STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

(STATUTORY BASIS)

DECEMBER 31, 2022 AND 2021

P&N

Postlethwaite & Netterville

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

(STATUTORY BASIS)

DECEMBER 31, 2022 AND 2021

CONTENTS

Postlethwaite & Netterville

8550 United Plaza Blvd., Ste. 1001 – Baton Rouge, LA 70809
225-922-4600 Phone – 225-922-4611 Fax – pncpa.com

A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Stonetrust Commercial Insurance Company and Subsidiary

Opinions

We have audited the accompanying consolidated statutory-basis financial statements of Stonetrust Commercial Insurance Company and its wholly-owned subsidiary, Stonetrust Premier Casualty Insurance Company (collectively, the Company), which comprise the consolidated statements of admitted assets, liabilities, and capital and surplus - statutory basis as of December 31, 2022 and 2021, the related consolidated statutory-basis statements of operations, changes in capital and surplus and cash flows for the years then ended, and the related notes to the consolidated statutory-basis financial statements.

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the consolidated statutory-basis financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated admitted assets, liabilities and capital and surplus – statutory basis of Stonetrust Commercial Insurance Company and Subsidiary as of December 31, 2022 and 2021, and the results of their consolidated operations and their consolidated cash flows for the years then ended, in accordance with accounting practices prescribed or permitted by the State of Nebraska Department of Insurance described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. General Accepted Accounting Principles paragraph, the consolidated statutory-basis financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the consolidated financial position of Stonetrust Commercial Insurance Company and Subsidiary as of December 31, 2022 and 2021, or the results of their consolidated operations or their consolidated cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Stonetrust Commercial Insurance Company and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinion on the regulatory basis of accounting and our adverse opinion on U.S. Generally Accepted Accounting Principles.

Basis for Adverse Opinion on U.S. General Accepted Accounting Principles

As described in Note 1, the accompanying consolidated statutory-basis financial statements are prepared by the Company in conformity with the accounting practices prescribed or permitted by the State of Nebraska Department of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the consolidated statutory-basis financial statements of the variances between the statutory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, are also described in Note 1.

Responsibility of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the State of Nebraska Department of Insurance, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the consolidated statutory-basis financial statements that are free from material misstatement, whether due to error or fraud.

In preparing the consolidated statutory-basis financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Stonetrust Commercial Insurance Company and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated statutory-basis financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated statutory-basis financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated statutory-basis financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated statutory-basis financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated statutory-basis financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated statutory-basis financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Postlethwaite & Netterville

Baton Rouge, Louisiana
March 17, 2023

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ADMITTED ASSETS, LIABILITIES, CAPITAL AND SURPLUS
(Statutory Basis)
DECEMBER 31, 2022 AND 2021

ADMITTED ASSETS

	2022	2021
Cash and invested assets:		
Investments in bonds	$ 65,468,439	$ 51,421,093
Investments in preferred stocks	-	1,148,400
Investments in common stocks	64,299,088	96,495,101
Cash, cash equivalents and short-term investments	48,165,724	82,666,322
Derivatives	-	4,179,000
Other invested assets	30,000,000	-
Receivable for securities	3,104,795	-
Total cash and invested assets	211,038,046	235,909,916
Investment income due and accrued	561,366	682,160
Premiums due and uncollected	929,236	720,367
Deferred premiums	16,198,376	14,394,119
Federal income tax recoverable	302,771	790,472
Guaranty funds receivable or on deposit	658,987	282,737
Other assets	1,130,184	1,363,904
Total Admitted Assets	$ 230,818,966	$ 254,143,675

The accompanying notes are an integral part of these consolidated financial statements.

LIABILITIES, CAPITAL AND SURPLUS

	2022	2021
Liabilities:		
Unpaid losses and loss adjustment expenses	$ 64,249,933	$ 71,333,818
Commissions payable	1,375,316	1,193,982
Other expenses, excluding taxes, licenses and fees	2,845,177	2,715,344
Taxes, licenses and fees, excluding federal income taxes	3,771,593	3,906,011
Deferred tax liability	2,081,191	7,804,857
Unearned premiums	20,957,604	19,144,998
Advance premiums	1,051,614	847,871
Ceded reinsurance premiums	231,969	40,982
Remittances and items not allocated	88,873	33,383
Payable to parent, subsidiaries and affiliates	271,969	347,265
Derivatives	26,399	4,953,044
Amounts withheld or retained for account of others	10,056	-
Policyholder security deposits	990,297	993,964
Amounts payable under loss portfolio transfer	26,458	25,763
Total liabilities	97,978,449	113,341,282
Capital and surplus:		
Common stock, $0.625 par value with 40,000,000 shares authorized and 4,000,000 issued and outstanding	2,500,000	2,500,000
Paid-in	32,500,000	32,500,000
Surplus note	-	4,000,000
Unassigned surplus	97,840,517	101,802,393
Total capital and surplus	132,840,517	140,802,393
Total Liabilities, Capital and Surplus	$ 230,818,966	$ 254,143,675

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN CAPITAL AND SURPLUS
(Statutory Basis)
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Underwriting income:		
Premiums earned - net	$ 48,074,432	$ 44,777,401
Losses incurred	(6,141,132)	(7,974,687)
Loss adjustment expenses incurred	(4,585,546)	(3,239,747)
Other underwriting expenses incurred	(19,305,960)	(18,973,712)
Net underwriting gain	18,041,794	14,589,255
Investment income:		
Net investment income	2,944,270	8,170,156
Net realized capital gains (losses) (net of capital gains tax $0 and $1,914,666 for 2022 and 2021, respectively)	(1,198,335)	7,202,790
Net investment gain	1,745,935	15,372,946
Other income (expense):		
Bad debt expense, net of recoveries	(184,211)	(191,250)
Miscellaneous income	222,079	209,316
Total other income (expense), net	37,868	18,066
Income before federal income taxes	19,825,597	29,980,267
Federal income tax expense	4,487,701	4,639,946
Net income	$ 15,337,896	$ 25,340,321
Changes in capital and surplus:		
Balance, beginning of year	$ 140,802,393	$ 97,725,894
Net income	15,337,896	25,340,321
Other changes:		
Change in net deferred income tax	374,899	(82,148)
Change in non-admitted assets	446,883	535,334
Repayment of surplus note	(4,000,000)	-
Change in net unrealized capital gains, net of tax	(20,121,554)	17,282,992
Balance, end of year	$ 132,840,517	$ 140,802,393

The accompanying notes are an integral part of these consolidated financial statements.

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Statutory Basis)
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Operating activities:		
Premiums collected, net of reinsurance premiums paid	$ 48,137,918	$ 44,582,621
Net investment income	2,810,079	5,012,668
Miscellaneous income	222,078	209,316
Benefit and loss related payments	(13,402,328)	(13,577,704)
Commissions and other underwriting expenses paid	(23,313,745)	(21,744,544)
Federal income taxes paid	(4,000,000)	(7,000,000)
Net cash provided by operating activities	10,454,002	7,482,357
Investing activities:		
Proceeds from sales, maturities, and prepayments of bonds	23,590,288	47,275,659
Proceeds from sales of equity securities	12,397,089	6,471,238
Proceeds received from (purchases of) derivatives, net	2,346,574	1,762,208
Cost of bonds acquired	(41,152,294)	(24,976,472)
Cost of equity securities acquired	(8,225,998)	(18,913,031)
Cost of other invested assets	(30,000,000)	-
Net cash provided by (used in) investing activities	(41,044,341)	11,619,602
Financing activities:		
Surplus note principal payments	(4,000,000)	-
Other cash applied	89,741	-
Net cash used in financing activities	(3,910,259)	-
Change in cash, cash equivalents and short-term investments	(34,500,598)	19,101,959
Cash, cash equivalents and short-term investments, beginning of year	82,666,322	63,564,363
Cash, cash equivalents and short-term investments, end of year	$ 48,165,724	$ 82,666,322

The accompanying notes are an integral part of these consolidated financial statements.

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated statutory-basis financial statements of Stonetrust Commercial Insurance Company and Subsidiary include the accounts of Stonetrust Commercial Insurance Company (Commercial) and its wholly owned subsidiary Stonetrust Premier Casualty Insurance Company (Premier), collectively, referred to hereafter as (Company). Both Commercial and Premier are Nebraska domiciled property and casualty insurance companies.

Commercial provides workers' compensation coverage primarily to employers within the states of Alabama, Arkansas, Georgia, Kansas, Louisiana, Mississippi, Missouri, Nebraska, Oklahoma, Tennessee and Texas and began writing business in Iowa in 2023. Additionally, the Company is licensed to write workers' compensation coverage in a total of 18 states.

During 2018, Commercial formed Premier as a wholly owned subsidiary. During 2019 Premier was capitalized with a $5.5 million capital contribution made by Commercial. Premier holds certificates of authority to write workers' compensation coverage in Arkansas, Louisiana, Mississippi, Missouri, Nebraska, Oklahoma, Tennessee and Texas but did not begin to write policies until January 1, 2022.

On January 1, 2018, all issued and outstanding shares of the Company were purchased by Wintaai Holdings, Ltd., an Ontario, Canada corporation. Effective December 31, 2022, the outstanding shares of the Company owned by Wintaai Holdings, Ltd, were contributed to its wholly owned subsidiary, Wintaai America Inc., a Delaware corporation. At that time, Wintaai America Inc. became the Company's direct parent with a 99.6% ownership stake.

Loss Portfolio Transfer

Under the terms of a Loss Portfolio Transfer (LPT) agreement, the Company acquired the outstanding amounts due under the claim reserves of LACE-SIF for all loss years as valued by LACE-SIF's independent actuary as of December 31, 2000. In addition, the transfer agreement moved all loss-related liabilities (such as the liability for assessments by the Second Injury Fund and the Office of Workers' Compensation) and placed the Company into the place of LACE-SIF to settle all claims and estimated excess policy recoveries. Estimated amounts remaining to be paid under the LPT as of December 31, 2022 and 2021, totaled $26,458 and $25,763, respectively.

Basis of Presentation

The accompanying consolidated statutory-basis financial statements have been prepared on the basis of accounting principles prescribed or permitted by the State of Nebraska Department of Insurance (the Department), which adopted the practices as set forth in the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual (the Manual), subject to any deviations prescribed or permitted by the Department. Pursuant to a letter of approval, the Department granted permission to the Company to file these audited statutory-basis financial statements on a consolidated basis, along with supplemental consolidating schedules. Intercompany accounts and transactions have been eliminated in consolidation.

