STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

(STATUTORY BASIS)

DECEMBER 31, 2020 AND 2019

Postlethwaite & Netterville

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C O N T E N T S

Postlethwaite & Netterville

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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Stonetrust Commercial Insurance Company and Subsidiary

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 statements of admitted assets, liabilities, and capital and surplus - statutory basis as of December 31, 2020 and 2019, the related 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.

Management's Responsibility for the 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. Management is also responsible 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated statutory-basis financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated statutory-basis financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated statutory-basis financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated statutory-basis financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated statutory-basis financial statements 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 entity's internal control. Accordingly, we express no such opinions. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated statutory-basis financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Postlethwaite & Netterville

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.

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 financial position of Stonetrust Commercial Insurance Company as of December 31, 2020 and 2019, or the results of their consolidated operations or their consolidated cash flows for the years then ended.

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 admitted assets, liabilities and capital and surplus – statutory basis of Stonetrust Commercial Insurance Company and Subsidiary as of December 31, 2020 and 2019, 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
March 15, 2021

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ADMITTED ASSETS, LIABILITIES, CAPTIAL AND SURPLUS
(Statutory Basis)
DECEMBER 31, 2020 AND 2019

ADMITTED ASSETS

	2020	2019
Cash and invested assets:		
Investments in bonds	$ 60,655,701	$ 80,025,119
Investments in common stocks	59,831,806	62,245,239
Investments in preferred stocks	-	5,664,088
Cash, cash equivalents and short-term investments	63,564,363	22,467,487
Derivatives	2,965,000	-
Receivable for securities	3,704,688	1,304
Total cash and invested assets	190,721,558	170,403,237
Investment income due and accrued	1,056,256	857,716
Premiums due and uncollected	841,314	1,069,629
Deferred premiums	14,109,809	15,191,423
Amounts recoverable from reinsurers	189,181	-
Federal income tax recoverable	345,084	-
Guaranty funds receivable or on deposit	112,122	140,152
Other assets	680,142	1,005,066
Total Admitted Assets	$ 208,055,466	$ 188,667,223

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

LIABILITIES, CAPITAL AND SURPLUS

	2020	2019
Liabilities:		
Unpaid losses and loss adjustment expenses	$ 76,871,854	$ 74,074,516
Commissions payable	1,424,956	1,530,510
Other expenses, excluding taxes, licenses and fees	2,447,355	1,980,555
Taxes, licenses and fees, excluding federal income taxes	3,372,622	3,577,280
Federal income taxes payable	-	215,466
Deferred tax liability	3,128,496	1,583,784
Unearned premiums	18,918,876	19,018,957
Advance premiums	738,216	689,460
Remittances and items not allocated	47,386	40,507
Payable to parent, subsidiaries and affiliates	299,937	246,185
Derivatives	1,332,125	-
Payable for securities	488,490	-
Policyholder security deposits	1,232,696	1,229,295
Amounts payable under loss portfolio transfer	26,563	34,453
Total liabilities	110,329,572	104,220,968
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	4,000,000
Special surplus funds	-	(488,546)
Unassigned surplus	58,725,894	45,934,801
Total capital and surplus	97,725,894	84,446,255
Total Liabilities, Capital and Surplus	$ 208,055,466	$ 188,667,223

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN CAPITAL AND SURPLUS
(Statutory Basis)
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Underwriting income:		
Premiums earned - net	$ 42,732,998	$ 43,753,081
Losses incurred	(14,472,894)	(19,031,995)
Loss adjustment expenses incurred	(4,275,116)	(4,681,112)
Other underwriting expenses incurred	(18,283,663)	(15,344,278)
Net underwriting gain	5,701,325	4,695,696
Investment income:		
Net investment income	5,470,158	3,916,272
Net realized capital gains (net of capital gains tax of $23,273 and $355,472 for 2020 and 2019, respectively)	2,509,094	(210,029)
Net investment gain	7,979,252	3,706,243
Other income (expense):		
Bad debt expense, net of recoveries	(218,330)	(264,488)
Miscellaneous income	203,656	224,713
Total other expense, net	(14,674)	(39,775)
Income before federal income taxes	13,665,903	8,362,164
Federal income tax expense	2,466,177	1,983,748
Net income	$ 11,199,726	$ 6,378,416
Changes in capital and surplus:		
Balance, beginning of year	$ 84,446,255	$ 68,275,675
Net income	11,199,726	6,378,416
Dividends to stockholders	(3,000,000)	-
Other changes:		
Change in net deferred income tax	(108,642)	680,381
Change in non-admitted assets	(213,807)	(74,290)
Change in net unrealized capital gains	5,402,362	9,186,073
Balance, end of year	$ 97,725,894	$ 84,446,255

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, 2020 AND 2019

	2020	2019
Operating activities:		
Premiums collected, net of reinsurance premiums paid	$ 44,129,446	$ 43,649,322
Net investment income	4,240,726	4,088,234
Miscellaneous income	203,656	224,713
Benefit and loss related payments	(12,358,437)	(18,882,972)
Commissions and other underwriting expenses paid	(21,117,752)	(18,865,661)
Federal income taxes paid	(3,050,000)	(1,000,000)
Net cash provided by operating activities	12,047,639	9,213,636
Investing activities:		
Proceeds from sales, maturities, and prepayments of bonds	50,626,487	10,675,177
Proceeds from sales of equity securities	42,534,368	21,390,847
Gain (Loss) on short-term investment	505,366	(199,194)
Cost of other invested assets acquired	-	(1,122,211)
Cost of derivatives purchased, net	(536,088)	-
Cost of bonds acquired	(27,199,245)	(35,704,993)
Cost of equity securities acquired	(32,822,523)	(14,306,984)
Net cash provided by (used in) investing activities	33,108,365	(19,267,358)
Financing activities:		
Dividends paid to stockholders	(3,000,000)	-
Other cash applied	(1,059,128)	(285,256)
Net cash used in financing activities	(4,059,128)	(285,256)
Change in cash, cash equivalents and short-term investments	41,096,876	(10,338,978)
Cash, cash equivalents and short-term investments, beginning of year	22,467,487	32,806,465
Cash, cash equivalents and short-term investments, end of year	$ 63,564,363	$ 22,467,487

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 Arkansas, Louisiana, Mississippi, Missouri, Nebraska, Oklahoma, Tennessee and Texas. However, the Company is licensed to write workers' compensation coverage in a total of 28 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. As of December 31, 2020, Premier held certificates of authority to write workers' compensation coverage in Arkansas, Louisiana, Mississippi, Missouri, Nebraska, Oklahoma, Tennessee and Texas but had not begun to write policies.

Effective January 1, 2018, all issued and outstanding shares of the Company were purchased by Wintaai Holdings, Ltd., an Ontario, Canada corporation.

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, 2020 and 2019, totaled $26,563 and $34,453, 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.

On February 5th, 2021, the Department approved the Company's request to apply a one-time permitted practice as of and for the year ended December 31, 2020. The approved permitted practice allowed the Company to net a securities payable liability in the amount of $41,999,485 against cash at December 31, 2020, effectively lowering the securities payable and cash balances shown on the accompanying Statements of Admitted Assets, Liabilities, and Capital and Surplus by this amount. Additionally, as a result of the implementation of this permitted practice, the Company reduced the amount it owed for certain premium tax assessments at December 31, 2020. The effect on the accompanying financial statements for the reduction in premium tax assessments was to reduce taxes, licenses and fees expense and accrued taxes, licenses and fees liability by $503,710, along with an increase in federal income tax expense and a reduction of federal income taxes receivable of $105,779. The effect, net of income taxes, on net income and surplus is as follows:

	2020	
	Effect on Net Income	**Effect on Surplus**
State basis - as reported	$ 11,252,120	$ 97,725,894
State permitted practice	(397,931)	(397,931)
NAIC SAP basis	$ 10,854,189	$ 97,327,963

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) Preferred stocks are stated at cost, lower of cost or amortized cost or fair values depending on the NAIC rating and the underlying characteristics of the securities, while under US GAAP preferred stocks are carried at their estimated fair values;

(7) 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 stock are reported at fair value with the change in unrealized gains and losses reported directly through earnings;

(8) 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.

(9) 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;

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

(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) Certain derivative instruments are carried at amortized cost, whereas under US GAAP all derivatives would be carried at fair value;

(14) 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.

