



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2020
OF THE CONDITION AND AFFAIRS OF THE

Continental Indemnity Company

NAIC Group Code	04962	04962	NAIC Company Code	28258	Employer's ID Number	31-1191023
	(Current Period)	(Prior Period)				
Organized under the Laws of	New Mexico	State of Domicile or Port of Entry			New Mexico	
Country of Domicile	United States					
Incorporated/Organized	12/09/1986		Commenced Business		12/29/1986	
Statutory Home Office	308 Catron Street		Santa Fe, NM, US 87501			
	(Street and Number)		(City or Town, State, Country and Zip Code)			
Main Administrative Office	10805 Old Mill Road		Omaha, NE, US 68154-2607		402-827-3424	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Mail Address	P.O. Box 3646		Omaha, NE, US 68103-0646			
	(Street and Number or P.O. Box)		(City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	10805 Old Mill Road		Omaha, NE, US 68154-2607		402-827-3424	
	(Street and Number)		(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)	
Internet Web Site Address	www.auw.com					
Statutory Statement Contact	Robert L. Stafford		402-827-3424-4094			
	(Name)		(Area Code) (Telephone Number) (Extension)			
	rstafford@auw.com		402-827-3432			
	(E-Mail Address)		(Fax Number)			

OFFICERS

Name	Title	Name	Title
Steven M. Menzies	President/Chief Executive Officer	Steven M. Menzies	Treasurer
Jeffrey A. Silver	Secretary		

OTHER OFFICERS

Justin N. Smith	Vice President	Robert L. Stafford	Vice President
-----------------	----------------	--------------------	----------------

DIRECTORS OR TRUSTEES

Jon M. McCright	Steven M. Menzies	Jeffrey A. Silver	Robert L. Stafford
Marc M. Tract			

State ofNebraska.....
County ofDouglas.....ss

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

Steven M. Menzies President/Chief Executive Officer	Steven M. Menzies Treasurer	Jeffrey A. Silver Secretary
a. Is this an original filing? Yes [X] No []		
b. If no:		
1. State the amendment number		
2. Date filed		
3. Number of pages attached		

Patricia V. Ahern, Insurance Accounting Supervisor
08/26/2023

STATEMENT AS OF SEPTEMBER 30, 2020 OF THE Continental Indemnity Company

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	72,309,679		72,309,679	86,210,245
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks	9,920,041		9,920,041	9,920,041
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$23,186,170), cash equivalents (\$6,155,355) and short-term investments (\$11,688,424)	41,029,949		41,029,949	23,247,995
6. Contract loans (including \$ premium notes)			0	0
7. Derivatives	0		0	0
8. Other invested assets	67,085,908		67,085,908	62,993,267
9. Receivables for securities			0	11,735,579
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	190,345,577	0	190,345,577	194,107,127
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	1,415,896		1,415,896	439,670
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	4,721,976		4,721,976	3,472,193
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$295,220 earned but unbilled premiums)	10,126,299	29,522	10,096,777	15,485,726
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	9,664,545		9,664,545	10,330,598
16.2 Funds held by or deposited with reinsured companies	347,900		347,900	320,400
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset	2,602,989	734,080	1,868,909	1,712,568
19. Guaranty funds receivable or on deposit	272,490		272,490	386,931
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates			0	25
24. Health care (\$) and other amounts receivable			0	0
25. Aggregate write-ins for other-than-invested assets	1,934,030	17,961	1,916,069	8,243,202
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	221,431,702	781,563	220,650,139	234,498,440
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	221,431,702	781,563	220,650,139	234,498,440
DETAILS OF WRITE-INS				
1101.			0	0
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Policyholder surcharges	789,822		789,822	1,014,918
2502. Prepaid expenses	17,961	17,961	0	0
2503. NE sales taxes paid	1,820		1,820	1,567
2598. Summary of remaining write-ins for Line 25 from overflow page	1,124,427	0	1,124,427	7,226,717
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,934,030	17,961	1,916,069	8,243,202