The statutory accounting principles used to prepare these financial statements differ in some respects from accounting principles generally accepted in the United States of America (US GAAP), the more significant differences being:

(1) Costs associated with acquiring business (policy acquisition costs) are charged to operations as incurred instead of being deferred and amortized over the premium paying period or term of the policies;

(2) Certain assets designated as "non-admitted" assets are excluded from the statement of admitted assets and liabilities and charged to surplus;

(3) Deferred income taxes are computed based on a prescribed formula and limitations instead of expected future taxes and do not include state income taxes. Changes in deferred income taxes are reported as adjustments to surplus;

(4) Insurance operations are reported net of reinsurance transactions and balances. Reserves for losses and loss adjustment expenses ceded to reinsurers have been reported as reductions of the related reserves rather than as assets, as would be required under US GAAP;

(5) Investments in bonds are reported at amortized cost or fair value based on their NAIC rating; for US GAAP, such fixed-maturity investments would be designated at purchase as held-to-maturity, trading, or available-for-sale. Held-to-maturity investments would be reported at amortized cost, and the remaining fixed-maturity investments would be reported at fair value, with unrealized holding gains and losses reported in operations for those designated as trading and as a separate component of stockholder's equity for those designated as available-for-sale;

(6) Investments in common stocks are reported at fair value, as determined by the NAIC's Securities Valuation Office or other independent pricing sources and the related net unrealized gains and losses are reported in unassigned surplus. Under US GAAP, common stocks are reported at fair value with the change in unrealized gains and losses reported directly through earnings;

(7) Under NAIC SAP, an impairment of securities which is deemed to be other-than-temporary is recorded through earnings for the difference between amortized cost and fair value. Under US GAAP impairments on securities due to credit losses are recorded as other-than-temporary impairments (OTTI) through earnings when a security is deemed impaired. Other declines in fair value related to factors other than credit are recorded as other comprehensive income, which is a separate component of stockholders' equity.

(8) Guaranty fund assessments recoverable through expected future premium tax credits are reported as admitted assets instead of expensed when an obligation is probable as required by US GAAP;

(9) Surplus notes are reported as surplus instead of reported as a liability as required by US GAAP;

(10) Operating leases are recognized as rent expense when due instead of reported as lease liabilities and right-of-use assets.

(11) Cash, cash equivalents and short-term investments represent cash balances and investments with initial maturities of one year or less. Under US GAAP, the corresponding caption of cash, cash equivalents and short-term investments includes cash balances and investments with remaining maturities of three months or less when purchased;

(12) Comprehensive income (loss) and its components are not presented in the statutory financial statements as is required by US GAAP;

(13) The statutory statements of cash flows do not conform to the presentation required by US GAAP, including the presentation of the changes in cash, cash equivalents and short-term investments instead of cash and cash equivalents.

A comparison of US GAAP and statutory net income and total equity of the Company as of and for the years ended December 31, 2022 and 2021 is as follows:

	US GAAP	Statutory
Net income (loss):		
Year ended December 31, 2022	$ (3,362,650)	$ 15,337,896
Year ended December 31, 2021	$ 42,431,141	$ 25,340,321
Total equity/capital and surplus:		
December 31, 2022	$ 133,664,660	$ 132,840,517
December 31, 2021	$ 140,974,680	$ 140,802,393

Investments

Bonds that are designated as highest quality or high quality (NAIC designations 1 and 2) are generally stated at amortized cost and any premium or discount is amortized or accreted to income using the effective interest method. All other debt securities (NAIC designations 3 through 6) are reported at the lower of amortized cost or fair value.

Common stocks, including exchange-traded funds and mutual funds, are reported at fair value under NAIC guidelines. The change in the fair value along with any adjustment for income taxes is recorded as a change in net unrealized capital gains and losses, a component of unassigned surplus. Preferred stocks are stated at cost, at the lower of cost or amortized cost, or at fair values under NAIC guidelines, depending on the assigned NAIC rating and the underlying characteristics of the security.

Short-term investments include all investments whose maturities, at the time of acquisition, are one year or less and are stated at amortized cost, which approximates fair value.

Investment income consists primarily of interest and dividend income. Interest income is recognized on the accrual basis and dividends are recorded as earned at the ex-dividend date. Accrual of income is suspended for bonds that are in default or when the receipt of interest payments is in doubt. Realized capital gains and losses are determined under the specific identification basis and are recorded in earnings.

Management evaluates securities for other-than temporary impairment on at least a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to 1) the length and the extent to which the estimated fair value has been less than amortized cost, 2) the financial condition and near-term prospects of the issuer, and 3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery of the estimated fair value.

Premiums

Premiums are recognized as earned over the premium paying period of the related workers' compensation policies. Unearned premiums are established to cover the unexpired portion of premiums written. Premiums are billed and collected according to policy terms predominantly in the form of installments during the policy period. Workers' compensation premiums are determined based upon the payroll of the insured, the applicable premium rates and, where applicable, an experience-based modification factor, debits, credits, and discounts applied by the Company's underwriters based upon individual risk characteristics. Audits of policyholders' records are conducted after policy expiration to make a final determination of applicable premiums. Included in deferred premiums receivable was $1,748,879 and $1,473,391 at December 31, 2022 and 2021, respectively, for estimated additional amounts of premiums to be billed to the Company's policyholders.

Premiums collected in advance of the next succeeding policy year are deferred from premium recognition and are recorded as a liability on the Company's statement of admitted assets, liabilities, capital, and surplus under the caption "advance premiums".

Premium receivables consist of amounts due in the normal course of collection from policyholders located within the states the company serves. Receivables for premiums are not secured, other than by security deposits received by the Company. The Company treats all premium receivables that are more than ninety (90) days past due as a non-admitted asset and charges this amount directly against surplus. The portion of premium that is unbilled and will be earned in the future are reported as deferred premiums.

The Company routinely assesses the collectability of its receivables. At December 31, 2022 and 2021, the Company recorded an allowance for doubtful accounts of $333,883 and $363,718, respectively. The potential for additional loss is not believed to be material to the Company's consolidated financial position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles prescribed or permitted by the State of Nebraska Department of Insurance requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

The most significant estimates susceptible to change are those used in determining the reserves for losses and loss adjustment expenses. Although considerable variability is inherent in these estimates, management believes that the reserves are adequate. The estimates are continually reviewed and adjusted as necessary. Such adjustments are reflected in current operations.

Losses and Loss Adjustment Expenses Incurred and Payable

Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported (IBNR). 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 liabilities are continually reviewed, and any adjustments are reflected in the period determined. The Company does not discount its liabilities for unpaid losses and loss adjustment expenses.

Electronic Data Processing Equipment and Software

Electronic data processing equipment and software is stated at cost less accumulated depreciation adjusted for non-admitted limitations. Major additions and betterments are charged to the property accounts, while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. When property is retired or otherwise disposed of, the cost of the property is removed from the asset account, accumulated depreciation is charged with an amount equivalent to the depreciation provided, and the difference, after taking into account salvage, if any, is charged or credited to income.

Depreciation is computed using the straight-line method over the appropriate recovery periods (three to five years for software and three years for hardware).

Furniture and Fixtures and Leasehold Improvements

Furniture, fixtures and leasehold improvements are stated at cost less accumulated depreciation adjusted for non-admitted limitations. Depreciation is computed using the straight-line method over seven years for furniture and fixtures and five years for leasehold improvements which is the original life of the related lease.

Income Taxes

The Company files a federal income tax return which includes Commercial and its' wholly owned subsidiary, Premier. Current federal income tax expense (benefit) is computed on a separate return basis and provides that members shall make payments or receive reimbursements to the extent their income (loss) contributes to or reduces consolidated federal income tax expense.

Deferred taxes are recognized to the extent there are differences between the statutory and tax bases of assets and liabilities. Deferred taxes are also recognized for carry-forward items including net operating loss carryovers, capital loss carryovers, charitable contribution carryovers and certain other credits. NAIC SAP requires that temporary differences and carry-forward items be identified and measured. Deductible temporary differences and carry-forward amounts that generate tax benefits when they reverse or are utilized are tax affected in determining the deferred tax asset (DTA). Taxable temporary differences include items that will generate tax expense when they reverse and are tax affected in determining the deferred tax liability (DTL).

In the determination of the amount of the DTA that can be recognized and admitted, the amount of the income tax benefit from current year losses and credits that can be carried back to prior years is first determined. NAIC SAP then requires that DTAs be limited to an amount that is expected to be realized in the future based on a qualitative analysis of the Company's temporary differences, past financial history and future earnings projections. The amount of the admitted DTA is further limited to the amount of deductible temporary differences and carry-forward amounts that are expected to be realized within three years from the reporting date. The admitted DTA is also offset by the amount of the DTL. The resulting net DTA or DTL is then reflected on the statement of admitted assets, liabilities and capital and surplus.

The Company follows the provisions of Statement on Statutory Accounting Principles (SSAP) No. 101, *"Income Taxes—A Replacement of SSAP No. 10R and SSAP No. 10"* that reduces the recognition threshold used in determining a tax contingency related to uncertain tax positions from "probable" to "more likely than not." The amount of the contingency reserve shall be management's best estimate of the amount of the original tax benefit that could be reversed upon audit, unless the best estimate is greater than 50% of the original tax benefit, in which case the reserve shall equal the entire tax benefit. Additionally, the standard revised the criteria and limitations under which the Company recognizes and admits net deferred tax assets for temporary differences which arise between statutory accounting principles and income tax law.

A loss contingency for an uncertain tax position is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. The Company has not recognized any uncertain tax positions for federal income tax purposes.

Postemployment Benefits and Compensated Absences

The Company does not offer postemployment benefits other than the payment of earned and unused accrued paid

time off upon employment termination. At December 31, 2022 and 2021, the Company has an accrued liability recorded for unpaid compensated absences of $150,091 and $148,461, respectively.

Derivative Instruments

The Company accounts for its derivatives in accordance with SSAP No. 86 *"Derivatives"*. Instruments that meet the criteria to be considered an effective hedge are valued and reported in a manner consistent with the hedged asset or liability. Those derivatives which do not meet the requirements for hedge accounting are carried at estimated fair value.

Concentration of Credit Risk

The Company provides workers' compensation insurance primarily to employers and individuals within the states it serves. The Company extends credit to policyholders using practices common to the insurance industry.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits, investment securities, reinsurance recoverables and receivables, and balances due from agents and insureds. The Company invests in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investment securities will change in the near term and those changes could be significant. Management continually evaluates its investment portfolio to manage concentrations in individual securities, issuers of securities, and types of securities, industries, and geographic regions. The Company generally limits its exposure to credit risk from balances on deposit in financial institutions in excess of the federally insured limits. Management believes the credit risk associated with these deposits is minimal.

Cash, Cash Equivalents and Short-Term Investments

For purposes of the statutory-basis statements of cash flows, the Company considers cash balances and short-term investments with original maturities of less than one year to be cash equivalents.

Reinsurance

The Company seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with reinsurers. All reinsurance contracts in place transfer underwriting risks to the reinsurers.

2. INVESTMENTS

The amortized cost, gross unrealized gains, gross unrealized losses, and estimated fair value of investment securities as of December 31, 2022 and 2021, were as follows:

	December 31, 2022				
	Admitted Assets	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. Government Corporations and Agencies	$ 34,391,757	$ 34,391,759	$ 55,841	$ (183,885)	$ 34,263,715
State and political subdivisions	920,169	920,170	-	(26,871)	893,299
Industrial and miscellaneous	30,156,513	31,243,116	367,528	(2,991,460)	28,619,184
Total bonds	65,468,439	66,555,045	423,369	(3,202,216)	63,776,198
Common stocks	64,299,088	42,089,512	26,463,649	(4,254,073)	64,299,088
Collateral loan	30,000,000	30,000,000	-	-	30,000,000
Total	$ 159,767,527	$ 138,644,557	$ 26,887,018	$ (7,456,289)	$ 158,075,286

During 2022, the Company invested in a note receivable in the amount of $30,000,000 from a related party which is secured by the pledge of a surplus note issued by an insurance company (See Note 10). The note bears interest at 9.0% and matures on October 14, 2032. The payment of interest and principal is subject to regulatory approval. The Company reports its note receivable as a collateral loan in other invested assets and is carried at cost.

