1,183		(2)		(2)		1,180				22	04/01/2024	1FE
31413J-FD-1	FEDERAL NATIONAL MTG ASSOC #946664		06/01/2017	PAYDOWN		1,516	1,516.00	1,523	1,516						1,516				45	09/01/2037	1FE
31417M-KJ-1	FEDERAL NATIONAL MTG ASSOC #AC2996		06/01/2017	PAYDOWN		3,247	3,247.00	3,362	3,259		(11)		(11)		3,247				61	09/01/2024	1FE
3138ED-2V-2	FEDERAL NATIONAL MTG ASSOC #AK8887		06/01/2017	PAYDOWN		1,247	1,247.00	1,331	1,251		(4)		(4)		1,247				18	04/01/2042	1FE
3138EK-H9-9	FEDERAL NATIONAL MTG ASSOC #AL2955		06/01/2017	PAYDOWN		22,711	22,711.00	23,820	22,777		(66)		(66)		22,711				240	01/01/2028	1FE
3138ET-DZ-6	FEDERAL NATIONAL MTG ASSOC #AL8219		06/01/2017	PAYDOWN		82,566	82,566.00	89,011	82,983		(417)		(417)		82,566				1,418	02/01/2046	1FE
3138M6-R2-5	FEDERAL NATIONAL MTG ASSOC #AP3204		06/01/2017	PAYDOWN		16,912	16,912.00	17,557	16,949		(37)		(37)		16,912				196	08/01/2027	1FE
3138W0-RB-7	FEDERAL NATIONAL MTG ASSOC #AR3181		06/01/2017	PAYDOWN		1,071	1,071.00	1,117	1,071						1,071				13	03/01/2043	1FE
3138W0-TZ-2	FEDERAL NATIONAL MTG ASSOC #AR3267		06/01/2017	PAYDOWN		9,426	9,426.00	9,833	9,430		(4)		(4)		9,426				130	02/01/2043	1FE
3138W1-YJ-0	FEDERAL NATIONAL MTG ASSOC #AR4312		06/01/2017	PAYDOWN		31,411	31,411.00	32,751	31,427		(17)		(17)		31,411				461	02/01/2043	1FE
3138W1-3L-9	FEDERAL NATIONAL MTG ASSOC #AR4402		06/01/2017	PAYDOWN		5,689	5,689.00	5,917	5,705		(16)		(16)		5,689				55	02/01/2028	1FE
3138W7-KH-6	FEDERAL NATIONAL MTG ASSOC #AR9295		06/01/2017	PAYDOWN		12,944	12,944.00	13,490	12,968		(24)		(24)		12,944				162	03/01/2043	1FE
3138WE-C5-6	FEDERAL NATIONAL MTG ASSOC #AS4591		06/01/2017	PAYDOWN		57,746	57,746.00	62,478	57,942		(196)		(196)		57,746				908	03/01/2045	1FE
3138WG-6E-9	FEDERAL NATIONAL MTG ASSOC #AS7168		06/01/2017	VARIOUS		215,734	215,734.00	227,431	216,183		(449)		(449)		215,734				3,285	05/01/2046	1FE
31418A-HX-9	FEDERAL NATIONAL MTG ASSOC #MA1145		06/01/2017	PAYDOWN		14,372	14,372.00	15,138	14,433		(61)		(61)		14,372				184	08/01/2028	1FE
31418B-6G-6	FEDERAL NATIONAL MTG ASSOC #MA2670		06/01/2017	PAYDOWN		63,507	63,507.00	65,804	63,598		(92)		(92)		63,507				796	07/01/2046	1FE
31396H-J8-3	FREDDIE MAC 3114 PF		06/15/2017	PAYDOWN		9,671	9,671.00	9,721	9,674		(3)		(3)		9,671				50	02/15/2036	1FE
3137A4-ZH-3	FREDDIE MAC 3794 JH		06/01/2017	PAYDOWN		6,270	6,270.00	6,527	6,324		(55)		(55)		6,270				92	12/15/2023	1FE
3137AJ-RJ-5	FREDDIE MAC 3976 AE		06/01/2017	PAYDOWN		20,716	20,716.00	21,253	20,770		(55)		(55)		20,716				219	08/15/2029	1FE
762315-HS-1	RHODE ISLAND ST STUDENT LOAN A		06/01/2017	SINK FUND PAYMENT		100,000	100,000.00	98,013	99,942		58		58		100,000				2,625	12/01/2018	1FE
3199999	Subtotal - Bonds - U.S. Special Revenue and Special Assessment Non-Guaranteed Obligations				X X X	1,127,022	1,127,022.00	1,171,608	1,129,595		(2,568)		(2,568)		1,127,022				17,984	X X X	X X X