(15) Under certain conditions, the gain or loss on the sale of real estate that is accompanied by a leaseback of all or any part of the property is recognized directly to special surplus funds and subsequently amortized to unassigned funds (surplus) over the lease term. Under U.S. GAAP, a gain on the sale of real estate accompanied by a leaseback is generally deferred and amortized into income over the lease term; losses on the sale of assets subject to a leaseback are generally recognized in earnings at the time of sale.

A comparison of US GAAP and statutory net income and total equity of the Company as of and for the years ended December 31, 2020 and 2019 is as follows:

	US GAAP	Statutory
Net income:		
Year ended December 31, 2020	$ 16,279,467	$ 11,199,726
Year ended December 31, 2019	$ 15,229,613	$ 6,378,416
Total equity/capital and surplus:		
December 31, 2020	$ 101,342,270	$ 97,725,894
December 31, 2019	$ 84,740,579	$ 84,446,255

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 thru 6) are reported at the lower of amortized cost or fair value.

Mortgage-backed securities are valued at amortized cost using the effective interest method including anticipated prepayments. The retrospective adjustment method is used to value all such securities, except principal-only and interest-only securities which are valued using the prospective method.

Common stocks 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 $1,184,735 and $1,806,691 at December 31, 2020 and 2019, 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 income 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, 2020 and 2019, the Company recorded an allowance for doubtful accounts of $330,897 and $473,740, 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

Federal income tax returns include 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.

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, 2020 and 2019, the Company has an accrued liability recorded for unpaid compensated absences of $154,790 and $176,275, 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 statement 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, 2020 and 2019, were as follows:

	December 31, 2020				
	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	$ 11,656,903	$ 11,656,903	$ 169,283	$ (82)	$ 11,826,104
State and political subdivisions	1,998,554	1,998,554	10,603	(6,757)	2,002,400
Industrial and miscellaneous	45,967,622	46,118,325	5,821,415	(150,703)	51,789,037
Mortgage-backed securities	1,032,622	1,032,622	6,614	(60,887)	978,349
Total bonds	60,655,701	60,806,404	6,007,915	(218,429)	66,595,890
Common stocks	59,831,806	33,785,346	26,848,599	(802,139)	59,831,806
Derivatives	2,965,000	1,772,290	1,192,710	-	2,965,000
Total	$ 123,452,507	$ 96,364,040	$ 34,049,224	$ (1,020,568)	$ 129,392,696

	December 31, 2019				
	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	$ 35,013,036	$ 35,013,036	$ 46,471	$ (205)	$ 35,059,302
State and political subdivisions	3,377,264	3,377,264	24,528	-	3,401,792
Industrial and miscellaneous	40,367,442	40,646,639	1,883,797	(279,196)	42,251,240
Mortgage-backed securities	1,267,377	1,267,377	4,029	(78,407)	1,192,999
Total bonds	80,025,119	80,304,316	1,958,825	(357,808)	81,905,333
Common stocks	62,245,239	41,901,543	20,489,574	(145,878)	62,245,239
Preferred stocks	5,664,088	5,611,088	214,613	(11,495)	5,814,206
Total	$ 147,934,446	$ 127,816,947	$ 22,663,012	$ (515,181)	$ 149,964,778

Information pertaining to investment securities with gross unrealized losses at December 31, 2020 and 2019, aggregated by investment category and length of time that individual securities have been in a continuous loss is as follows:

	December 31, 2020			
	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	$ (82)	$ 399,484	$ -	$ -
State and political subdivisions	(6,757)	1,091,021	-	-
Industrial and miscellaneous	(126,708)	6,031,935	(23,995)	2,400,475
Mortgage-backed securities	(9,522)	193,108	(51,365)	714,359
Total bonds	(143,069)	7,715,548	(75,360)	3,114,834
Common stocks	(301,211)	9,434,750	(500,928)	1,097,026
Derivatives	-	-	-	-
Total	$ (444,280)	$ 17,150,298	$ (576,288)	$ 4,211,860

	December 31, 2019			
	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	$ (205)	$ 798,240	$ -	$ -
State and political subdivisions	-	-	-	-
Industrial and miscellaneous	(141,510)	2,164,500	(137,686)	2,298,591
Mortgage-backed securities	(32,205)	273,989	(46,202)	844,942
Total bonds	(173,920)	3,236,729	(183,888)	3,143,533
Common stocks	(27,721)	536,606	(118,157)	1,117,511
Preferred stocks	(11,495)	858,229	-	-
Total	$ (213,136)	$ 4,631,564	$ (302,045)	$ 4,261,044

The amortized cost of bonds and notes has been increased by net accretion income of $2,444,045 and reduced by net amortization expense of $44,464 during the years ended December 31, 2020 and 2019, 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, 2020 or 2019.

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 no impairment charges related to debt securities during the years ended December 31, 2020 or 2019.

The amortized cost and estimated fair values of investment securities as of December 31, 2020, 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	$ 10,473,127	$ 10,597,583
Due after 1 year through 5 years	28,415,684	30,305,733
Due after 5 years through 10 years	18,440,830	21,458,351
Due after 10 years through 20 years	-	-
Due after 20 years	2,444,141	3,255,874
	59,773,782	65,617,541
Mortgage-backed securities	1,032,622	978,349
	$ 60,806,404	$ 66,595,890

In accordance with regulatory provisions, the Company has pledged bonds with a statement value of $4,599,891 and $4,616,723 to various regulatory agencies at December 31, 2020 and 2019, respectively. Additionally, at December 31, 2020 and 2019, the Company has pledged bonds with a carrying value of $302,158 and $234,775, respectively, as collateral as required by the Company's counterparty in relation to the interest rate swap transaction described in Note 14.

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

	2020	2019
Interest on bonds	$ 5,467,892	$ 2,854,111
Dividends on equity securities	833,229	2,139,798
Interest on short-term investments, cash, and other	697,455	242,970
	6,998,576	5,236,879
Less: investment expenses	(1,266,380)	(1,063,380)
Less: interest on surplus note and interest rate swap	(262,038)	(257,227)
Net investment income	$ 5,470,158	$ 3,916,272

Proceeds received from sales, maturities and prepayments of bonds and common and preferred stocks were $93,160,855 and $32,066,024 for the years ended December 31, 2020 and 2019, respectively. The Company realized capital gains of $1,817,804 in 2020 and $145,443 in 2019, in relation to these transactions.

On April 28, 2020, the Company received loan proceeds in the amount of $710,458 from the Small Business Administration (SBA) through the Paycheck Protection Program (PPP) as established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by Congress in March 2020. Under the provisions of the program, each borrower is able to apply for forgiveness for all or a portion of the PPP loan based on the use of the loan proceeds in accordance with the terms of the CARES Act. In December 2020, the Company received notice that the loan, along with accrued interest, was fully forgiven by the SBA. Accordingly, the Company recognized the extinguishment as a realized capital gain in accordance with statutory accounting principles.

The Company sold its investment in real estate effective December 31, 2018 to an unrelated third party. The sale resulted in the Company realizing a capital loss of $610,682. This transaction meets the definition of a sale lease-back transaction contained in SSAP No. 22 *Leases*. In accordance with SSAP No. 22, the Company recorded the loss directly through policyholder surplus and has included it in "special surplus funds". This amount was to be amortized out of "special surplus funds" and into unassigned surplus over the life of the lease in accordance with SSAP No. 22. The amount amortized during 2019 was $122,136. During 2020, the lease related to this transaction was terminated. Accordingly, the remaining balance of $488,546 in special surplus funds at December 31, 2019 was reclassed into unassigned surplus during 2020.

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, 2020 and 2019, about the Company's financial assets and liabilities measured and carried at fair value at the reporting date:

	December 31, 2020				
	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
Assets at Fair Value:					
Cash equivalent	$ -	$ -	$ -	$ 10,000	$ 10,000
Bonds	-	8,432,410	-	-	8,432,410
Common stocks	55,870,091	-	1,097,026	2,864,689	59,831,806
Derivatives	2,965,000	-	-	-	2,965,000
	$58,835,091	$ 8,432,410	$1,097,026	$ 2,874,689	$71,239,216
Liabilities at Fair Value:					
Derivatives	$ 1,332,125	$ -	$ -	$ -	$ 1,332,125

	December 31, 2019				
	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
Assets at Fair Value:					
Bonds	$ -	$ 4,463,091	$ -	$ -	$ 4,463,091
Common stocks	57,938,732	-	1,612,194	2,694,313	62,245,239
Preferred stocks	2,328,059	-	-	-	2,328,059
	$60,266,791	$ 4,463,091	$1,612,194	$ 2,694,313	$69,036,389

With the exception of two investments, ownership in a private foreign mutual fund and ownership in a privately traded common stock, at December 31, 2020 and 2019, 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 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, 2020 and 2019, 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, 2020 and 2019.