	December 31, 2021				
	Admitted Assets	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. Government Corporations and Agencies	$ 5,795,961	$ 5,795,961	$ 21,499	$ (21,173)	$ 5,796,287
State and political subdivisions	954,581	954,581	-	(3,979)	950,602
Industrial and miscellaneous	44,670,551	44,722,982	2,192,058	(52,431)	46,862,609
Total bonds	51,421,093	51,473,524	2,213,557	(77,583)	53,609,498
Common stocks	96,495,101	47,408,483	49,608,731	(522,113)	96,495,101
Preferred stocks	1,148,400	1,122,795	25,605	-	1,148,400
Derivatives	4,179,000	1,696,424	2,482,576	-	4,179,000
Total	$ 153,243,594	$ 101,701,226	$ 54,330,469	$ (599,696)	$ 155,431,999

Information pertaining to investment securities with gross unrealized losses at December 31, 2022 and 2021, aggregated by investment category and length of time that individual securities have been in a continuous loss is as follows:

	December 31, 2022			
	Less Than 12 Months		Over 12 Months	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. Government corporations and Agencies	$ (16,764)	$ 1,388,753	$ (167,121)	$ 2,921,061
State and political subdivisions	-	-	(26,871)	893,299
Industrial and miscellaneous	(2,644,884)	20,930,505	(346,576)	1,653,460
Total bonds	(2,661,648)	22,319,258	(540,568)	5,467,820
Common stocks	(1,772,898)	5,704,372	(2,481,175)	1,487,700
Total	$ (4,434,546)	$ 28,023,630	$ (3,021,743)	$ 6,955,520

	December 31, 2021			
	Less Than 12 Months		Over 12 Months	
	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. Government corporations and Agencies	$ (21,173)	$ 3,065,492	$ -	$ -
State and political subdivisions	(1,150)	636,499	(2,829)	314,103
Industrial and miscellaneous	(52,431)	1,947,600	-	-
Total bonds	(74,754)	5,649,591	(2,829)	314,103
Common stocks	(471,332)	3,912,452	(50,781)	1,547,173
Total	$ (546,086)	$ 9,562,043	$ (53,610)	$ 1,861,276

The amortized cost of long and short-term bonds and notes has been increased by net accretion income of $293,277 and $3,446,151 during the years ended December 31, 2022 and 2021, respectively.

The assessment of other-than-temporary impairment is performed periodically. Factors considered in determining whether a loss is temporary include the following:

- The length of time and the extent to which fair value has been below cost;
- The severity of the impairment;
- The cause of the impairment and the financial condition and near-term prospects of the issuer;
- Activity in the market of the issuer which may indicate adverse credit conditions; and
- The Company's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery.

The Company's review for impairment generally entails the following:

- Identification and evaluation of investments that have indications of possible impairment;
- Analysis of individual investments that have fair values less than amortized cost, including consideration of the length of time the investment has been in an unrealized loss position and the expected recovery period;
- Discussion of evidential matter, including an evaluation of factors or triggers that could cause individual investments to qualify as having other-than-temporary impairment and those that would not support other-than-temporary impairment; and
- Documentation of the results of these analyses.

For equity securities, management considers the various factors described above, including its intent and ability to hold the equity security for a period of time sufficient for recovery to amortized cost. Where management lacks the intent or ability, the security's decline in fair value is deemed to be other-than-temporary and is recorded in earnings. No other-than-temporary impairment adjustments in equity securities were recorded during the years ended December 31, 2022, or 2021.

For debt securities that are not deemed to be credit impaired, management performs additional analysis to assess whether it intends to sell or more likely than not would be required to sell the investment before the expected recovery of the amortized cost basis. In most cases, management has asserted that it has no intent to sell and that it believes it is more likely than not that it will not be required to sell the investments before recovery of its amortized cost basis.

For debt securities, a critical component of the evaluation for other-than-temporary impairments is the identification of credit impaired securities where management does not expect to receive cash flows sufficient to recover the entire amortized cost basis of the security. The Company recorded impairment charges related to debt securities of $173,436 and $0 during the years ended December 31, 2022 and 2021, respectively.

The amortized cost and estimated fair values of bonds as of December 31, 2022, by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due in 1 year or less	$ 10,999,496	$ 10,990,522
Due after 1 year through 5 years	35,519,021	34,801,347
Due after 5 years through 10 years	19,684,203	17,493,109
Due after 10 years through 20 years	-	-
Due after 20 years	352,325	491,220
	$ 66,555,045	$ 63,776,198

In accordance with regulatory provisions, the Company has pledged bonds with a statement value of $3,269,365 and $4,701,790 to various regulatory agencies at December 31, 2022 and 2021, respectively.

Components of net investment income were as follows for each of the years ended December 31:

	2022	2021
Interest on bonds	$ 2,243,643	$ 6,250,443
Dividends on equity securities	1,617,739	3,351,582
Interest on short-term investments, cash, and other	578,677	442,669
	4,440,059	10,044,694
Less: investment expenses	(1,344,845)	(1,639,294)
Less: interest on surplus note and interest rate swap	(150,944)	(235,244)
Net investment income	$ 2,944,270	$ 8,170,156

Proceeds received from sales, maturities and prepayments of bonds, common and preferred stocks were $35,987,377 and $53,746,897 for the years ended December 31, 2022 and 2021, respectively. The Company realized capital gains (losses) of $(1,024,899) in 2022 and $8,475,336 in 2021, in relation to these transactions.

The table below presents an analysis of realized gains (losses) recognized during the years ended December 31, 2022 and 2021:

	2022	2021
Realized gains:		
Bonds	$ 791,539	$ 6,148,241
Common stocks	3,968,493	2,879,938
Derivatives	2,920,095	2,417,107
	7,680,127	11,445,286
Realized losses:		
Bonds	(2,291,645)	(50,569)
Preferred stocks	(339,238)	-
Common stocks	(5,157,205)	(502,274)
Derivatives	(1,090,374)	(1,774,987)
	(8,878,462)	(2,327,830)
Net realized capital gains (losses) before income taxes	(1,198,335)	9,117,456
Income tax expense	-	(1,914,666)
Net realized capital gains (losses)	$(1,198,335)	$ 7,202,790

3. FAIR VALUE MEASUREMENTS

Included in the statutory-basis financial statements are certain financial instruments carried at estimated fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or, for certain bonds and preferred stock when carried at the lower of cost or estimated fair value.

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties; that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

Certain of the Company's investment securities are carried at estimated fair value and have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100, *Fair Value Measurements.* The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Classification is based on the lowest level input that is significant to its measurement. The levels of the fair value hierarchy are as follows:

- Level 1 – inputs are based upon adjusted quoted prices for identical instruments traded in active markets.

- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of assets or liabilities.

- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

Financial Assets Measured at Fair Value at the Reporting Date

The following tables provide information as of December 31, 2022 and 2021, about the Company's financial assets and liabilities measured and carried at fair value at the reporting date:

	December 31, 2022				
	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
Assets at Fair Value:					
Bonds	$ -	$ 9,027,040	$ -	$ -	$ 9,027,040
Common stocks	57,718,795	-	2,811,587	3,768,706	64,299,088
	$ 57,718,795	$ 9,027,040	$ 2,811,587	$ 3,768,706	$ 73,326,128
Liabilities at Fair Value:					
Derivatives	$ 26,399	$ -	$ -	$ -	$ 26,399

	December 31, 2021				
	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
Assets at Fair Value:					
Bonds	$ -	$ 1,947,600	$ -	$ -	$ 1,947,600
Preferred stocks	-	1,148,400	-	-	1,148,400
Common stocks	91,261,004	-	1,547,173	3,686,924	96,495,101
Derivatives	4,179,000	-	-	-	4,179,000
	$ 95,440,004	$ 3,096,000	$ 1,547,173	$ 3,686,924	$ 103,770,101
Liabilities at Fair Value:					
Derivatives	$ 4,953,044	$ -	$ -	$ -	$ 4,953,044

With the exception of two investments, ownership in a private foreign mutual fund and ownership in a privately traded common stock, at December 31, 2022 and 2021, all of the Company's investments in common and preferred stocks are exchange-listed and are actively traded. Unadjusted quoted prices for these securities are provided to the Company principally by independent pricing services that meet Level 1 and 2 criteria. The Company's investment in the private foreign mutual fund, which is classified as a common stock, is valued using net asset value of the Fund as there is no readily determinable fair value, there is no actively traded market and purchases and redemptions are made using the net asset value. At December 31, 2022 and 2021, the Company has no unfunded commitments related to this investment and there are no significant restrictions on the Company's ability to redeem its equity interest. The Company's investment in the privately traded common stock is valued by an independent third-party valuation using inputs that meet Level 3 criteria.

Fair Value of Financial Instruments

The following tables present estimate fair values of the Company's financial instruments and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2022 and 2021.

	December 31, 2022					
	Admitted Assets	Aggregate Fair Value	Level 1	Level 2	Level 3	N.A.V. & Not Practical to Estimate
Assets:						
Cash and cash equivalents	$ 47,166,323	$ 47,166,323	$ 47,166,323	$ -	$ -	$ -
Short-term investments	$ 999,401	$ 997,517	$ -	$ 997,517	$ -	$ -
Bonds	$ 65,468,439	$ 63,776,198	$ -	$ 63,776,198	$ -	$ -
Common stocks	$ 64,299,088	$ 64,299,088	$ 57,718,795		$ 2,811,587	$ 3,768,706
Collateral loan	$ 30,000,000	$ 30,000,000	$ -	$ -	$ -	$ 30,000,000
Liabilities:						
Derivatives	$ -	$ (26,399)	$ (26,399)	$ -	$ -	$ -

	December 31, 2021					
	Admitted Assets	Aggregate Fair Value	Level 1	Level 2	Level 3	N.A.V.
Assets:						
Cash and cash equivalents	$ 79,776,289	$ 79,776,289	$ 79,776,289	$ -	$ -	$ -
Short-term investments	$ 2,890,033	$ 2,970,000	$ 2,970,000	$ -	$ -	$ -
Bonds	$ 51,421,093	$ 53,609,498	$ -	$ 53,609,498	$ -	$ -
Preferred stocks	$ 1,148,400	$ 1,148,400	$ -	$ 1,148,400	$ -	$ -
Common stocks	$ 96,495,101	$ 96,495,101	$ 91,261,004	$ -	$ 1,547,173	$ 3,686,924
Derivatives	$ 4,179,000	$ 4,179,000	$ 4,179,000	$ -	$ -	$ -
Liabilities:						
Derivatives	$ -	$ (4,953,044)	$ (4,953,044)	$ -	$ -	$ -

The following methods were used to estimate the fair value of financial instruments:

Cash, Cash Equivalents and Short-Term Investments - the carrying amount approximates fair value.

Bonds - the fair values are obtained from independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows.

Common and Preferred Stocks - the fair values generally represent quoted market prices for the securities with the exception of an investment in a private foreign mutual fund which is valued using net asset value and an investment in a privately traded common stock which is valued using an independent third-party valuation.

Derivative Instruments – The Company's investment in written (liability) and purchased (asset) call options are valued using quoted market prices.

Collateral Loan – The cost basis of the Company's investment in a collateral loan has been used as a proxy for its fair value, due to the recency of the investment and activities of the investee which is not practical to estimate.

4. CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

At December 31, 2022 and 2021, cash, cash equivalents and short-term investments consisted of the following:

	2022	2021
Deposits in financial institutions	$ 47,166,323	$ 79,776,289
Short-term investments	999,401	2,890,033
Total	$ 48,165,724	$ 82,666,322

All demand deposits are insured by the Federal Deposit Insurance Corporation up to $250,000.

5. ELECTRONIC DATA PROCESSING SYSTEMS, FURNITURE AND EQUIPMENT AND OTHER ASSETS

Other assets consisted of the following at December 31:

	2022	2021
Information systems	$ 799,583	$ 6,036,446
Computer hardware	72,089	72,089
Less: accumulated depreciation	(382,549)	(5,468,335)
	489,123	640,200
Less: non-admitted amount	(489,123)	(640,200)
Admitted EDP equipment and software	-	-
Amounts due from the Louisiana Second Injury Fund	1,130,184	1,363,904
Other miscellaneous assets	-	-
Total - Other Assets	$ 1,130,184	$ 1,363,904

Furniture, equipment and leasehold improvements consisted of the following at December 31:

	2022	2021
Office equipment	$ 23,858	$ 77,090
Furniture and fixtures	227,790	227,790
Leasehold improvements	760,436	760,436
Less: accumulated depreciation	(454,658)	(323,262)
Total	557,426	742,054
Less: non-admitted amount	(557,426)	(742,054)
Total	$ -	$ -

Depreciation expense was $335,705 and $509,366 for 2022 and 2021, respectively.

6. LIABILITY FOR UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Unpaid losses and loss adjustment expenses at December 31, 2022 and 2021 consist of the following:

	2022	2021
Unpaid losses	$ 54,327,606	$ 61,822,523
Unpaid loss adjustment expenses	9,922,327	9,511,295
Total	$ 64,249,933	$ 71,333,818

Activity in the liability for unpaid losses and loss adjustment expenses (LAE) is summarized as follows at December 31:

	2022	2021
Reserves for loss and LAE - gross - at January 1	$ 74,875,388	$ 81,201,025
Amounts recoverable from reinsurers on unpaid losses	3,541,570	4,329,171
Reserve for loss and LAE - net at Janaury 1	71,333,818	76,871,854
Net incurred related to:		
Current year	27,768,307	26,886,863
Prior years	(17,041,629)	(15,672,429)
Total incurred	10,726,678	11,214,434
Net paid related to:		
Current year	7,021,413	6,697,409
Prior years	10,789,150	10,055,061
Total paid	17,810,563	16,752,470
Reserves for loss and LAE - net - at December 31	64,249,933	71,333,818
Amounts recoverable from reinsurers on unpaid losses	3,133,057	3,541,570
Reserve for loss and LAE - gross at December 31	$ 67,382,990	$ 74,875,388

The estimated cost of loss and loss adjustment expenses (LAE) attributable to insured events of prior years' decreased by $17,041,629 and $15,672,429 during 2022 and 2021, respectively. Increases or decreases of this nature occur as the result of claim settlements during the current year and as additional information is received regarding individual claims, causing changes from the original estimates of the cost of these claims. Recent loss development trends are also taken into account in evaluating the overall adequacy of unpaid losses and LAE.

The Company has purchased annuities from life insurers under which claimants are payees under structured settlement agreements. These annuities have been used to reduce unpaid losses by approximately $4,910,000 and $5,030,000 at December 31, 2022 and 2021, respectively. The Company estimates that it is contingently liable for approximately $3,600,000 should the issuers of these annuities fail to perform under the terms of the annuities.

7. REINSURANCE ACTIVITY

In the normal course of business, the Company cedes insurance business to unrelated third parties in order to limit its maximum loss, to provide greater diversification of risk and to minimize exposures on larger risks. A summary of the Company's reinsurance programs for the last ten years is as follows:

Period Covered	Company Retention	Annual Aggregate Deductible	Excess Per Loss Occurrence Coverage
1/01/13 - 12/31/13	$750,000	-	$29,250,000 xs. $750,000
1/01/14 - 12/31/14	$750,000	-	$39,250,000 xs. $750,000
1/01/15 - 12/31/15	$750,000	$500,000	$39,250,000 xs. $750,000
1/01/16 - 12/31/16	$2,000,000	-	$38,000,000 xs. $2,000,000
1/01/17 - 12/31/17	$2,000,000	-	$38,000,000 xs. $2,000,000
1/01/18 - 12/31/18	$750,000	$500,000	$39,250,000 xs. $750,000
1/01/19 - 12/31/19	$750,000	$750,000	$39,250,000 xs. $750,000
1/01/20 - 12/31/20	$750,000	$1,000,000	$39,250,000 xs. $750,000
1/01/21 - 12/31/21	$750,000	$1,000,000	$39,250,000 xs. $750,000
1/01/22 - 12/31/22	$750,000	$1,000,000	$39,250,000 xs. $750,000

The reinsurance contracts do not relieve the Company from its obligations to policyholders. The Company remains liable to the extent a reinsurer is unable to meet its obligations. The Company evaluates the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvencies. Amounts recoverable from reinsurers are based upon assumptions consistent with those used in establishing the liabilities related to the underlying reinsured policies and are continuously reviewed. At December 31, 2022 and 2021, the Company has $3,133,057 and $3,541,570, respectively, of reinsurance recoverables based on its actuarially determined ultimate loss and loss adjustment expenses payable. At December 31, 2022 and 2021, the Company had no amounts due from reinsurers for claims actually paid.

The effects of reinsurance on premiums written and earned for 2022 and 2021 are as follows:

	2022		2021	
	Written	Earned	Written	Earned
Direct	$ 51,744,062	$ 49,946,728	$ 46,739,143	$ 46,515,445
Assumed - assigned risk pools	797,646	782,374	693,882	691,458
Ceded	(2,654,670)	(2,654,670)	(2,429,502)	(2,429,502)
Net	$ 49,887,038	$ 48,074,432	$ 45,003,523	$ 44,777,401

At December 31, 2022 and 2021, the Company has no unsecured aggregate reinsurance recoverables for unpaid losses and loss adjustment expenses from authorized reinsurers that exceed 3% of policyholders' surplus.

8. COMMITMENTS AND CONTINGENCIES

Losses and loss adjustment expenses payable consist of case-based estimates of the likely loss exposure to the Company from all known and open claims, including incurred but not reported (IBNR) attributable to open years. Such estimates are made by the Company and an actuarial study prepared for the Company by its internal actuary. These estimates are continually revised as additional information becomes available.

Management believes the provision for losses and loss adjustment expenses payable at December 31, 2022 is adequate to cover the ultimate liabilities. However, it is more than reasonably possible that a change in these estimates will occur in the near term and that the amount ultimately paid may prove to be more or less than the current estimates of liability and that difference may be significant.

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

The Company is subject to guaranty fund and other assessments in the states in which it writes business. In the case of premium based assessments, accrual of the assessment is made at the time the related premiums are written. In the case of loss-based assessments, accrual of the assessment is made at the time the related loss is incurred. During the years 2022 and 2021, the Louisiana Guaranty Fund imposed assessments of 1% of the Company's prior years' written premium. The Company has paid $415,442 in relation to these two assessments and expects assessments to continue into the foreseeable future. Accordingly, the Company has accrued $229,029 at December 31, 2022. Additionally, the Company has an asset of $658,987 recorded for guaranty fund assessments paid and accrued in 2022 and past years which are available as premium tax offsets over the next ten years.

The Company has an accrued liability for loss-based assessments of $2,590,669 and $2,971,982 at December 31, 2022 and 2021, respectively. The amounts recorded represent management's best estimates based on past and present assessment rate information and an estimate of the applicable assessable base. This liability is included in taxes, licenses and fees payable.

9. POLICYHOLDER SECURITY DEPOSITS

Policyholder security deposits are $990,297 and $993,964 as of December 31, 2022 and 2021, respectively. Policyholder security deposits are additional funds available to satisfy policyholder obligations to the Company, if necessary, and are non-interest bearing and refundable upon termination from the Company after all expenses are settled for the policyholder.

10. RELATED PARTY TRANSACTIONS

The Company, through investment management agreements, contracted with its ultimate parent, Chou Associates Management Inc., to receive investment management services. For the years ended December 31, 2022 and 2021, the Company incurred $1,045,127 and $1,311,159, respectively, in fees under these agreements.

The Company entered into a services agreement with its ultimate parent, Chou Associates Management Inc., whereby the Company pays a fixed amount per month for certain services provided to the Company. The Company recognized expense of $215,004 and $215,004 in 2022 and 2021, respectively, in relation to this agreement.

At December 31, 2022 and 2021, the Company owed Chou Associates Management Inc. $271,969 and $347,265 respectively, in relation to these agreements.

As further described in Note 2, on October 14, 2022 the Company entered into a $30 million secured non-recourse note receivable from an entity related by common ownership. The Company did not recognize interest income related to this investment during 2022 and was owed $592,500 of unrecorded accrued interest.

11. INCOME TAXES

The components of deferred tax assets and liabilities as of December 31, 2022 and 2021 are as follows:

	2022	2021	Total Change	Change in Net Deferred Income Taxes
Deferred tax assets:				
Discounting of unpaid losses and LAE	$ 1,780,607	$ 2,123,465	$ (342,858)	$ (342,858)
Cost basis differences for invested assets	127,713	16,624	111,089	111,089
Capital loss carryforward	210,667	-	210,667	210,667
State income tax	158,635	98,902	59,733	59,733
Allowance for doubtful accounts	70,115	76,381	(6,266)	(6,266)
Non-admitted assets	28,112	32,264	(4,152)	(4,152)
Fixed assets	16,181	16,622	(441)	(441)
Accrued interest receivable	124,425	-	124,425	124,425
Surplus note issuance costs	-	16,832	(16,832)	(16,832)
Unearned and advance premium	924,387	839,701	84,686	84,686
Accrued compensated absences	31,519	31,177	342	342
Gross deferred tax assets	3,472,361	3,251,968	220,393	220,393
Less: valuation allowance	-	-	-	-
Less: non-admitted deferred tax assets	-	-	-	-
Gross admitted deferred tax assets	3,472,361	3,251,968	220,393	220,393
Deferred tax liabilities:				
Surplus note interest	-	1,569	(1,569)	(1,569)
Accrued dividends	1,378	-	1,378	1,378
Guaranty fund receivable	90,291	59,375	30,916	30,916
Unrealized capital gains	4,906,191	10,254,958	(5,348,767)	-
Loss reserves transition adjustment	555,692	740,923	(185,231)	(185,231)
Gross defered tax liabilities	5,553,552	11,056,825	(5,503,273)	(154,506)
Net deferred tax (liabilities) assets	$ (2,081,191)	$ (7,804,857)	$ 5,723,666	$ 374,899

The admission calculation components, with paragraph references to SSAP No. 101 are as follows at December 31, 2022 and 2021:

		2022	2021
11.a.	Federal income taxes recoverable through loss carryback	$ 2,033,700	$ 1,704,056
11.b.i.	Adjusted gross deferred tax assets expected to be realized following the balance sheet date	460,632	515,940
11.b.ii.	Adjusted gross deferred tax assets allowed per limitation threshold	N/A	N/A
	Admitted pursuant to 11.b.	460,632	515,940
11.c.	Remaining adjsuted gross defererd tax assets offsetting existing deferred tax liabilities	978,029	1,031,972
	Total admitted pursuant to paragraphs 11.a, 11.b, and 11.c above	$ 3,472,361	$ 3,251,968