STATEMENT AS OF SEPTEMBER 30, 2020 OF THE Continental Indemnity Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$12,000,445)	77,550,849	77,278,824
2. Reinsurance payable on paid losses and loss adjustment expenses	1,838,791	2,796,180
3. Loss adjustment expenses	13,584,724	13,482,143
4. Commissions payable, contingent commissions and other similar charges	(4,417,981)	4,029,946
5. Other expenses (excluding taxes, licenses and fees)	987,472	740,287
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	7,075,828	8,368,991
7.1 Current federal and foreign income taxes (including \$0 on realized capital gains (losses))	4,889,760	4,671,985
7.2 Net deferred tax liability		0
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$25,576,622 and including warranty reserves of \$3,337 and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	4,086,548	4,465,817
10. Advance premium		0
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)	10,964,988	7,853,622
13. Funds held by company under reinsurance treaties		0
14. Amounts withheld or retained by company for account of others		0
15. Remittances and items not allocated	527,266	137,536
16. Provision for reinsurance (including \$ certified)		0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates	567,235	502,151
20. Derivatives	0	0
21. Payable for securities	67,700	7,750,000
22. Payable for securities lending		0
23. Liability for amounts held under uninsured plans		0
24. Capital notes \$ and interest thereon \$		0
25. Aggregate write-ins for liabilities	(7,197,623)	(7,727,725)
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	110,525,557	124,349,757
27. Protected cell liabilities		0
28. Total liabilities (Lines 26 and 27)	110,525,557	124,349,757
29. Aggregate write-ins for special surplus funds	(134,577)	0
30. Common capital stock	4,000,002	4,000,002
31. Preferred capital stock		0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes		0
34. Gross paid in and contributed surplus	33,656,763	33,656,763
35. Unassigned funds (surplus)	72,602,394	72,491,918
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		0
36.2 shares preferred (value included in Line 31 \$)		0
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	110,124,582	110,148,683
38. Totals (Page 2, Line 28, Col. 3)	220,650,139	234,498,440
DETAILS OF WRITE-INS		
2501. Funds held by company under reinsurance assumed contracts	414,130	414,130
2502. Escheat payable	526,650	589,958
2503. Retroactive reinsurance ceded	(9,365,423)	(8,759,597)
2598. Summary of remaining write-ins for Line 25 from overflow page	1,227,020	27,784
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(7,197,623)	(7,727,725)
2901. Special surplus from retroactive reinsurance ceded	(134,577)	0
2902.		0
2903.		0
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	(134,577)	0
3201.		0
3202.		0
3203.		0
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT OF INCOME