	December 31, 2020					
	Admitted Assets	Aggregate Fair Value	Level 1	Level 2	Level 3	N.A.V.
Assets:						
Cash and cash equivalents	$ 63,007,512	$ 63,017,607	$ 21,008,027	$ 41,999,580	$ -	$ 10,000
Short-term investments	$ 546,851	$ 578,289	$ -	$ 578,289	$ -	$ -
Bonds	$ 60,655,701	$ 66,595,890	$ -	$ 66,595,890	$ -	$ -
Common stocks	$ 59,831,806	$ 59,831,806	$ 55,870,091	$ -	$ 1,097,026	$ 2,864,689
Derivatives	$ 2,965,000	$ 2,965,000	$ 2,965,000	$ -	$ -	$ -
Liabilities:						
Derivatives	$ -	$ (1,394,412)	$ (1,332,125)	$ -	$ (62,287)	$ -

	December 31, 2019					
	Admitted Assets	Aggregate Fair Value	Level 1	Level 2	Level 3	N.A.V.
Assets:						
Cash, cash equivalents and and short-term investments	$ 22,467,487	$ 22,467,487	$ 22,467,487	$ -	$ -	$ -
Bonds	$ 80,025,119	$ 81,905,333	$ -	$ 81,905,333	$ -	$ -
Common stocks	$ 62,245,239	$ 62,245,239	$ 57,938,732	$ -	$ 1,612,194	$ 2,694,313
Preferred stocks	$ 5,664,088	$ 5,814,206	$ 5,814,206	$ -	$ -	$ -
Liabilities:						
Derivative	$ -	$ (47,728)	$ -	$ -	$ (47,728)	$ -

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 interest rate swap is valued using a discounted cash flow model. The Company's investment in written (liability) and purchased (asset) call options are valued using quoted market prices.

4. CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

At December 31, 2020 and 2019, cash, cash equivalents and short-term investments consisted of the following:

	2020	2019
Demand deposits in financial institutions	$ 21,008,027	$ 22,457,412
Money market funds	10,000	10,075
Shor-term investments	42,546,336	-
Total	$ 63,564,363	$ 22,467,487

All demand deposits are insured by the Federal Deposit Insurance Corporation up to $250,000. The money market funds are not insured by the Federal Deposit Insurance Corporation. However, these funds are backed by the underlying securities.

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

Other assets consisted of the following at December 31:

	2020	2019
Information systems	$ 6,036,446	$ 6,329,630
Computer hardware	72,089	335,662
Less: accumulated depreciation	(5,143,598)	(5,452,438)
	964,937	1,212,854
Less: non-admitted amount	(964,937)	(1,212,854)
Admitted EDP equipment and software	-	-
Amounts due from the Louisiana Second Injury Fund	616,370	800,720
Other miscellaneous assets	63,772	204,346
Total - Other Assets	$ 680,142	$ 1,005,066

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

	2020	2019
Office equipment	$ 77,090	$ 108,589
Furniture and fixtures	227,790	-
Leasehold improvements	760,436	-
Less: accumulated depreciation	(138,633)	(108,589)
Total	926,683	-
Less: non-admitted amount	(926,683)	-
Total	$ -	$ -

Depreciation expense was $375,873 and $558,312 for 2020 and 2019, respectively.

6. LIABILITY FOR UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Unpaid losses and loss adjustment expenses at December 31, 2020 and 2019 consist of the following:

	2020	2019
Unpaid Losses	$ 66,866,387	$ 64,747,099
Unpaid loss adjustment expenses	10,005,467	9,327,417
Total	$ 76,871,854	$ 74,074,516

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

	2020	2019
Reserves for loss and LAE - gross - at January 1	$ 78,544,723	$ 76,579,928
Amounts recoverable from reinsurers on unpaid losses	4,470,207	3,478,368
Reserve for Loss and LAE - net at Janaury 1	74,074,516	73,101,560
Net incurred related to:		
Current year	25,811,638	27,238,886
Prior years	(7,063,628)	(3,525,779)
Total incurred	18,748,010	23,713,107
Net paid related to:		
Current year	6,216,539	6,542,412
Prior years	9,734,133	16,197,739
Total paid	15,950,672	22,740,151
Reserves for Loss and LAE - net - at December 31	76,871,854	74,074,516
Amounts recoverable from reinsurers on unpaid losses	4,329,171	4,470,207
Reserve for Loss and LAE - gross at December 31	$ 81,201,025	$ 78,544,723

The estimated cost of loss and loss adjustment expenses (LAE) attributable to insured events of prior years decreased by $7,063,628 and $3,525,779 during 2020 and 2019, 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 $5,250,000 and $4,658,000 at December 31, 2020 and 2019, respectively. The Company estimates that it is contingently liable for approximately $2,650,000 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
1/01/11 - 12/31/11	1,000,000	-	$49,000,000 in excess of $1,000,000
1/01/12 - 12/31/12	1,000,000	-	$29,000,000 in excess of $1,000,000
1/01/13 - 12/31/13	750,000	-	$29,250,000 in excess of $750,000
1/01/14 - 12/31/14	750,000	-	$39,250,000 in excess of $750,000
1/01/15 - 12/31/15	750,000	500,000	$39,250,000 in excess of $750,000
1/01/16 - 12/31/16	2,000,000	-	$38,000,000 in excess of $2,000,000
1/01/17 - 12/31/17	2,000,000	-	$38,000,000 in excess of $2,000,000
1/01/18 - 12/31/18	750,000	500,000	$39,250,000 in excess of $750,000
1/01/19 - 12/31/19	750,000	750,000	$39,250,000 in excess of $750,000
1/01/20 - 12/31/20	750,000	1,000,000	$39,250,000 in excess of $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, 2020 and 2019, the Company has $4,329,171 and $4,470,207, respectively, of reinsurance recoverables based on its actuarially determined ultimate loss and loss adjustment expenses payable. At December 31, 2020 and 2019, the Company had $189,181 and $0 due from reinsurers for claims actually paid.

The effects of reinsurance on premiums written and earned for 2020 and 2019 are as follows:

	2020		2019	
	Written	Earned	Written	Earned
Direct	$ 44,259,758	$ 44,311,657	$ 45,117,865	$ 45,178,477
Assumed - assigned risk pools	592,287	640,469	764,899	803,258
Ceded	(2,219,128)	(2,219,128)	(2,228,654)	(2,228,654)
Net	$ 42,632,917	$ 42,732,998	$ 43,654,110	$ 43,753,081

At December 31, 2020 and 2019, 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, 2020 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. Currently, the Company is not aware of any pending guaranty fund assessments or recent insolvencies which would require it to record a liability for guaranty fund assessments in any of the states the Company conducts business. However, insurance company insolvencies in states where the Company writes business may result in guaranty fund assessments on future premiums. At December 31, 2020 and 2019, the Company has an asset of $112,122 and $140,152, respectively, for guaranty fund assessments paid in past years which are available as premium tax offsets over the next four years.

The Company has accrued a liability for loss-based assessments of $3,100,168 and $3,286,908 at December 31, 2020 and 2019, 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.

In March, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on policyholders, employees and vendors, all of which are uncertain and cannot be predicted. The extent to which the COVID-19 pandemic may impact financial markets and the Company's financial condition or results of operations cannot be reasonably estimated at this time.

9. POLICYHOLDER SECURITY DEPOSITS

Policyholder security deposits are $1,232,696 and $1,229,295 as of December 31, 2020 and 2019, 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, 2020 and 2019, the Company incurred $972,911 and $1,017,504, respectively, in fees under these agreements.

During 2020, 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 $85,106 in 2020 in relation to this agreement.

At December 31, 2020 and 2019, the Company owed Chou Associates Management Inc. $299,937 and $246,185 respectively, in relation to these agreements.