At December 31, 2022 and 2021, the ratio used to determine the applicable period used in paragraph 11.b.i above and the amount of adjusted capital and surplus used to determine the percentage threshold limitation in paragraph 11.b.ii above are as follows:

	2022	2021
Ratio percentage used to determine recovery period and threshold limitaion amount	1094.0%	747.7%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitaion in paragraph 11.b.ii. above	$ 132,840,517	$ 140,802,393

Federal income tax expense differs from the amount computed by applying the statutory federal income tax rate to earnings for the following reasons:

	2022		2021	
Income before income taxes and capital gains tax	$ 19,825,597	100%	$ 31,894,362	100%
Federal income taxes:				
Computed at statutory rate	4,163,375	21.0%	6,697,816	21.0%
Non-admitted assets	74,650	0.4%	118,293	0.4%
Tax-exempt interest and proration	29,977	0.2%	30,328	0.1%
Dividends received deduction	(122,172)	-0.6%	(123,635)	-0.4%
Non-deductible expenses	20,159	0.1%	29,892	0.1%
Effect of foreign tax credit	(56,889)	-0.3%	(114,954)	-0.4%
Other	3,702	0.0%	97,922	0.3%
Total statutory income taxes	$ 4,112,802	20.7%	$ 6,735,662	21.1%
Federal income tax expense	$ 4,487,701	22.6%	$ 4,639,946	14.5%
Realized capital gains tax	-	0.0%	1,914,666	6.0%
Change in net deferred income taxes	(374,899)	-1.9%	181,050	0.6%
Total statutory income taxes	$ 4,112,802	20.7%	$ 6,735,662	21.1%

At December 31, 2022, the Company has approximately $4,488,000 and $6,617,000 of taxes paid in for tax years 2022 and 2021 that is available for recoupment in the event of future net losses.

The Company has no protective tax deposits on deposit with the Internal Revenue Service under Section 6603 of the Internal Revenue Code.

12. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND DIVIDENDS PAYABLE

The Nebraska Department of Insurance imposes minimum risk-based capital requirements which were developed by the NAIC. The formulas for determining the amount of risk-based capital specify various weighting factors that are applied to financial balances or various levels of activity based on the perceived degree of risk. Regulatory compliance is determined by a ratio of the enterprise's regulatory total adjusted capital, also defined by the NAIC. Enterprises below specific trigger points or ratios are classified within certain levels, each of which requires specified corrective action. At December 31, 2022 and 2021, the Company's calculation indicated that it exceeded the minimum risk-based capital requirements.

Under statutory accounting practices, certain assets are designated as non-admitted assets and are not included in the accompanying statements of admitted assets and liabilities and capital and surplus. Changes in non-admitted assets are charged directly to surplus. Non-admitted assets at December 31, 2022 and 2021 consisted of the following:

	2022	2021
Premium receivables	$ 174,888	$ 176,550
Furniture, equipment & leasehold improvements	557,426	742,054
EDP equipment and software	489,123	640,200
Prepaid expenses	133,864	153,639
Deposit with NCCI	-	89,741
Total	$ 1,355,301	$ 1,802,184

The portion of unassigned surplus represented by cumulative unrealized gains at December 31, 2022 was $23,362,814 less applicable deferred taxes of $4,906,191, for a net balance of $18,456,296.

13. SURPLUS NOTE

On December 14, 2006, the Company issued a surplus note in the amount of $4,000,000 in exchange for cash. The surplus note and all outstanding accrued interest were paid in full on September 15, 2022. The note was underwritten by FTN Financial Capital Markets and administered by Wilmington Trust Company as registrar/paying agent. Each payment of principal and interest may be made only with the prior approval of the Nebraska Insurance Department and only to the extent the Company has sufficient policyholders' surplus to make such payment. In the event of a liquidation proceeding, holders of indebtedness, policy claims and prior claims would have greater priority under both the Liquidation Act and terms of the note and, accordingly, would have the right to be paid in full before any payments of interest and principal are made to note holders.

The terms of the surplus note were as follows:

Date Issued:	December 14, 2006
Interest Rate:	3-month LIBOR + 4.0%
Par Value of Note:	$4,000,000
Carrying Value of Note:	-
Principal/Interest Paid During Current Year:	$150,944
Total Principal/Interest Paid:	$7,907,932
Unapproved Principal/Interest:	-
Date of Maturity:	December 15, 2036

14. DERIVATIVE INSTRUMENTS

The Company takes positions from time to time in of derivatives used by the Company for these purposes which are all accounted for in accordance with SSAP No. 86, *Accounting for Derivative Instruments and Hedging Activities*.

Option contracts:

The call options discussed below do not qualify for "hedge" accounting. Therefore, the option contracts (assets and liabilities) which remain open at the end of the reporting period are reported at estimated fair value. Additionally, the Company does not have any derivative contracts for which the premium cost is paid at the end or throughout the life of the contract, otherwise known as "financing premiums".

The Company is exposed to credit-related losses in the event of non-performance by counterparties when purchasing call options. However, the exposure is limited to the original premium paid by the Company to enter into the contract.

Written covered call options:

During the years ended December 31, 2022 and 2021, the Company wrote (sold) covered call options on several equity positions held in its common stock portfolio in order to generate additional investment income. These written covered call options give the option holder (purchaser) the right, in return for a premium, to purchase the underlying security at a specified exercise price at any time during the term of the option contract from the writer. When the Company writes a covered call option, the premium received from the purchaser is initially recorded as a derivative liability. The liability is subsequently carried at fair value with any adjustments being recorded directly through surplus. Premiums received from writing options that expire unexercised are treated by the Company, on the expiration date, as realized capital gains. If the call option is exercised, the premium is added to the proceeds received from the sale of the underlying security in determining if the Company has a realized capital gain or loss. If the Company repurchases a written call option prior to its exercise or expiration, the difference between the premium received and the amount paid to repurchase the option is treated as a realized capital gain or loss. The Company only writes call options on equity securities which it holds in its investment portfolio (covered calls).

Purchased call options:

During the years ended December 31, 2022 and 2021, the Company purchased call options on several equity securities giving it the right to purchase the underlying securities at a specified price at any time during the term of the option contract. The Company purchases these call options in order to obtain the right to participate in increases in the underlying securities value without leveraging its balance sheet by actually owning the security. The premium paid for these options is initially recorded as a derivative asset. The asset is subsequently carried at fair value with any adjustments being recorded directly through surplus. If the call option expires unexercised, the Company records, on the expiration date, a realized capital loss in the amount of the original premium paid for the option. If the Company exercises the option and buys the underlying securities, the original premium paid for the option is added to the cost basis of the acquired securities.

The table below displays details of the open option contracts as of December 31, 2022 and 2021.

	December 31, 2022				
	# of Contracts	Premium Received (Paid)	Carrying Value	Estimated Fair Value	Unrealized Gain (Loss)
(Liabilities):					
Written call options	10,909	$ 2,266,242	$ (26,399)	$ (26,399)	$ 2,239,843

	December 31, 2021				
	# of Contracts	Premium Received (Paid)	Carrying Value	Estimated Fair Value	Unrealized Gain (Loss)
Assets:					
Purchased call options	1,750	$ (1,696,424)	$ 4,179,000	$ 4,179,000	$ 2,482,576
(Liabilities):					
Written call options	7,344	$ 2,243,809	$ (4,953,044)	$ (4,953,044)	$ (2,709,235)

During the years ended December 31, 2022 and 2021, the Company recorded $1,829,721 and $642,120, respectively, of realized capital gains relating to its investments in option contracts.

15. LEASES

The Company leases office equipment under various non-cancelable operating agreements that expire through 2026 and incurred expense of $44,644 and $46,808 in 2022 and 2021, respectively, related to these leases.

Additionally, the Company leases office space under a non-cancelable operating lease. The Company incurred $149,765 of rental expense in 2022 and 2021 in relation to this lease. The lease is for a five-year period with an option to renew for an additional five years and expires on August 31, 2025.

At December 31, 2022, the minimum aggregate lease commitments are as follows:

Years ending December 31,	Amount
2023	$ 175,247
2024	167,734
2025	111,927
2026	3,617
2027	-
Total	$ 458,525

16. EMPLOYEES' SAVINGS PLAN

The Company sponsors a defined contribution 401(k) plan, which covers all employees who are at least 21 years of age and has six months of service with the Company. The Company contributes 3% of eligible employee's compensation into the plan and has the option to contribute additional amounts if so decided. For the plan years ended December 31, 2022 and 2021, the Company contributed $402,983 and $374,052, respectively, to the plan.

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 17, 2023, and determined that one item required additional disclosure in the financial statements. The Company declared and paid a dividend in the amount of $10,044,447 to its stockholders of record in January, 2023.

SUPPLEMENTARY INFORMATION

Postlethwaite & Netterville

8550 United Plaza Blvd., Ste. 1001 – Baton Rouge, LA 70809
225-922-4600 Phone – 225-922-4611 Fax – pncpa.com

A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Stonetrust Commercial Insurance Company and Subsidiary

We have audited the consolidated statutory-basis financial statements of Stonetrust Commercial Insurance Company and Subsidiary (the Company) as of and for the year ended December 31, 2022, and have issued our report thereon which is on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated statutory-basis financial statements taken as a whole. The consolidating information on pages 30 through 32 is presented for additional analysis of the consolidated statutory-basis financial statements rather than to present the statutory-basis financial position, results of operations, and cash flows for the individual companies. The accompanying supplemental investment risk interrogatories, summary investment schedule, and property and casualty interrogatories are presented to comply with the National Association of Insurance Commissioners' *Annual Statement Instructions* and the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual* and for purposes of additional analysis and are not a required part of the consolidated statutory-basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated statutory-basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated statutory-basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated statutory-basis financial statements or to the consolidated statutory-basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated statutory-basis financial statements taken as a whole.