	1	2	3
	Current Year	Prior Year	Prior Year Ended
	to Date	to Date	December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$ 75,849,541)	75,849,541	101,339,525	133,396,757
1.2 Assumed (written \$ 59,884,902)	58,724,782	87,198,177	113,068,518
1.3 Ceded (written \$ 111,438,363)	109,898,974	150,479,062	196,719,816
1.4 Net (written \$ 24,296,080)	24,675,349	38,058,640	49,745,459
DEDUCTIONS:			
2. Losses incurred (current accident year \$ 13,480,188):			
2.1 Direct	43,685,642	49,309,757	59,569,928
2.2 Assumed	43,699,728	40,463,166	54,645,268
2.3 Ceded	76,666,169	75,250,651	92,426,604
2.4 Net	10,719,201	14,522,272	21,788,592
3. Loss adjustment expenses incurred	5,558,359	5,943,140	7,933,275
4. Other underwriting expenses incurred	6,496,421	12,913,969	16,020,325
5. Aggregate write-ins for underwriting deductions	0	0	0
6. Total underwriting deductions (Lines 2 through 5)	22,773,981	33,379,381	45,742,192
7. Net income of protected cells	0	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	1,901,368	4,679,259	4,003,267
INVESTMENT INCOME			
9. Net investment income earned	2,573,922	3,101,623	3,892,807
10. Net realized capital gains (losses) less capital gains tax of \$	0	0	8,695,401
11. Net investment gain (loss) (Lines 9 + 10)	2,573,922	3,101,623	12,588,208
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$)	0	0	0
13. Finance and service charges not included in premiums	0	0	0
14. Aggregate write-ins for miscellaneous income	(4,382,836)	(327,319)	(740,367)
15. Total other income (Lines 12 through 14)	(4,382,836)	(327,319)	(740,367)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	92,454	7,453,563	15,851,108
17. Dividends to policyholders	0	0	0
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	92,454	7,453,563	15,851,108
19. Federal and foreign income taxes incurred	217,775	1,130,271	2,000,475
20. Net income (Line 18 minus Line 19)(to Line 22)	(125,321)	6,323,292	13,850,633
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	110,148,683	99,200,406	99,200,406
22. Net income (from Line 20)	(125,321)	6,323,292	13,850,633
23. Net transfers (to) from Protected Cell accounts	0	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$	(72,828)	4,821,520	(2,871,991)
25. Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26. Change in net deferred income tax	210,853	(335,676)	596,235
27. Change in nonadmitted assets	(36,805)	27,862	(626,600)
28. Change in provision for reinsurance	0	0	0
29. Change in surplus notes	0	0	0
30. Surplus (contributed to) withdrawn from protected cells	0	0	0
31. Cumulative effect of changes in accounting principles	0	0	0
32. Capital changes:			
32.1 Paid in	0	0	0
32.2 Transferred from surplus (Stock Dividend)	0	0	0
32.3 Transferred to surplus	0	0	0
33. Surplus adjustments:			
33.1 Paid in	0	0	0
33.2 Transferred to capital (Stock Dividend)	0	0	0
33.3 Transferred from capital	0	0	0
34. Net remittances from or (to) Home Office	0	0	0
35. Dividends to stockholders	0	0	0
36. Change in treasury stock	0	0	0
37. Aggregate write-ins for gains and losses in surplus	0	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37)	(24,101)	10,836,998	10,948,277
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	110,124,582	110,037,404	110,148,683
DETAILS OF WRITE-INS			
0501.	0	0	0
0502.	0	0	0
0503.	0	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0
1401. Miscellaneous income	338	33	36
1402. Retroactive reinsurance ceded gain (loss)	605,826	(327,352)	(740,403)
1403. Retroactive reinsurance assumed loss	(4,989,000)	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	(4,382,836)	(327,319)	(740,367)
3701.	0	0	0
3702.	0	0	0
3703.	0	0	0
3798. Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799. TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance.....	31,581,395	76,061,660	32,107,202
2. Net investment income	1,646,969	3,064,755	4,302,230
3. Miscellaneous income	(4,410,336)	(543,019)	(873,267)
4. Total (Lines 1 to 3)	28,818,028	78,583,396	35,536,165
5. Benefit and loss related payments	10,843,101	18,871,416	21,365,188
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	21,225,278	22,823,099	27,611,284
8. Dividends paid to policyholders	0	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	0	(500,000)	157,649
10. Total (Lines 5 through 9)	32,068,379	41,194,515	49,134,121
11. Net cash from operations (Line 4 minus Line 10)	(3,250,351)	37,388,881	(13,597,956)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	29,265,151	37,880,000	56,662,403
12.2 Stocks	0	0	25,598,055
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	8,728,107	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0	24,414
12.7 Miscellaneous proceeds	4,053,279	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	42,046,537	37,880,000	82,284,872
13. Cost of investments acquired (long-term only):			
13.1 Bonds	15,415,655	15,905,069	40,302,310
13.2 Stocks	0	0	9,920,041
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	12,893,576	0	69,097,481
13.6 Miscellaneous applications	0	0	3,985,579
13.7 Total investments acquired (Lines 13.1 to 13.6)	28,309,231	15,905,069	123,305,411
14. Net increase (or decrease) in contract loans and premium notes	0	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	13,737,306	21,974,931	(41,020,539)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0	0
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0	0
16.5 Dividends to stockholders	0	13,500,000	13,500,000
16.6 Other cash provided (applied).....	7,294,999	(34,014,125)	(8,644,922)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6).....	7,294,999	(47,514,125)	(22,144,922)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	17,781,954	11,849,687	(76,763,417)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	23,247,995	100,011,412	100,011,412
19.2 End of period (Line 18 plus Line 19.1)	41,029,949	111,861,099	23,247,995