11. INCOME TAXES

The components of deferred tax assets and liabilities as of December 31, 2020 and 2019 are as follows:

	2020	2019	Total Change	Change in Net Deferred Income Taxes
Deferred tax assets:				
Discounting of unpaid Losses and LAE	$ 2,339,519	$ 2,232,193	$ 107,326	$ 107,326
Cost basis differences for invested assets	7,474	362,358	(354,884)	(354,884)
Allowance for doubtful accounts	69,488	99,485	(29,997)	(29,997)
Non-admitted assets	43,590	97,400	(53,810)	(53,810)
Fixed assets	148,189	120,292	27,897	27,897
Surplus note issuance costs	17,958	19,084	(1,126)	(1,126)
Unearned and advance premium	825,598	827,753	(2,155)	(2,155)
Accrued compensated absences	32,506	37,018	(4,512)	(4,512)
Gross deferred tax assets	3,484,322	3,795,583	(311,261)	(311,261)
Less: valuation allowance	-	-	-	-
Less: non-admitted deferred tax assets	-	-	-	-
Gross admitted deferred tax assets	3,484,322	3,795,583	(311,261)	(311,261)
Deferred tax liabilities:				
Surplus note interest	2,374	2,374	-	-
Accrued dividends	-	11,502	(11,502)	(11,502)
Guaranty fund receivable	23,546	29,432	(5,886)	(5,886)
Unrealized capital gains	5,660,745	4,224,675	1,436,070	-
Loss reserves transition adjustment	926,153	1,111,384	(185,231)	(185,231)
Gross defered tax liabilities	6,612,818	5,379,367	1,233,451	(202,619)
Net deferred tax (liabilites) assets	$ (3,128,496)	$ (1,583,784)	$ (1,544,712)	$ (108,642)

The admission calculation components, with paragraph references to SSAP No. 101 are as follows at December 31, 2020 and 2019:

		2020	2019
11.a.	Federal income taxes recoverable through loss carryback	$ 1,993,934	$ 1,853,396
11.b.i.	Adjusted gross deferred tax assets expected to be realized following the balance sheet date	526,593	667,978
11.b.ii.	Adjusted gross deferred tax assets allowed per limitation threshold	N/A	N/A
	Admitted pursuant to 11.b.	526,593	667,978
11.c.	Remaining adjsuted gross defererd tax assets offsetting existing deferred tax liabilities	963,795	1,274,209
	Total admitted pursuant to paragraphs 11.a, 11.b, and 11.c above	$ 3,484,322	$ 3,795,583

At December 31, 2020 and 2019, 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:

	2020	2019
Ratio percentage used to determine recovery period and threshold limitaion amount	868.0%	862.0%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitaion in paragraph 11.b.ii. above	$97,725,894	$84,446,255

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

	2020		2019	
Income before income taxes and capital gains tax	$ 13,689,176	100%	$ 8,717,636	100%
Federal income taxes:				
Computed at statutory rate	2,874,727	21.0%	1,830,704	21.0%
Non-admitted assets	(88,731)	-0.6%	(8,431)	-0.1%
Tax-exempt interest and proration	11,273	0.1%	9,447	0.1%
Dividends received deduction	(60,740)	-0.4%	(85,223)	-1.0%
Non-deductible expenses	11,709	0.1%	41,201	0.5%
Effect of foreign tax credit	-	0.0%	(115,211)	-1.3%
Loan forgiveness	(150,058)	-1.1%	-	0.0%
Other	(88)	0.0%	(13,648)	-0.2%
Total statutory income taxes	$ 2,598,092	19.0%	$ 1,658,839	19.0%
Federal income tax expense	$ 2,466,177	18.0%	$ 1,983,748	22.8%
Realized capital gains tax	23,273	0.2%	355,472	4.1%
Change in net deferred income taxes	108,642	0.8%	(680,381)	-7.8%
Total statutory income taxes	$ 2,598,092	19.0%	$ 1,658,839	19.0%

At December 31, 2020 and 2019, the Company and its subsidiary have approximately $2,500,000 and $2,340,000 of tax expense generated in 2020 and 2019 that is available for recoupment in the event of future net losses.

At December 31, 2020, the Company had 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

During 2016, the Company re-domesticated to the State of Nebraska. As a condition of the re-domestication, the Nebraska Department of Insurance (the Department) and the Company agreed to certain restrictions and responsibilities being placed on the Company going forward. In accordance with this agreement, the Company may not pay any dividends or other distributions to its' shareholder without the prior approval of the Department. The Company is also required to maintain a minimum risk-based capital (RBC) ratio of 350% and is required to maintain an "RBC Maintenance Agreement" with its ultimate parent, Chou Associates Management Inc, whereby it would agree to inject capital into the Company if the RBC ratio dropped below the required threshold. Additionally, the Company is required to have all related party agreements approved by the Department prior to implementation and is required to submit certain information on a monthly and quarterly basis to the Department.

In addition to the RBC requirement discussed above, the Department also 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, 2020 and 2019, the Company's calculation indicated that it exceeded the minimum risk-based capital requirements.

With the approval of the Nebraska Department of Insurance, the Company declared and paid dividends of $3,000,000 to its stockholders' during the year ended December 31, 2020. No dividends were declared or paid during 2019.

Under statutory accounting practices, certain assets are designated as non-admitted assets and are not included in the accompanying statement 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, 2020 and 2019 consisted of the following:

	2020	2019
Premium receivables	$ 148,587	$ 357,308
Furniture and equipment	926,683	-
EDP equipment and software	964,937	1,212,854
Prepaid expenses	207,570	463,808
Deposit with NCCI	89,741	89,741
Total	$ 2,337,518	$ 2,123,711

The portion of unassigned surplus represented by cumulative unrealized gains at December 31, 2020 was $26,887,363 less applicable deferred taxes of $5,660,745, for a net balance of $21,226,618.

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 note was underwritten by FTN Financial Capital Markets and is 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 are 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:	$4,000,000
Principal/Interest Paid During Current Year:	$194,591
Total Principal/Interest Paid:	$3,588,332
Unapproved Principal/Interest:	$11,307
Date of Maturity:	December 15, 2036

The unapproved interest of $11,307 shown above represents interest from December 16, 2020 through December 31, 2020 which will be paid with the first interest payment due on March 15, 2021 once approval has been sought and received from the Nebraska Department of Insurance. This interest expense has not been accrued in the accompanying financial statements since SAP requires that approval of interest payments be obtained by the Nebraska Department of Insurance before the expense is recognized.

14. DERIVATIVE INSTRUMENTS

The Company takes positions from time to time in derivative financial instruments to hedge against interest rate risk, to generate additional investment income and to reduce the over-all common stock leverage recognized on the Company's balance sheet. Following are three types 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*.

Interest rate swap:

Effective December 15, 2011, the Company entered into an interest rate swap agreement with a $4,000,000 notional amount with FTN Financial Capital Markets to hedge the floating interest rate on the surplus note. The Company has designated the swap as a highly effective hedge of the cash flows of the surplus note and therefore records the value of the swap at amortized cost consistent with how the Company records the surplus note. The Company had zero initial cost, to enter into the swap, which calls for the Company to pay fixed interest of 6.36% while the counterparty pays LIBOR plus 4.00% until September 15, 2021. The carrying value of the swap was zero at December 31, 2020 and 2019, respectively. If the interest rate swap agreement was required to be recorded at estimated fair value at December 31, 2020 and 2019, a liability of $62,287 and $47,728, respectively, would result. If the swap is terminated prior to maturity, proceeds are exchanged equal to the fair value of the contract.

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 year ended December 31, 2020, the Company wrote (sold) covered call options on several equity positions it 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 year ended December 31, 2020, 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, 2020. There were no option contracts entered into during the year ended December 31, 2019.

	# of Contracts	Premium Received (Paid)	Carrying Value	Estimated Fair Value	Unrealized Gain (Loss)
Assets:					
Purchased call options	$ 2,350	$ (1,772,290)	$ 2,965,000	$ 2,965,000	$ 1,192,710
(Liabilities):					
Written call options	$ 6,990	$ 1,199,587	$ (1,332,125)	$ (1,332,125)	$ (132,538)

During the year ended December 31, 2020, the Company recorded $36,615 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 2025 and incurred expense of $40,644 and $42,419 in 2020 and 2019, respectively, related to these leases.

Additionally, the Company leases office space under a non-cancelable operating lease. The Company incurred $173,558 and $233,967 of rental expense in 2020 and 2019, respectively, 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, 2020, the minimum aggregate lease commitments are as follows:

Years ending December 31,	Amount
2021	$ 180,886
2022	175,920
2023	167,018
2024	161,534
2025	102,785
Total	$ 788,143

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, 2020 and 2019, the Company contributed $370,737 and $327,098, respectively, to the plan.

17. STOCK SPLIT

Effective May 7th, 2019, with the approval of the Nebraska Department of Insurance, Stonetrust Commercial Insurance Company performed a 4,000 to 1 stock split. As a result of the stock split, the Company had 40,000,000 shares of common stock with a par value of $0.625 per share authorized, and 4,000,000 shares issued and outstanding at December 31, 2020 and 2019.