This report is intended solely for the information and use of the Company and state insurance departments to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite & Netterville

Baton Rouge, Louisiana
March 17, 2023

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATING STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND CAPITAL AND SURPLUS
(Statutory Basis)
DECEMBER 31, 2022

ADMITTED ASSETS

	Stonetrust Commerical	Stonetrust Premier	Eliminations	Consolidated Total
Investments in bonds	$ 64,472,714	$ 995,725	$ -	$ 65,468,439
Investments in common stocks	69,695,761	-	(5,396,673)	64,299,088
Cash, cash equivalents and short-term investments	43,605,141	4,560,583	-	48,165,724
Other invested assets	30,000,000	-	-	30,000,000
Receivable for securities	3,104,795	-	-	3,104,795
Cash and invested assets	210,878,411	5,556,308	(5,396,673)	211,038,046
Investment income due and accrued	550,323	11,043	-	561,366
Premiums due and uncollected	1,505,489	7,249	(583,502)	929,236
Deferred premiums	15,744,541	453,835	-	16,198,376
Federal income taxes receivable	312,851	-	(10,080)	302,771
Guaranty funds receivable or on deposit	654,829	4,158	-	658,987
Receivables from parent, subsidiaries and affiliates	32,219	-	(32,219)	-
Other assets	1,130,184	-	-	1,130,184
Total Admitted Assets	$ 230,808,847	$ 6,032,593	$ (6,022,474)	$ 230,818,966

LIABILITIES AND CAPITAL AND SURPLUS

Liabilities				
Unpaid losses and loss adjustment expenses	$ 64,249,933	$ -	$ -	$ 64,249,933
Commissions payable	1,444,350	5,736	(74,770)	1,375,316
Other expenses, excluding taxes, licenses and fees	2,844,581	596	-	2,845,177
Taxes, licenses and fees, excluding federal income taxes	3,728,122	43,471	-	3,771,593
Federal income taxes payable	-	10,080	(10,080)	-
Deferred tax liability	2,081,191	-	-	2,081,191
Unearned premiums	20,957,604	-	-	20,957,604
Advance premiums	1,047,292	4,322	-	1,051,614
Ceded reinsurance premiums	231,969	508,732	(508,732)	231,969
Amounts withheld or retained for account of others	10,056	-	-	10,056
Remittances and items not allocated	88,873	-	-	88,873
Payable to parent, subsidiaries and affiliates	270,083	34,105	(32,219)	271,969
Derivatives	26,399	-	-	26,399
Policyholder security deposits	961,419	28,878	-	990,297
Amounts payable under loss portfolio transfer	26,458	-	-	26,458
Total liabilities	97,968,330	635,920	(625,801)	97,978,449
Capital and Surplus				
Common stock	2,500,000	2,500,000	(2,500,000)	2,500,000
Paid-in	32,500,000	3,000,000	(3,000,000)	32,500,000
Unassigned surplus	97,840,517	(103,327)	103,327	97,840,517
Total capital and surplus	132,840,517	5,396,673	(5,396,673)	132,840,517
Total Liabilities and Capital and Surplus	$ 230,808,847	$ 6,032,593	$ (6,022,474)	$ 230,818,966

See independent auditors' report on supplementary information.

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN CAPITAL AND SURPLUS
(Statutory Basis)
YEAR ENDED DECEMBER 31, 2022

	Stonetrust Commerical	Stonetrust Premier	Eliminations	Consolidated Total
UNDERWRITING INCOME				
Premiums earned, net	$ 48,074,432	$ -	$ -	$ 48,074,432
Losses incurred	(6,141,132)	-	-	(6,141,132)
Loss adjustment expenses incurred	(4,585,546)	-	-	(4,585,546)
Other underwriting expenses incurred	(19,305,960)	-	-	(19,305,960)
Net underwriting gain	18,041,794	-	-	18,041,794
INVESTMENT INCOME				
Net investment income	2,896,269	48,001	-	2,944,270
Net realized capital loss	(1,198,335)	-	-	(1,198,335)
Net investment gain	1,697,934	48,001	-	1,745,935
OTHER INCOME (EXPENSE)				
Bad debt expense, net of recoveries	(184,211)	-	-	(184,211)
Miscellaneous income	222,079	-	-	222,079
INCOME BEFORE FEDERAL INCOME TAXES	19,777,596	48,001	-	19,825,597
Federal income tax expense	4,477,621	10,080	-	4,487,701
NET INCOME	$ 15,299,975	$ 37,921	$ -	$ 15,337,896
CHANGES IN CAPITAL AND SURPLUS				
Balance, beginning of year	$ 140,802,393	$ 5,358,752	$ (5,358,752)	$ 140,802,393
Net income	15,299,975	37,921	-	15,337,896
Other changes:				
Repayment of surplus note	(4,000,000)	-	-	(4,000,000)
Change in net deferred income tax	374,899	-	-	374,899
Change in non-admitted assets	446,883	-	-	446,883
Change in net unrealized capital gains	(20,083,633)	-	(37,921)	(20,121,554)
Balance, end of year	$ 132,840,517	$ 5,396,673	$ (5,396,673)	$ 132,840,517

See independent auditors' report on supplementary information.

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATING STATEMENTS OF CASH FLOWS
(Statutory Basis)
YEAR ENDED DECEMBER 31, 2022

	Stonetrust Commerical	Stonetrust Premier	Eliminations	Consolidated Total
OPERATING ACTIVITIES				
Premiums collected (net of reinsurance premiums paid)	$ 47,982,426	$ 155,492	$ -	$ 48,137,918
Net investment income	2,768,638	41,441	-	2,810,079
Miscellaneous income	221,952	126	-	222,078
Benefit and loss related payments	(13,402,328)	-	-	(13,402,328)
Commissions and other underwriting expenses paid	(23,313,354)	(391)	-	(23,313,745)
Federal income taxes paid	(4,019,448)	19,448	-	(4,000,000)
Net cash provided by operating activities	10,237,886	216,116	-	10,454,002
INVESTING ACTIVITIES				
Proceeds from sales, maturities, and prepayments of bonds	22,662,288	928,000	-	23,590,288
Proceeds from sales of equity securities	12,397,089	-	-	12,397,089
Proceeds from derivatives, net	2,346,574	-	-	2,346,574
Other invested asset acquired	(30,000,000)	-	-	(30,000,000)
Cost of bonds acquired	(40,157,406)	(994,888)	-	(41,152,294)
Cost of equity securities acquired	(8,225,998)	-	-	(8,225,998)
Net cash used in investing activities	(40,977,453)	(66,888)	-	(41,044,341)
FINANCING ACTIVITIES				
Surplus note repayment	(4,000,000)	-	-	(4,000,000)
Other cash provided	89,741	-	-	89,741
Net cash used in financing activities	(3,910,259)	-	-	(3,910,259)
CHANGE IN CASH AND CASH EQUIVALENTS	(34,649,826)	149,228	-	(34,500,598)
CASH AND CASH EQUIVALENTS BEGINNING	78,254,967	4,411,355	-	82,666,322
CASH AND CASH EQUIVALENTS, ENDING	$ 43,605,141	$ 4,560,583	$ -	$ 48,165,724

See independent auditors' report on supplementary information.

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2022
(To Be Filed by April 1)

Of The Stonetrust Commercial Insurance Company

ADDRESS (City, State and Zip Code) Baton Rouge , LA 70808

NAIC Group Code 4949 NAIC Company Code 11042 Federal Employer's Identification Number (FEIN) 72-1478054

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 230,808,847

2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	Loggerhead Holding Co.	Collateral Loan	$ 30,000,000	13.0 %
2.02	Berkshire Hathaway Inc.	Equity	$ 11,717,774	5.1 %
2.03	Federal Farm Credit Bank Funding Corp	Bonds	$ 10,000,003	4.3 %
2.04	Alphabet Inc.	Equity	$ 6,800,267	2.9 %
2.05	Exor N.V.	Equity	$ 6,391,491	2.8 %
2.06	Lamar Media Corp	Bonds	$ 6,061,877	2.6 %
2.07	Stellantis N.V.	Equity	$ 6,054,710	2.6 %
2.08	Apple Inc.	Equity	$ 5,716,920	2.5 %
2.09	MBIA Global Funding LLC	Bonds	$ 5,315,368	2.3 %
2.10	B. Riley Financial Inc.	Bonds	$ 5,154,834	2.2 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC 1	$ 34,316,201	14.9 %	3.07	NAIC 1	$	%
3.02	NAIC 2	$ 15,461,779	6.7 %	3.08	NAIC 2	$	%
3.03	NAIC 3	$ 6,414,202	2.8 %	3.09	NAIC 3	$	%
3.04	NAIC 4	$ 7,494,716	3.2 %	3.10	NAIC 4	$	%
3.05	NAIC 5	$ 785,816	0.3 %	3.11	NAIC 5	$	%
3.06	NAIC 6	$	%	3.12	NAIC 6	$	%

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

4.02 Total admitted assets held in foreign investments $ 12,744,712 5.5 %

4.03 Foreign-currency-denominated investments $ %

4.04 Insurance liabilities denominated in that same foreign currency $ %

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

		1	2
5.01	Countries designated NAIC-1	$ 16,513,418	7.2 %
5.02	Countries designated NAIC-2	$	%
5.03	Countries designated NAIC-3 or below	$	%

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC - 1:		
6.01	Country 1: Netherlands	$ 12,433,412	5.4 %
6.02	Country 2: British Virgin Islands	$ 3,768,706	1.6 %
	Countries designated NAIC - 2:		
6.03	Country 1:	$	%
6.04	Country 2:	$	%
	Countries designated NAIC - 3 or below:		
6.05	Country 1:	$	%
6.06	Country 2:	$	%

		1	2
7.	Aggregate unhedged foreign currency exposure	$	%

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

		1	2
8.01	Countries designated NAIC-1	$	%
8.02	Countries designated NAIC-2	$	%
8.03	Countries designated NAIC-3 or below	$	%

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC - 1:		
9.01	Country 1:	$	%
9.02	Country 2:	$	%
	Countries designated NAIC - 2:		
9.03	Country 1:	$	%
9.04	Country 2:	$	%
	Countries designated NAIC - 3 or below:		
9.05	Country 1:	$	%
9.06	Country 2:	$	%

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Designation	3	4
10.01	EXOR N.V.		$ 6,391,491	2.8 %
10.02	Stellantis N.V.		$ 6,054,710	2.6 %
10.03	BAOBAB Global Fund Ltd.		$ 3,768,706	1.6 %
10.04	Assured Guaranty Ltd		$ 311,300	0.1 %
10.05			$	%
10.06			$	%
10.07			$	%
10.08			$	%
10.09			$	%
10.10			$	%

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11.

		1	2
11.02	Total admitted assets held in Canadian investments	$ 785,816	0.3 %
11.03	Canadian-currency-denominated investments	$	%
11.04	Canadian-denominated insurance liabilities	$	%
11.05	Unhedged Canadian currency exposure	$	%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions:

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$	%
	Largest three investments with contractual sales restrictions:		
12.03		$	%
12.04		$	%
12.05		$	%

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

	1 Issuer	2	3
13.02	Berkshire Hathaway Inc.	$ 11,717,774	5.1 %
13.03	Alphabet Inc.	$ 6,800,267	2.9 %
13.04	EXOR N.V.	$ 6,391,491	2.8 %
13.05	Stellantis N.V.	$ 6,054,710	2.6 %
13.06	Apple Inc.	$ 5,716,920	2.5 %
13.07	MBIA Inc.	$ 4,124,850	1.8 %
13.08	BAOBAB Global Fund Ltd.	$ 3,768,706	1.6 %
13.09	Pool Corporation	$ 3,215,581	1.4 %
13.10	Lumen Technologies Inc	$ 3,184,200	1.4 %
13.11	EXCO Resources Inc.	$ 2,811,587	1.2 %

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for 14.02 through 14.05.