E05.1

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

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

E05.2

1 CUSIP Ident- ification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid- eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Desig- nation or Market Indicat (a)	
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.								
12532L-AA-3	CGGS COMMERCIAL MORTGAGE TR 16 RN		06/01/2017	PAYDOWN		38,051	38,051.00	38,051	38,051						38,051				429	02/10/2033	1FM	
17119Y-AC-1	CHRYSLER CAPITAL AUTO REC V 14 BA A3		06/15/2017	PAYDOWN		111,473	111,473.00	111,452	111,481		(8)		(8)		111,473				584	05/15/2019	1FE	
12613S-AD-4	CNH EQUIPMENT TRUST 13 C A4		06/15/2017	PAYDOWN		773,857	773,857.00	773,824	773,444		413		413		773,857				5,826	08/16/2021	1FE	
254683-BX-2	DISCOVER CARD EXECUTION NOTE T 17-A		05/15/2017	WELLS FARGO FINANCIA		4,040,781	4,000,000.00	3,998,129			115		115		3,998,244		42,537	42,537	31,336	07/15/2024	1FE	
34531P-AC-5	FORD CREDIT AUTO OWNER TRUST 16 A A		06/15/2017	PAYDOWN		145,473	145,473.00	145,473	145,473						145,473				752	12/15/2018	1FE	
41284A-AD-0	HARLEY-DAVIDSON MOTORCYCLE TR 14 1		06/15/2017	PAYDOWN		40,863	40,863.00	40,852	40,852		11		11		40,863				185	09/15/2019	1FE	
69121P-DE-0	OWNIT MORTGAGE LOAN ASSET-BACK 06		06/01/2017	PAYDOWN		12,878	12,878.00	9,463	12,483		395		395		12,878				214	01/25/2037	1FM	
75970N-BD-8	RENAISSANCE HOME EQUITY LOAN 05 3 A		06/01/2017	PAYDOWN		24,657	24,657.00	24,656	24,657						24,657				512	11/25/2035	1FM	
82651Y-AA-3	SIERRA RECEIVABLES FUNDING CO 13 1A		06/20/2017	PAYDOWN		6,700	6,700.00	6,698	6,695		5		5		6,700				44	11/20/2029	1FE	
82652B-AA-2	SIERRA RECEIVABLES FUNDING CO 13 2A		06/20/2017	PAYDOWN		23,797	23,797.00	23,796	23,773		24		24		23,797				223	11/20/2025	1FE	
82652D-AA-8	SIERRA RECEIVABLES FUNDING CO 14 2A		06/20/2017	PAYDOWN		8,041	8,041.00	8,040	8,034		7		7		8,041				68	06/20/2031	1FE	
82652J-AA-5	SIERRA RECEIVABLES FUNDING CO 15 3A		06/20/2017	PAYDOWN		37,719	37,719.00	37,712	37,676		43		43		37,719				406	09/20/2032	1FE	
92903P-AA-7	VORNADO DP LLC 10 VNO A1		06/10/2017	PAYDOWN		39,757	39,757.00	39,757	39,731		26		26		39,757				492	09/13/2028	1FM	
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					X X X	5,304,047	5,263,266.00	5,257,903	1,262,350		1,031		1,031	5,261,510		42,537	42,537	41,071	X X X	X X X	
8199999	Subtotal - Bonds - SVO Identified Funds					X X X														X X X	X X X	
8399997	Subtotal - Bonds - Part 4					X X X	7,565,806	7,526,998	7,565,617	3,525,390		(1,685)		(1,685)	7,521,832		43,974	43,974	72,651	X X X	X X X	
8399998	Summary Item from Part 5 for Bonds					X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
8399999	Total - Bonds					X X X	7,565,806	7,526,998.00	7,565,617	3,525,390		(1,685)		(1,685)	7,521,832		43,974	43,974	72,651	X X X	X X X	
9999999	Totals						7,565,806	X X X	7,565,617	3,525,390		(1,685)		(1,685)	7,521,832		43,974	43,974	72,651	X X X	X X X	

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

- NONE Schedule DB - Part A - Section 1**
- NONE Schedule DB - Part B - Section 1**
- NONE Schedule DB - Part D - Section 1**
- NONE Schedule DB - Part D - Section 2**
- NONE Schedule DL - Part 1**
- NONE Schedule DL - Part 2**

NONE Schedule E - Part 2