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 15, 2021, and determined that no matter required additional disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

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, 2020, 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 15, 2021

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATING STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND CAPITAL AND SURPLUS
(Statutory Basis)
DECEMBER 31, 2020

ADMITTED ASSETS

	Stonetrust Commerical	Stonetrust Premier	Eliminations	Consolidated Total
Investments in bonds	$ 59,728,726	$ 926,975	$ -	$ 60,655,701
Investments in common stocks	65,263,239	-	(5,431,433)	59,831,806
Cash, cash equivalents and short-term investments	59,073,923	4,490,440	-	63,564,363
Derivatives	2,965,000	-	-	2,965,000
Receivables for securities	3,704,688	-	-	3,704,688
Cash and invested assets	190,735,576	5,417,415	(5,431,433)	190,721,558
Investment income due and accrued	1,051,468	4,788	-	1,056,256
Premiums due and uncollected	841,314	-	-	841,314
Deferred premiums	14,109,809	-	-	14,109,809
Amounts recoverable from reinsurers	189,181	-	-	189,181
Federal income taxes receivable	331,042	14,042	-	345,084
Guaranty funds receivable or on deposit	112,122	-	-	112,122
Other assets	680,142	-	-	680,142
Total Admitted Assets	$ 208,050,654	$ 5,436,245	$ (5,431,433)	$ 208,055,466

LIABILITIES AND CAPITAL AND SURPLUS

	Stonetrust Commerical	Stonetrust Premier	Eliminations	Consolidated Total
Liabilities				
Unpaid losses and loss adjustment expenses	$ 76,871,854	$ -	$ -	$ 76,871,854
Commissions payable	1,424,956	-	-	1,424,956
Other expenses, excluding taxes, licenses and fees	2,446,521	834	-	2,447,355
Taxes, licenses and fees, excluding federal income taxes	3,369,602	3,020	-	3,372,622
Deferred tax liability	3,128,496	-	-	3,128,496
Unearned premiums	18,918,876	-	-	18,918,876
Advance premiums	738,216	-	-	738,216
Remittances and items not allocated	47,386	-	-	47,386
Payable to parent, subsidiaries and affiliates	298,979	958	-	299,937
Derivatives	1,332,125	-	-	1,332,125
Payable for securities	488,490	-	-	488,490
Policyholder security deposits	1,232,696	-	-	1,232,696
Amounts payable under loss portfolio transfer	26,563	-	-	26,563
Total liabilities	110,324,760	4,812	-	110,329,572
Capital and Surplus				
Common stock, $0.625 par value; 40,000,000 shares authorized and 4,000,000 outstanding	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
Surplus note	4,000,000	-	-	4,000,000
Unassigned surplus	58,725,894	(68,567)	68,567	58,725,894
Total capital and surplus	97,725,894	5,431,433	(5,431,433)	97,725,894
Total Liabilities and Capital and Surplus	$ 208,050,654	$ 5,436,245	$ (5,431,433)	$ 208,055,466

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, 2020

	Stonetrust Commerical	Stonetrust Premier	Eliminations	Consolidated Total
UNDERWRITING INCOME				
Premiums earned, net	$ 42,732,998	$ -	$ -	$ 42,732,998
Losses incurred	(14,472,894)	-	-	(14,472,894)
Loss adjustment expenses incurred	(4,275,116)	-	-	(4,275,116)
Other underwriting expenses incurred	(18,201,572)	(82,091)	-	(18,283,663)
Net underwriting gain (loss)	5,783,416	(82,091)	-	5,701,325
INVESTMENT INCOME				
Net investment income	5,454,503	15,655	-	5,470,158
Net realized capital gain (net of capital gains tax of $23,273)	2,509,094	-	-	2,509,094
Net investment gain	7,963,597	15,655	-	7,979,252
OTHER INCOME (EXPENSE)				
Bad debt expense, net of recoveries	(218,330)	-	-	(218,330)
Miscellaneous income	203,656	-	-	203,656
INCOME (LOSS) BEFORE FEDERAL INCOME TAXES	13,732,339	(66,436)	-	13,665,903
Federal income tax expense (benefit)	2,480,219	(14,042)	-	2,466,177
NET INCOME (LOSS)	$ 11,252,120	$ (52,394)	$ -	$ 11,199,726
CHANGES IN CAPITAL AND SURPLUS				
Balance, beginning of year	$ 84,446,255	$ 5,483,827	$ (5,483,827)	$ 84,446,255
Net income	11,252,120	(52,394)	-	11,199,726
Dividends to stockholders	(3,000,000)		-	(3,000,000)
Other changes:				
Change in net deferred income tax	(108,642)	-	-	(108,642)
Change in non-admitted assets	(213,807)	-	-	(213,807)
Change in net unrealized capital gains	5,349,968	-	52,394	5,402,362
Balance, end of year	$ 97,725,894	$ 5,431,433	$ (5,431,433)	$ 97,725,894

See independent auditors' report on supplementary information.

STONETRUST COMMERCIAL INSURANCE COMPANY AND SUBSIDIARY

CONSOLIDATING STATEMENTS OF CASH FLOWS
(Statutory Basis)
YEAR ENDED DECEMBER 31, 2020

	Stonetrust Commerical	Stonetrust Premier	Eliminations	Consolidated Total
OPERATING ACTIVITIES				
Premiums collected (net of reinsurance premiums paid)	$ 44,129,446	$ -	$ -	$ 44,129,446
Net investment income	4,224,891	15,835	-	4,240,726
Miscellaneous income	203,656	-	-	203,656
Benefit and loss related payments	(12,358,437)	-	-	(12,358,437)
Commissions and other underwriting expenses paid	(21,037,713)	(80,039)	-	(21,117,752)
Federal income taxes paid	(3,054,299)	4,299	-	(3,050,000)
Net cash provided by (used in) operating activities	12,107,544	(59,905)	-	12,047,639
INVESTING ACTIVITIES				
Proceeds from sales, maturities, and prepayments of bonds	50,626,487	-	-	50,626,487
Proceeds from sales of equity securities	42,534,368	-	-	42,534,368
Gain on sale of short-term investment	505,366	-	-	505,366
Derivatives purchased, net	(536,088)	-	-	(536,088)
Cost of bonds acquired	(27,199,245)	-	-	(27,199,245)
Cost of equity securities acquired	(32,822,523)	-	-	(32,822,523)
Net cash provided by investing activities	33,108,365	-	-	33,108,365
FINANCING ACTIVITIES				
Dividends paid to stockholders	(3,000,000)	-	-	(3,000,000)
Other cash applied	(1,059,128)	-	-	(1,059,128)
Net cash used in financing activities	(4,059,128)	-	-	(4,059,128)
CHANGE IN CASH AND CASH EQUIVALENTS	41,156,781	(59,905)	-	41,096,876
CASH AND CASH EQUIVALENTS BEGINNING	17,917,142	4,550,345	-	22,467,487
CASH AND CASH EQUIVALENTS, ENDING	$ 59,073,923	$ 4,490,440	$ -	$ 63,564,363

See independent auditors' report on supplementary information.

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SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For the year ended December 31, 2020

(To be filed by April 1)

Of Stonetrust Commercial Insurance Company

Address (City, State, Zip Code): Omaha NE 68154

NAIC Group Code.....4949 NAIC Company Code.....11042 Employer's ID Number.....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. $......207,986,882

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	Lumen Technologies, Inc.	Bonds, Equity	$......12,895,916	6.2 %
2.02	Fiat Chrysler Automobiles N.V.	Bonds, Equity	$........8,189,465	3.9 %
2.03	Exor N.V.	Equity	$........7,415,480	3.6 %
2.04	Alphabet Inc.	Equity	$........6,713,204	3.2 %
2.05	Apple Inc.	Equity	$........5,838,360	2.8 %
2.06	Lamar Media Corp.	Bonds	$........4,932,879	2.4 %
2.07	CNH Industrial N.V.	Bonds	$........4,874,159	2.3 %
2.08	Cleco Corporate Holdings LLC	Bonds	$........4,798,537	2.3 %
2.09	Resolute Forest Products Inc.	Equity	$........4,479,900	2.2 %
2.10	Pool Corporation	Equity	$........3,961,910	1.9 %

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

	Bonds	1	2
3.01	NAIC 1	$......55,760,589	26.8 %
3.02	NAIC 2	$......19,767,526	9.5 %
3.03	NAIC 3	$......12,166,092	5.8 %
3.04	NAIC 4	$......13,176,247	6.3 %
3.05	NAIC 5	$........1,404,608	0.7 %
3.06	NAIC 6	$	0.0 %
	Preferred Stocks	**3**	**4**
3.07	P/RP-1	$	0.0 %
3.08	P/RP-2	$	0.0 %
3.09	P/RP-3	$	0.0 %
3.10	P/RP-4	$	0.0 %
3.11	P/RP-5	$	0.0 %
3.12	P/RP-6	$	0.0 %