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	%
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	%
14.04		$	%
14.05		$	%

Ten largest fund managers:

	1 Fund Manager	2 Total Invested	3 Diversified	4 Nondiversified
14.06		$	$	$
14.07		$	$	$
14.08		$	$	$
14.09		$	$	$
14.10		$	$	$
14.11		$	$	$
14.12		$	$	$
14.13		$	$	$
14.14		$	$	$
14.15		$	$	$

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	%
	Largest three investments in general partnership interests:		
15.03		$	%
15.04		$	%
15.05		$	%

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$	%
16.03		$	%
16.04		$	%
16.05		$	%
16.06		$	%
16.07		$	%
16.08		$	%
16.09		$	%
16.10		$	%
16.11		$	%

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans	$	%
16.13	Mortgage loans over 90 days past due	$	%
16.14	Mortgage loans in the process of foreclosure	$	%
16.15	Mortgage loans foreclosed	$	%
16.16	Restructured mortgage loans	$	%

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

		Residential		Commercial		Agricultural	
	Loan to Value	1	2	3	4	5	6
17.01	above 95%.....	$	%	$	%	$	%
17.02	91 to 95%.....	$	%	$	%	$	%
17.03	81 to 90%.....	$	%	$	%	$	%
17.04	71 to 80%.....	$	%	$	%	$	%
17.05	below 70%.....	$	%	$	%	$	%

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1	2	3
18.02		$	%
18.03		$	%
18.04		$	%
18.05		$	%
18.06		$	%

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$	%
	Largest three investments held in mezzanine real estate loans:		
19.03		$	%
19.04		$	%
19.05		$	%

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

		At Year End		At End of Each Quarter		
		1	2	1st Quarter 3	2nd Quarter 4	3rd Quarter 5
20.01	Securities lending agreements (do not include assets held as collateral for such transactions)	$	%	$	$	$
20.02	Repurchase agreements	$	%	$	$	$
20.03	Reverse repurchase agreements	$	%	$	$	$
20.04	Dollar repurchase agreements	$	%	$	$	$
20.05	Dollar reverse repurchase agreements	$	%	$	$	$

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

		Owned		Written	
		1	2	3	4
21.01	Hedging	$	%	$	%
21.02	Income generation	$	%	$	%
21.03	Other	$	%	$	%

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

		At Year End		At End of Each Quarter		
		1	2	1st Quarter 3	2nd Quarter 4	3rd Quarter 5
22.01	Hedging	$	%	$	$	$
22.02	Income generation	$	%	$	$	$
22.03	Replications	$	%	$	$	$
22.04	Other	$	%	$	$	$

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

		At Year End		At End of Each Quarter		
		1	2	1st Quarter 3	2nd Quarter 4	3rd Quarter 5
23.01	Hedging	$	%	$	$	$
23.02	Income generation	$	%	$	$	$
23.03	Replications	$	%	$	$	$
23.04	Other	$	%	$	$	$

1 6 5 7 7 2 0 2 2 2 8 5 0 0 1 0 0

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2022
(To Be Filed by April 1)

Of The Stonetrust Premier Casualty Insurance Company

ADDRESS (City, State and Zip Code) Baton Rouge , LA 70808

NAIC Group Code 4949 NAIC Company Code 16577 Federal Employer's Identification Number (FEIN) 83-3066112

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 6,032,593

2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01			$	%
2.02			$	%
2.03			$	%
2.04			$	%
2.05			$	%
2.06			$	%
2.07			$	%
2.08			$	%
2.09			$	%
2.10			$	%

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

	Bonds	1	2		Preferred Stocks	3	4	
3.01	NAIC 1	$ 1,995,126	33.1	%	3.07 NAIC 1	$		%
3.02	NAIC 2	$		%	3.08 NAIC 2	$		%
3.03	NAIC 3	$		%	3.09 NAIC 3	$		%
3.04	NAIC 4	$		%	3.10 NAIC 4	$		%
3.05	NAIC 5	$		%	3.11 NAIC 5	$		%
3.06	NAIC 6	$		%	3.12 NAIC 6	$		%

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

4.02	Total admitted assets held in foreign investments	$	%
4.03	Foreign-currency-denominated investments	$	%
4.04	Insurance liabilities denominated in that same foreign currency	$	%

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

		1	2
5.01	Countries designated NAIC-1	$	%
5.02	Countries designated NAIC-2	$	%
5.03	Countries designated NAIC-3 or below	$	%

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC - 1:		
6.01	Country 1:	$	%
6.02	Country 2:	$	%
	Countries designated NAIC - 2:		
6.03	Country 1:	$	%
6.04	Country 2:	$	%
	Countries designated NAIC - 3 or below:		
6.05	Country 1:	$	%
6.06	Country 2:	$	%

		1	2
7.	Aggregate unhedged foreign currency exposure	$	%

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

		1	2
8.01	Countries designated NAIC-1	$	%
8.02	Countries designated NAIC-2	$	%
8.03	Countries designated NAIC-3 or below	$	%

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC - 1:		
9.01	Country 1:	$	%
9.02	Country 2:	$	%
	Countries designated NAIC - 2:		
9.03	Country 1:	$	%
9.04	Country 2:	$	%
	Countries designated NAIC - 3 or below:		
9.05	Country 1:	$	%
9.06	Country 2:	$	%

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Designation	3	4
10.01			$	%
10.02			$	%
10.03			$	%
10.04			$	%
10.05			$	%
10.06			$	%
10.07			$	%
10.08			$	%
10.09			$	%
10.10			$	%

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11.

		1	2
11.02	Total admitted assets held in Canadian investments	$	%
11.03	Canadian-currency-denominated investments	$	%
11.04	Canadian-denominated insurance liabilities	$	%
11.05	Unhedged Canadian currency exposure	$	%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions:

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$	%
	Largest three investments with contractual sales restrictions:		
12.03		$	%
12.04		$	%
12.05		$	%

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

	1 Issuer	2	3
13.02		$	%
13.03		$	%
13.04		$	%
13.05		$	%
13.06		$	%
13.07		$	%
13.08		$	%
13.09		$	%
13.10		$	%
13.11		$	%

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for 14.02 through 14.05.

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	%
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	%
14.04		$	%
14.05		$	%

Ten largest fund managers:

	1 Fund Manager	2 Total Invested	3 Diversified	4 Nondiversified
14.06		$	$	$
14.07		$	$	$
14.08		$	$	$
14.09		$	$	$
14.10		$	$	$
14.11		$	$	$
14.12		$	$	$
14.13		$	$	$
14.14		$	$	$
14.15		$	$	$

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	%
	Largest three investments in general partnership interests:		
15.03		$	%
15.04		$	%
15.05		$	%

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$	%
16.03		$	%
16.04		$	%
16.05		$	%
16.06		$	%
16.07		$	%
16.08		$	%
16.09		$	%
16.10		$	%
16.11		$	%

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans	$	%
16.13	Mortgage loans over 90 days past due	$	%
16.14	Mortgage loans in the process of foreclosure	$	%
16.15	Mortgage loans foreclosed	$	%
16.16	Restructured mortgage loans	$	%

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

		Residential		Commercial		Agricultural	
	Loan to Value	1	2	3	4	5	6
17.01	above 95%.....	$	%	$	%	$	%
17.02	91 to 95%.....	$	%	$	%	$	%
17.03	81 to 90%.....	$	%	$	%	$	%
17.04	71 to 80%.....	$	%	$	%	$	%
17.05	below 70%.....	$	%	$	%	$	%

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1	2	3
18.02		$	%
18.03		$	%
18.04		$	%
18.05		$	%
18.06		$	%

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? ..... Yes [X] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$	%
	Largest three investments held in mezzanine real estate loans:		
19.03		$	%
19.04		$	%
19.05		$	%

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

		At Year End		At End of Each Quarter		
		1	2	1st Quarter 3	2nd Quarter 4	3rd Quarter 5
20.01	Securities lending agreements (do not include assets held as collateral for such transactions)	$	%	$	$	$
20.02	Repurchase agreements	$	%	$	$	$
20.03	Reverse repurchase agreements	$	%	$	$	$
20.04	Dollar repurchase agreements	$	%	$	$	$
20.05	Dollar reverse repurchase agreements	$	%	$	$	$

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

		Owned		Written	
		1	2	3	4
21.01	Hedging	$	%	$	%
21.02	Income generation	$	%	$	%
21.03	Other	$	%	$	%

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

		At Year End		At End of Each Quarter		
		1	2	1st Quarter 3	2nd Quarter 4	3rd Quarter 5
22.01	Hedging	$	%	$	$	$
22.02	Income generation	$	%	$	$	$
22.03	Replications	$	%	$	$	$
22.04	Other	$	%	$	$	$

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

		At Year End		At End of Each Quarter		
		1	2	1st Quarter 3	2nd Quarter 4	3rd Quarter 5
23.01	Hedging	$	%	$	$	$
23.02	Income generation	$	%	$	$	$
23.03	Replications	$	%	$	$	$
23.04	Other	$	%	$	$	$

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage of Column 1 Line 13	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments	23,396,029	11.095	23,396,030		23,396,030	11.095
1.02 All other governments		0.000				0.000
1.03 U.S. states, territories and possessions, etc. guaranteed		0.000				0.000
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	920,169	0.436	920,169		920,169	0.436
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	10,000,003	4.742	10,000,003		10,000,003	4.742
1.06 Industrial and miscellaneous	29,804,188	14.133	29,804,187		29,804,187	14.133
1.07 Hybrid securities	352,325	0.167	352,325		352,325	0.167
1.08 Parent, subsidiaries and affiliates		0.000				0.000
1.09 SVO identified funds		0.000				0.000
1.10 Unaffiliated bank loans		0.000				0.000
1.11 Unaffiliated certificates of deposit		0.000				0.000
1.12 Total long-term bonds	64,472,714	30.573	64,472,714		64,472,714	30.573
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)		0.000				0.000
2.02 Parent, subsidiaries and affiliates		0.000				0.000
2.03 Total preferred stocks		0.000				0.000
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	57,718,795	27.371	57,718,795		57,718,795	27.371
3.02 Industrial and miscellaneous Other (Unaffiliated)	2,811,587	1.333	2,811,587		2,811,587	1.333
3.03 Parent, subsidiaries and affiliates Publicly traded		0.000				0.000
3.04 Parent, subsidiaries and affiliates Other	5,396,673	2.559	5,396,673		5,396,673	2.559
3.05 Mutual funds	3,768,706	1.787	3,768,706		3,768,706	1.787
3.06 Unit investment trusts		0.000				0.000
3.07 Closed-end funds		0.000				0.000
3.08 Exchange traded funds		0.000				0.000
3.09 Total common stocks	69,695,761	33.050	69,695,761		69,695,761	33.050
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages		0.000				0.000
4.02 Residential mortgages		0.000				0.000
4.03 Commercial mortgages		0.000				0.000
4.04 Mezzanine real estate loans		0.000				0.000
4.05 Total valuation allowance		0.000				0.000
4.06 Total mortgage loans		0.000				0.000
5. Real estate (Schedule A):						
5.01 Properties occupied by company		0.000				0.000
5.02 Properties held for production of income		0.000				0.000
5.03 Properties held for sale		0.000				0.000
5.04 Total real estate		0.000				0.000
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	43,605,141	20.678	43,605,141		43,605,141	20.678
6.02 Cash equivalents (Schedule E, Part 2)		0.000				0.000
6.03 Short-term investments (Schedule DA)		0.000				0.000
6.04 Total cash, cash equivalents and short-term investments	43,605,141	20.678	43,605,141		43,605,141	20.678
7. Contract loans		0.000				0.000
8. Derivatives (Schedule DB)		0.000				0.000
9. Other invested assets (Schedule BA)	30,000,000	14.226	30,000,000		30,000,000	14.226
10. Receivables for securities	3,104,795	1.472	3,104,795		3,104,795	1.472
11. Securities Lending (Schedule DL, Part 1)		0.000		XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)		0.000				0.000
13. Total invested assets	210,878,411	100.000	210,878,411		210,878,411	100.000