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	$......30,598,561	14.7 %
4.03	Foreign-currency-denominated investments	$	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$	0.0 %

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

		1	2
5.01	Countries designated NAIC 1	$......30,598,561	14.7 %
5.02	Countries designated NAIC 2	$	0.0 %
5.03	Countries designated NAIC 3 or below	$	0.0 %

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: United Kingdom	$......17,148,230	8.2 %
6.02	Country 2: Netherlands	$........7,415,480	3.6 %
	Countries designated NAIC 2:		
6.03	Country 1:	$	0.0 %
6.04	Country 2:	$	0.0 %
	Countries designated NAIC 3 or below:		
6.05	Country 1:	$	0.0 %
6.06	Country 2:	$	0.0 %

		1	2
7.	Aggregate unhedged foreign currency exposure	$	0.0 %

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

		1	2
8.01	Countries designated NAIC 1	$	0.0 %
8.02	Countries designated NAIC 2	$	0.0 %
8.03	Countries designated NAIC 3 or below	$	0.0 %

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:	$	0.0 %
9.02	Country 2:	$	0.0 %
	Countries designated NAIC 2:		
9.03	Country 1:	$	0.0 %
9.04	Country 2:	$	0.0 %
	Countries designated NAIC 3 or below:		
9.05	Country 1:	$	0.0 %
9.06	Country 2:	$	0.0 %

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

	1 Issuer	2 NAIC Designation	3	4
10.01	Fiat Chrysler Automobiles N.V.	3FE, Equity	$8,189,465	3.9 %
10.02	Exor N.V.	Equity	$7,415,480	3.6 %
10.03	CNH Industrial N.V.	2FE	$4,874,159	2.3 %
10.04	Pershing Square Holdings, Ltd.	2FE	$3,698,031	1.8 %
10.05	BAOBAB Global Fund Ltd.	Equity/Mutual Fund	$2,864,689	1.4 %
10.06	Seagate HDD Cayman	3FE	$1,533,221	0.7 %
10.07	Global Ship Lease Inc.	4FE	$1,219,917	0.6 %
10.08	Endo Designated Activity Company	5FE	$646,149	0.3 %
10.09	Assured Guaranty Ltd.	Equity	$157,450	0.1 %
10.10			$	0.0 %

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 [ ] No [X]

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

11.02	Total admitted assets held in Canadian Investments	$8,053,850	3.9 %
11.03	Canadian currency-denominated investments	$	0.0 %
11.04	Canadian-denominated insurance liabilities	$	0.0 %
11.05	Unhedged Canadian currency exposure	$	0.0 %

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	$	0.0 %
	Largest three investments with contractual sales restrictions:		
12.03		$	0.0 %
12.04		$	0.0 %
12.05		$	0.0 %

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

13.01 Are assets held in equity interest 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 Name of Issuer	2	3
13.02	Lumen Technologies Inc.	$9,018,750	4.3 %
13.03	Fiat Chrysler Automobiles N.V.	$7,713,359	3.7 %
13.04	Exor N.V.	$7,415,480	3.6 %
13.05	Alphabet Inc.	$6,713,204	3.2 %
13.06	Apple Inc.	$5,838,360	2.8 %
13.07	Resolute Forest Products Inc.	$4,479,900	2.2 %
13.08	Pool Corporation	$3,961,910	1.9 %
13.09	BAOBAB Global Fund Ltd.	$2,864,689	1.4 %
13.10	Berkshire Hathaway Inc.	$2,782,520	1.3 %
13.11	Allegiant Travel Company	$2,649,360	1.3 %

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	$	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	0.0 %
14.04		$	0.0 %
14.05		$	0.0 %

Ten Largest Fund Managers

	1 Fund Manager	2 Total Invested	3 Diversified	4 Non-Diversified
14.06	BAOBAB Global Fund Ltd.	$........2,864,689	$	$........2,864,689
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	$	0.0 %
	Largest three investments in general partnership interests:		
15.03		$	0.0 %
15.04		$	0.0 %
15.05		$	0.0 %

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		$	0.0 %
16.03		$	0.0 %
16.04		$	0.0 %
16.05		$	0.0 %
16.06		$	0.0 %
16.07		$	0.0 %
16.08		$	0.0 %
16.09		$	0.0 %
16.10		$	0.0 %
16.11		$	0.0 %

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

		Loans	
16.12	Construction loans	$	0.0 %
16.13	Mortgage loans over 90 days past due	$	0.0 %
16.14	Mortgage loans in the process of foreclosure	$	0.0 %
16.15	Mortgage loans foreclosed	$	0.0 %
16.16	Restructured mortgage loans	$	0.0 %

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

Loan-to-Value	Residential		Commercial		Agricultural	
	1	2	3	4	5	6
17.01 above 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.02 91% to 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.03 81% to 90%	$	0.0 %	$	0.0 %	$	0.0 %
17.04 71% to 80%	$	0.0 %	$	0.0 %	$	0.0 %
17.05 below 70%	$	0.0 %	$	0.0 %	$	0.0 %

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	2	3
18.02		$	0.0 %
18.03		$	0.0 %
18.04		$	0.0 %
18.05		$	0.0 %
18.06		$	0.0 %

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 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	$	0.0 %
	Largest three investments held in mezzanine real estate loans:		
19.03		$	0.0 %
19.04		$	0.0 %
19.05		$	0.0 %

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		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$	0.0 %	$	$	$
20.02 Repurchase agreements	$	0.0 %	$	$	$
20.03 Reverse repurchase agreements	$	0.0 %	$	$	$
20.04 Dollar repurchase agreements	$	0.0 %	$	$	$
20.05 Dollar reverse repurchase agreements	$	0.0 %	$	$	$

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	$	0.0 %	$	0.0 %
21.02 Income generation	$	0.0 %	$	0.0 %
21.03 Other	$ 2,965,000	1.4 %	$	0.0 %

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		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
22.01 Hedging	$	0.0 %	$	$	$
22.02 Income generation	$	0.0 %	$	$	$
22.03 Replications	$	0.0 %	$	$	$
22.04 Other	$	0.0 %	$	$	$

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		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
23.01 Hedging	$	0.0 %	$	$	$
23.02 Income generation	$	0.0 %	$	$	$
23.03 Replications	$	0.0 %	$	$	$
23.04 Other	$	0.0 %	$	$	$

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SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For the year ended December 31, 2020

(To be filed by April 1)

Of Stonetrust Premier Casualty Insurance Company

Address (City, State, Zip Code): Omaha NE 68154

NAIC Group Code.....4949 NAIC Company Code.....16577 Employer's ID Number.....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. $..........5,436,245

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			$	0.0 %
2.02			$	0.0 %
2.03			$	0.0 %
2.04			$	0.0 %
2.05			$	0.0 %
2.06			$	0.0 %
2.07			$	0.0 %
2.08			$	0.0 %
2.09			$	0.0 %
2.10			$	0.0 %

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

	Bonds	1	2
3.01	NAIC 1	$..........926,975	17.1 %
3.02	NAIC 2	$	0.0 %
3.03	NAIC 3	$	0.0 %
3.04	NAIC 4	$	0.0 %
3.05	NAIC 5	$	0.0 %
3.06	NAIC 6	$	0.0 %
	Preferred Stocks	3	4
3.07	P/RP-1	$	0.0 %
3.08	P/RP-2	$	0.0 %
3.09	P/RP-3	$	0.0 %
3.10	P/RP-4	$	0.0 %
3.11	P/RP-5	$	0.0 %
3.12	P/RP-6	$	0.0 %

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	$	0.0 %
4.03	Foreign-currency-denominated investments	$	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$	0.0 %

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

		1	2
5.01	Countries designated NAIC 1	$	0.0 %
5.02	Countries designated NAIC 2	$	0.0 %
5.03	Countries designated NAIC 3 or below	$	0.0 %

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:	$	0.0 %
6.02	Country 2:	$	0.0 %
	Countries designated NAIC 2:		
6.03	Country 1:	$	0.0 %
6.04	Country 2:	$	0.0 %
	Countries designated NAIC 3 or below:		
6.05	Country 1:	$	0.0 %
6.06	Country 2:	$	0.0 %

		1	2
7.	Aggregate unhedged foreign currency exposure	$	0.0 %

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

		1	2
8.01	Countries designated NAIC 1	$	0.0 %
8.02	Countries designated NAIC 2	$	0.0 %
8.03	Countries designated NAIC 3 or below	$	0.0 %

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:	$	0.0 %
9.02	Country 2:	$	0.0 %
	Countries designated NAIC 2:		
9.03	Country 1:	$	0.0 %
9.04	Country 2:	$	0.0 %
	Countries designated NAIC 3 or below:		
9.05	Country 1:	$	0.0 %
9.06	Country 2:	$	0.0 %

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

	1 Issuer	2 NAIC Designation	3	4
10.01			$	0.0 %
10.02			$	0.0 %
10.03			$	0.0 %
10.04			$	0.0 %
10.05			$	0.0 %
10.06			$	0.0 %
10.07			$	0.0 %
10.08			$	0.0 %
10.09			$	0.0 %
10.10			$	0.0 %

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.

11.02	Total admitted assets held in Canadian Investments	$	0.0 %
11.03	Canadian currency-denominated investments	$	0.0 %
11.04	Canadian-denominated insurance liabilities	$	0.0 %
11.05	Unhedged Canadian currency exposure	$	0.0 %

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	$	0.0 %
	Largest three investments with contractual sales restrictions:		
12.03		$	0.0 %
12.04		$	0.0 %
12.05		$	0.0 %

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

13.01 Are assets held in equity interest 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 Name of Issuer	2	3
13.02		$	0.0 %
13.03		$	0.0 %
13.04		$	0.0 %
13.05		$	0.0 %
13.06		$	0.0 %
13.07		$	0.0 %
13.08		$	0.0 %
13.09		$	0.0 %
13.10		$	0.0 %
13.11		$	0.0 %

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	$	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	0.0 %
14.04		$	0.0 %
14.05		$	0.0 %

Ten Largest Fund Managers

	1 Fund Manager	2 Total Invested	3 Diversified	4 Non-Diversified
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	$	0.0 %
	Largest three investments in general partnership interests:		
15.03		$	0.0 %
15.04		$	0.0 %
15.05		$	0.0 %

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		$	0.0 %
16.03		$	0.0 %
16.04		$	0.0 %
16.05		$	0.0 %
16.06		$	0.0 %
16.07		$	0.0 %
16.08		$	0.0 %
16.09		$	0.0 %
16.10		$	0.0 %
16.11		$	0.0 %

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

		Loans	
16.12	Construction loans	$	0.0 %
16.13	Mortgage loans over 90 days past due	$	0.0 %
16.14	Mortgage loans in the process of foreclosure	$	0.0 %
16.15	Mortgage loans foreclosed	$	0.0 %
16.16	Restructured mortgage loans	$	0.0 %

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

Loan-to-Value	Residential		Commercial		Agricultural	
	1	2	3	4	5	6
17.01 above 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.02 91% to 95%	$	0.0 %	$	0.0 %	$	0.0 %
17.03 81% to 90%	$	0.0 %	$	0.0 %	$	0.0 %
17.04 71% to 80%	$	0.0 %	$	0.0 %	$	0.0 %
17.05 below 70%	$	0.0 %	$	0.0 %	$	0.0 %

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	2	3
18.02		$	0.0 %
18.03		$	0.0 %
18.04		$	0.0 %
18.05		$	0.0 %
18.06		$	0.0 %

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 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	$	0.0 %
	Largest three investments held in mezzanine real estate loans:		
19.03		$	0.0 %
19.04		$	0.0 %
19.05		$	0.0 %

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		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$	0.0 %	$	$	$
20.02 Repurchase agreements	$	0.0 %	$	$	$
20.03 Reverse repurchase agreements	$	0.0 %	$	$	$
20.04 Dollar repurchase agreements	$	0.0 %	$	$	$
20.05 Dollar reverse repurchase agreements	$	0.0 %	$	$	$

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	$	0.0 %	$	0.0 %
21.02 Income generation	$	0.0 %	$	0.0 %
21.03 Other	$	0.0 %	$	0.0 %

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		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
22.01 Hedging	$	0.0 %	$	$	$
22.02 Income generation	$	0.0 %	$	$	$
22.03 Replications	$	0.0 %	$	$	$
22.04 Other	$	0.0 %	$	$	$

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		
			1st Qtr	2nd Qtr	3rd Qtr
	1	2	3	4	5
23.01 Hedging	$	0.0 %	$	$	$
23.02 Income generation	$	0.0 %	$	$	$
23.03 Replications	$	0.0 %	$	$	$
23.04 Other	$	0.0 %	$	$	$

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	11,160,894	5.9	11,160,894		11,160,894	5.9
1.02 All Other Governments		0.0			0	0.0
1.03 U.S. States, Territories and Possessions, etc., Guaranteed		0.0			0	0.0
1.04 U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed	1,698,531	0.9	1,698,531		1,698,531	0.9
1.05 U.S. Special Revenue and Special Assessment Obligations, etc., Non-Guaranteed	901,679	0.5	901,679		901,679	0.5
1.06 Industrial and Miscellaneous	43,523,482	22.8	43,523,482		43,523,482	22.8
1.07 Hybrid Securities	2,444,140	1.3	2,444,140		2,444,140	1.3
1.08 Parent, Subsidiaries and Affiliates		0.0			0	0.0
1.09 SVO Identified Funds		0.0			0	0.0
1.10 Unaffiliated Bank Loans		0.0			0	0.0
1.11 Total Long-Term Bonds	59,728,726	31.3	59,728,726	0	59,728,726	31.3
2. Preferred Stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and Misc. (Unaffiliated)		0.0			0	0.0
2.02 Parent, Subsidiaries and Affiliates		0.0			0	0.0
2.03 Total Preferred Stock	0	0.0	0	0	0	0.0
3. Common Stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and Miscellaneous Publicly Traded (Unaffiliated)	55,870,091	29.3	55,870,091		55,870,091	29.3
3.02 Industrial and Miscellaneous Other (Unaffiliated)	1,097,026	0.6	1,097,026		1,097,026	0.6
3.03 Parent, Subsidiaries and Affiliates Publicly Traded		0.0			0	0.0
3.04 Parent, Subsidiaries and Affiliates Other	5,431,433	2.8	5,431,433		5,431,433	2.8
3.05 Mutual Funds	2,864,689	1.5	2,864,689		2,864,689	1.5
3.06 Unit Investment Trusts		0.0			0	0.0
3.07 Closed-End Funds		0.0			0	0.0
3.08 Total Common Stocks	65,263,239	34.2	65,263,239	0	65,263,239	34.2
4. Mortgage Loans Schedule B):						
4.01 Farm Mortgages		0.0			0	0.0
4.02 Residential Mortgages		0.0			0	0.0
4.03 Commercial Mortgages		0.0			0	0.0
4.04 Mezzanine Real Estate Loans		0.0			0	0.0
4.05 Total Valuation Allowance		0.0			0	0.0
4.06 Total Mortgage Loans	0	0.0	0	0	0	0.0
5. Real Estate (Schedule A):						
5.01 Properties Occupied by Company		0.0			0	0.0
5.02 Properties Held for Production of Income		0.0			0	0.0
5.03 Properties Held for Sale		0.0			0	0.0
5.04 Total Real Estate	0	0.0	0	0	0	0.0
6. Cash, Cash Equivalents, and Short-Term Investments::						
6.01 Cash (Schedule E, Part 1)	16,517,587	8.7	16,517,587		16,517,587	8.7
6.02 Cash Equivalents (Schedule E, Part 2)	42,009,485	22.0	42,009,485		42,009,485	22.0
6.03 Short-Term Investments (Schedule DA)	546,851	0.3	546,851		546,851	0.3
6.04 Total Cash, Cash Equivalents, and Short-Term Investments	59,073,923	31.0	59,073,923	0	59,073,923	31.0
7. Contract Loans		0.0			0	0.0
8. Derivatives (Schedule DB)	2,965,000	1.6	2,965,000		2,965,000	1.6
9. Other Invested Assets (Schedule BA)		0.0			0	0.0
10. Receivables for Securities	3,704,688	1.9	3,704,688		3,704,688	1.9
11. Securities Lending (Schedule DL, Part 1)		0.0		XXX	XXX	XXX
12. Other Invested Assets (Page 2, Line 11)		0.0			0	0.0
13. Total Invested Assets	190,735,576	100.0	190,735,576	0	190,735,576	100.0