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage of Column 1 Line 13	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments	995,725	17.921	995,725		995,725	17.921
1.02 All other governments		0.000				0.000
1.03 U.S. states, territories and possessions, etc. guaranteed		0.000				0.000
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed		0.000				0.000
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed		0.000				0.000
1.06 Industrial and miscellaneous		0.000				0.000
1.07 Hybrid securities		0.000				0.000
1.08 Parent, subsidiaries and affiliates		0.000				0.000
1.09 SVO identified funds		0.000				0.000
1.10 Unaffiliated bank loans		0.000				0.000
1.11 Unaffiliated certificates of deposit		0.000				0.000
1.12 Total long-term bonds	995,725	17.921	995,725		995,725	17.921
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)		0.000				0.000
2.02 Parent, subsidiaries and affiliates		0.000				0.000
2.03 Total preferred stocks		0.000				0.000
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)		0.000				0.000
3.02 Industrial and miscellaneous Other (Unaffiliated)		0.000				0.000
3.03 Parent, subsidiaries and affiliates Publicly traded		0.000				0.000
3.04 Parent, subsidiaries and affiliates Other		0.000				0.000
3.05 Mutual funds		0.000				0.000
3.06 Unit investment trusts		0.000				0.000
3.07 Closed-end funds		0.000				0.000
3.08 Exchange traded funds		0.000				0.000
3.09 Total common stocks		0.000				0.000
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages		0.000				0.000
4.02 Residential mortgages		0.000				0.000
4.03 Commercial mortgages		0.000				0.000
4.04 Mezzanine real estate loans		0.000				0.000
4.05 Total valuation allowance		0.000				0.000
4.06 Total mortgage loans		0.000				0.000
5. Real estate (Schedule A):						
5.01 Properties occupied by company		0.000				0.000
5.02 Properties held for production of income		0.000				0.000
5.03 Properties held for sale		0.000				0.000
5.04 Total real estate		0.000				0.000
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	3,561,182	64.093	3,561,182		3,561,182	64.093
6.02 Cash equivalents (Schedule E, Part 2)		0.000				0.000
6.03 Short-term investments (Schedule DA)	999,401	17.987	999,401		999,401	17.987
6.04 Total cash, cash equivalents and short-term investments	4,560,583	82.079	4,560,583		4,560,583	82.079
7. Contract loans		0.000				0.000
8. Derivatives (Schedule DB)		0.000				0.000
9. Other invested assets (Schedule BA)		0.000				0.000
10. Receivables for securities		0.000				0.000
11. Securities Lending (Schedule DL, Part 1)		0.000		XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)		0.000				0.000
13. Total invested assets	5,556,308	100.000	5,556,308		5,556,308	100.000

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes [ ] No [X]

1.2 If yes, indicate premium earned on U. S. business only. ..... $ _____

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... $ _____

1.31 Reason for excluding

.....

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. ..... $ _____

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. ..... $ _____

1.6 Individual policies:

Most current three years:
1.61 Total premium earned ..... $ .....
1.62 Total incurred claims ..... $ .....
1.63 Number of covered lives ....

All years prior to most current three years
1.64 Total premium earned ..... $ .....
1.65 Total incurred claims ..... $ .....
1.66 Number of covered lives ....

1.7 Group policies:

Most current three years:
1.71 Total premium earned ..... $ .....
1.72 Total incurred claims ..... $ .....
1.73 Number of covered lives ....

All years prior to most current three years
1.74 Total premium earned ..... $ .....
1.75 Total incurred claims ..... $ .....
1.76 Number of covered lives ....

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator		
2.2	Premium Denominator	48,074,432	44,777,401
2.3	Premium Ratio (2.1/2.2)	0.000	0.000
2.4	Reserve Numerator		
2.5	Reserve Denominator	85,207,537	90,478,816
2.6	Reserve Ratio (2.4/2.5)	0.000	0.000

3.1 Did the reporting entity issue participating policies during the calendar year? ..... Yes [ ] No [X]

3.2 If yes, provide the amount of premium written for participating and/or non-participating policies during the calendar year:

3.21 Participating policies ..... $ .....
3.22 Non-participating policies ..... $ .....

4. For mutual reporting Entities and Reciprocal Exchanges Only:

4.1 Does the reporting entity issue assessable policies? ..... Yes [ ] No [ ]

4.2 Does the reporting entity issue non-assessable policies? ..... Yes [ ] No [ ]

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? ..... % _____

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. ..... $ _____

5. For Reciprocal Exchanges Only:

5.1 Does the Exchange appoint local agents? ..... Yes [ ] No [ ]

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation..... Yes [ ] No [ ] N/A [ ]
5.22 As a direct expense of the exchange..... Yes [ ] No [ ] N/A [ ]

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

.....

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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?
Excess of Loss reinsurance contracts are in-force. .....

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.
Estimation is made using third-party modeling software. .....

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
The Company does not write property coverage. .....

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? ..... Yes [X] No [ ]

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.
.....

7.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?..... Yes [ ] No [X]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions: ....

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?..... Yes [ ] No [ ]

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 36 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 [ ]

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? ..... Yes [ ] No [X]

11.2 If yes, give full information
.....

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses ..... $ .....

12.12 Unpaid underwriting expenses (including loss adjustment expenses) ..... $ .....

12.2 Of the amount on Line 15.3, Page 2, state the amount which is secured by letters of credit, collateral and other funds ..... $ _____

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 [X] N/A [ ]

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 [X] No [ ]

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

12.61 Letters of credit ..... $ .....

12.62 Collateral and other funds..... $ 961,419

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): ..... $ _____

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. ....

14.1 Is the company a cedant in a multiple cedant reinsurance contract? ..... Yes [ ] No [X]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
.....

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? ..... Yes [ ] No [ ]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? ..... Yes [ ] No [ ]

14.5 If the answer to 14.4 is no, please explain:
.....

15.1 Has the reporting entity guaranteed any financed premium accounts? ..... Yes [ ] No [X]

15.2 If yes, give full information
.....

16.1 Does the reporting entity write any warranty business? ..... Yes [ ] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home	.....	.....	.....	.....	.....
16.12 Products	.....	.....	.....	.....	.....
16.13 Automobile	.....	.....	.....	.....	.....
16.14 Other*					

* Disclose type of coverage:
.....

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that is exempt from the statutory provision for unauthorized reinsurance? ..... Yes [ ] No [X]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 exempt from the statutory provision for unauthorized reinsurance ..... $ .....

17.12 Unfunded portion of Interrogatory 17.11 ..... $ .....

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 ..... $ .....

17.14 Case reserves portion of Interrogatory 17.11 ..... $ .....

17.15 Incurred but not reported portion of Interrogatory 17.11 ..... $ .....

17.16 Unearned premium portion of Interrogatory 17.11 ..... $ .....

17.17 Contingent commission portion of Interrogatory 17.11 ..... $ .....

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. ..... $ .....

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

18.4 If yes, please provide the balance of funds administered as of the reporting date. ..... $ .....

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

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

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes [ ] No [X]

1.2 If yes, indicate premium earned on U. S. business only. ..... $ _____

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... $ _____

1.31 Reason for excluding

.....

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. ..... $ _____

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. ..... $ _____

1.6 Individual policies:

Most current three years:
1.61 Total premium earned ..... $ .....
1.62 Total incurred claims ..... $ .....
1.63 Number of covered lives ....

All years prior to most current three years
1.64 Total premium earned ..... $ .....
1.65 Total incurred claims ..... $ .....
1.66 Number of covered lives ....

1.7 Group policies:

Most current three years:
1.71 Total premium earned ..... $ .....
1.72 Total incurred claims ..... $ .....
1.73 Number of covered lives ....

All years prior to most current three years
1.74 Total premium earned ..... $ .....
1.75 Total incurred claims ..... $ .....
1.76 Number of covered lives ....

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator		
2.2	Premium Denominator		
2.3	Premium Ratio (2.1/2.2)	0.000	0.000
2.4	Reserve Numerator		
2.5	Reserve Denominator		
2.6	Reserve Ratio (2.4/2.5)	0.000	0.000

3.1 Did the reporting entity issue participating policies during the calendar year? ..... Yes [ ] No [X]

3.2 If yes, provide the amount of premium written for participating and/or non-participating policies during the calendar year:

3.21 Participating policies ..... $ .....
3.22 Non-participating policies ..... $ .....

4. For mutual reporting Entities and Reciprocal Exchanges Only:

4.1 Does the reporting entity issue assessable policies? ..... Yes [ ] No [ ]

4.2 Does the reporting entity issue non-assessable policies? ..... Yes [ ] No [ ]

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? ..... % _____

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. ..... $ _____

5. For Reciprocal Exchanges Only:

5.1 Does the Exchange appoint local agents? ..... Yes [ ] No [ ]

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation..... Yes [ ] No [ ] N/A [ ]
5.22 As a direct expense of the exchange..... Yes [ ] No [ ] N/A [ ]

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

.....

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

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?
The Company has entered into a 100% quota-share reinsurance agreement with its parent, Stonetrust Commercial Insurance Company. .....

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.
See 6.1 above. The Company's parent estimates its PML primarily by using a third-party software (RMS) with the help of its reinsurance broker, Guy Carpenter .....

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
The Company does not write property coverage. .....

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? ..... Yes [X] No [ ]

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.
.....

7.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?..... Yes [ ] No [X]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions: ....

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?..... Yes [ ] No [ ]

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 36 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 [X] No [ ]
(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 [ ] No [ ] N/A [X]

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? ..... Yes [ ] No [X]

11.2 If yes, give full information
.....

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses .....$ .....

12.12 Unpaid underwriting expenses (including loss adjustment expenses) .....$ .....

12.2 Of the amount on Line 15.3, Page 2, state the amount which is secured by letters of credit, collateral and other funds .....$ _____

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 [X] N/A [ ]

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 [X] No [ ]

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

12.61 Letters of credit .....$ .....

12.62 Collateral and other funds.....$ 28,878

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): .....$ _____

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. ....

14.1 Is the company a cedant in a multiple cedant reinsurance contract? ..... Yes [ ] No [X]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
.....

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? ..... Yes [ ] No [ ]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? ..... Yes [ ] No [ ]

14.5 If the answer to 14.4 is no, please explain:
.....

15.1 Has the reporting entity guaranteed any financed premium accounts? ..... Yes [ ] No [X]

15.2 If yes, give full information
.....

16.1 Does the reporting entity write any warranty business? ..... Yes [ ] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home	.....	.....	.....	.....	.....
16.12 Products	.....	.....	.....	.....	.....
16.13 Automobile	.....	.....	.....	.....	.....
16.14 Other*					

* Disclose type of coverage:
.....

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that is exempt from the statutory provision for unauthorized reinsurance? ..... Yes [ ] No [X]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 exempt from the statutory provision for unauthorized reinsurance ..... $ .....

17.12 Unfunded portion of Interrogatory 17.11 ..... $ .....

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 ..... $ .....

17.14 Case reserves portion of Interrogatory 17.11 ..... $ .....

17.15 Incurred but not reported portion of Interrogatory 17.11 ..... $ .....

17.16 Unearned premium portion of Interrogatory 17.11 ..... $ .....

17.17 Contingent commission portion of Interrogatory 17.11 ..... $ .....

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. ..... $ .....

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

18.4 If yes, please provide the balance of funds administered as of the reporting date. ..... $ .....

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

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