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	926,975	17.1	926,975		926,975	17.1
1.02 All Other Governments		0.0			0	0.0
1.03 U.S. States, Territories and Possessions, etc., Guaranteed		0.0			0	0.0
1.04 U.S. Political Subdivisions of States, Territories and Possessions, Guaranteed		0.0			0	0.0
1.05 U.S. Special Revenue and Special Assessment Obligations, etc., Non-Guaranteed		0.0			0	0.0
1.06 Industrial and Miscellaneous		0.0			0	0.0
1.07 Hybrid Securities		0.0			0	0.0
1.08 Parent, Subsidiaries and Affiliates		0.0			0	0.0
1.09 SVO Identified Funds		0.0			0	0.0
1.10 Unaffiliated Bank Loans		0.0			0	0.0
1.11 Total Long-Term Bonds	926,975	17.1	926,975	0	926,975	17.1
2. Preferred Stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and Misc. (Unaffiliated)		0.0			0	0.0
2.02 Parent, Subsidiaries and Affiliates		0.0			0	0.0
2.03 Total Preferred Stock	0	0.0	0	0	0	0.0
3. Common Stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and Miscellaneous Publicly Traded (Unaffiliated)		0.0			0	0.0
3.02 Industrial and Miscellaneous Other (Unaffiliated)		0.0			0	0.0
3.03 Parent, Subsidiaries and Affiliates Publicly Traded		0.0			0	0.0
3.04 Parent, Subsidiaries and Affiliates Other		0.0			0	0.0
3.05 Mutual Funds		0.0			0	0.0
3.06 Unit Investment Trusts		0.0			0	0.0
3.07 Closed-End Funds		0.0			0	0.0
3.08 Total Common Stocks	0	0.0	0	0	0	0.0
4. Mortgage Loans Schedule B):						
4.01 Farm Mortgages		0.0			0	0.0
4.02 Residential Mortgages		0.0			0	0.0
4.03 Commercial Mortgages		0.0			0	0.0
4.04 Mezzanine Real Estate Loans		0.0			0	0.0
4.05 Total Valuation Allowance		0.0			0	0.0
4.06 Total Mortgage Loans	0	0.0	0	0	0	0.0
5. Real Estate (Schedule A):						
5.01 Properties Occupied by Company		0.0			0	0.0
5.02 Properties Held for Production of Income		0.0			0	0.0
5.03 Properties Held for Sale		0.0			0	0.0
5.04 Total Real Estate	0	0.0	0	0	0	0.0
6. Cash, Cash Equivalents, and Short-Term Investments::						
6.01 Cash (Schedule E, Part 1)	4,490,440	82.9	4,490,440		4,490,440	82.9
6.02 Cash Equivalents (Schedule E, Part 2)		0.0			0	0.0
6.03 Short-Term Investments (Schedule DA)		0.0			0	0.0
6.04 Total Cash, Cash Equivalents, and Short-Term Investments	4,490,440	82.9	4,490,440	0	4,490,440	82.9
7. Contract Loans		0.0			0	0.0
8. Derivatives (Schedule DB)		0.0			0	0.0
9. Other Invested Assets (Schedule BA)		0.0			0	0.0
10. Receivables for Securities		0.0			0	0.0
11. Securities Lending (Schedule DL, Part 1)		0.0		XXX	XXX	XXX
12. Other Invested Assets (Page 2, Line 11)		0.0			0	0.0
13. Total Invested Assets	5,417,415	100.0	5,417,415	0	5,417,415	100.0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes [ ] No [X]
1.2	If yes, indicate premium earned on U.S. business only.	$ 0
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	$ 0
	1.31 Reason for excluding:	
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	$ 0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	$ 0
1.6	Individual policies:	
	Most current three years:	
	1.61 Total premium earned	$ 0
	1.62 Total incurred claims	$ 0
	1.63 Number of covered lives	0
	All years prior to most current three years:	
	1.64 Total premium earned	$ 0
	1.65 Total incurred claims	$ 0
	1.66 Number of covered lives	0
1.7	Group policies:	
	Most current three years:	
	1.71 Total premium earned	$ 0
	1.72 Total incurred claims	$ 0
	1.73 Number of covered lives	0
	All years prior to most current three years:	
	1.74 Total premium earned	$ 0
	1.75 Total incurred claims	$ 0
	1.76 Number of covered lives	0

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	$ 0	$ 0
2.2 Premium Denominator	$ 42,732,998	$ 43,753,081
2.3 Premium Ratio (2.1/2.2)	0.0%	0.0%
2.4 Reserve Numerator	$ 0	$ 0
2.5 Reserve Denominator	$ 95,790,730	$ 93,093,473
2.6 Reserve Ratio (2.4/2.5)	0.0%	0.0%

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	$ 0
	3.22 Non-participating policies	$ 0
4.	FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:	
	4.1 Does the reporting entity issue assessable policies?	Yes [ ] No [ ]
	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.	$ 0
5.	FOR RECIPROCAL EXCHANGES ONLY:	
	5.1 Does the exchange appoint local agents?	Yes [ ] No [ ]
	5.2 If yes, is the commission paid:	
	5.21 Out of Attorney's-in-fact compensation	Yes [ ] No [ ] N/A [ ]
	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:	

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 a third-party modeling software.

6.3 What provision has this reporting entity made (such as catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
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 the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] No [X]

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 0

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

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]

8.2 If yes, give full information

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;

(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [ ] No [X]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;

(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and

(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 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 [ ]

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 assets schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses $ 0

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 0

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? $ 0

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [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 current year:

12.61 Letters of Credit $ 0

12.62 Collateral and other funds $ 1,232,696

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 0

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. 0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

14.1 Is the reporting entity 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	$ 0	$ 0	$ 0	$ 0	$ 0
16.12	Products	$ 0	$ 0	$ 0	$ 0	$ 0
16.13	Automobile	$ 0	$ 0	$ 0	$ 0	$ 0
16.14	Other*	$ 0	$ 0	$ 0	$ 0	$ 0

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that 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	$ 0
17.12	Unfunded portion of Interrogatory 17.11	$ 0
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	$ 0
17.14	Case reserves portion of Interrogatory 17.11	$ 0
17.15	Incurred but not reported portion of Interrogatory 17.11	$ 0
17.16	Unearned premium portion of Interrogatory 17.11	$ 0
17.17	Contingent commission portion of Interrogatory 17.11	$ 0

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

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

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

18.4 If yes, please provide the balance of the funds administered as of the reporting date. $ 0

19. Is the reporting entity licensed or charted, registered, qualified, eligible, or writing business in at least 2 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 & CASUALTY INTERROGATORIES

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

1.2 If yes, indicate premium earned on U.S. business only. $ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $ 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. $ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance. $ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 0	$ 0
2.2	Premium Denominator	$ 0	$ 0
2.3	Premium Ratio (2.1/2.2)	0.0%	0.0%
2.4	Reserve Numerator	$ 0	$ 0
2.5	Reserve Denominator	$ 0	$ 0
2.6	Reserve Ratio (2.4/2.5)	0.0%	0.0%

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 $ 0

3.22 Non-participating policies $ 0

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

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

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. $ 0

5. FOR RECIPROCAL EXCHANGES ONLY:

5.1 Does the exchange appoint local agents? Yes [ ] No [ ]

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [ ]

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:

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 not written any business as of 12/31/2020. However, prior to writing business, 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, Willis Re.

6.3 What provision has this reporting entity made (such as catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
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:

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 0

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

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]

8.2 If yes, give full information

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;

(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [ ] No [X]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or

(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;

(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and

(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 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]

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 assets schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses $ 0

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 0

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? $ 0

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [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 [ ] No [X]

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

12.61 Letters of Credit $ 0

12.62 Collateral and other funds $ 0

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 0

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]

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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. 0

14.1 Is the reporting entity 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	$ 0	$ 0	$ 0	$ 0	$ 0
16.12	Products	$ 0	$ 0	$ 0	$ 0	$ 0
16.13	Automobile	$ 0	$ 0	$ 0	$ 0	$ 0
16.14	Other*	$ 0	$ 0	$ 0	$ 0	$ 0

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that 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	$ 0
17.12	Unfunded portion of Interrogatory 17.11	$ 0
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	$ 0
17.14	Case reserves portion of Interrogatory 17.11	$ 0
17.15	Incurred but not reported portion of Interrogatory 17.11	$ 0
17.16	Unearned premium portion of Interrogatory 17.11	$ 0
17.17	Contingent commission portion of Interrogatory 17.11	$ 0

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

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

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

18.4 If yes, please provide the balance of the funds administered as of the reporting date. $ 0

19\. Is the reporting entity licensed or charted, registered, qualified, eligible, or writing business in at least 2 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 [ ]