Notes to the Financial Statements

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The accompanying financial statements of Continental Indemnity Company ("the Company") have been prepared in conformity with accounting practices prescribed or permitted by the New Mexico Office of Superintendent of Insurance ("NM OSI") and the National Association of Insurance Commissioners ("NAIC").

NM OSI requires its domiciled insurance companies to prepare their statutory financial statements in accordance with the NAIC *Statement of Statutory Accounting Principles* ("SSAP"), subject to any deviations prescribed or permitted by the NM OSI – no such deviations exist in the accompanying financial statements.

	SSAP #	F/S Page	F/S Line #	09/30/2020	12/31/2019
Net Income					
(1) State basis (Page 4, Line 20, Columns 1 & 3)	XXX	XXX	XXX	\$ (125,321)	\$ 13,850,633
(2) State prescribed practices that are an increase / (decrease) from NAIC SAP:					
(3) State permitted practices that are an increase / (decrease) from NAIC SAP:					
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	<u>\$ (125,321)</u>	<u>\$ 13,850,633</u>
Surplus					
(5) State basis (Page 3, Line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 110,124,582	\$ 110,148,683
(6) State prescribed practices that are an increase / (decrease) from NAIC SAP:					
(7) State permitted practices that are an increase / (decrease) from NAIC SAP:					
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	<u>\$ 110,124,582</u>	<u>\$ 110,148,683</u>

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in these financial statements and notes. Actual results could differ from those estimates.

C. Accounting Policy

Direct, assumed, and ceded workers' compensation premiums are written and earned as collected per the installment method in accordance with *SSAP, No. 53 – Property-Casualty Contracts – Premiums*, of the *Accounting Practices and Procedures Manual*. Unearned premium reserves have only been established for the workers' compensation line with regard to assumed residual markets mandatory pooling. For Federal Tax purposes the installment method of recording premium is not recognized. As a result, unearned premium has been calculated as if the pro-rata method has been used, and has been recorded as a temporary item within deferred tax assets.

Assumed employment practices legal insurance and warranty premiums, pursuant an intercompany pooling agreement (see Note 26), are earned over the term and life of the related policies. Assumed non-proportional property, assumed commercial multiple peril, and assumed commercial and private passenger auto insurance premiums are earned over the term and life of the related policies. Unearned premium reserves are established to cover the unexpired portion of premiums written on these policies.

The Company's participation in involuntary risk pools ("residual markets") is mandatory and generally a function of its proportionate share of the voluntary market, by line of insurance, in each state in which it does business. The Company's participation in mandatory residual markets requires it to record premiums, losses and expenses in the same manner as it would record similar, voluntary business that is written by the Company. In addition to its proportional share of losses and expenses incurred by the residual market facility, the Company is responsible for its share of any otherwise unrecoverable obligations of other residual market participants.

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

Net investment income earned consists primarily of interest less investment related expense. Interest is recognized on an accrual basis. Net realized capital gains (losses) are recognized using the specific identification method when securities are sold, redeemed or otherwise disposed.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments
Short-term investments are stated at amortized cost.
- (2) Bonds
Investment grade bonds not backed by other loans are stated at amortized cost using the scientific method. Non-investment grade bonds not backed by other loans are stated at the lower of fair value or amortized cost.
- (3) Common Stocks
Common stocks are stated at fair value which approximates cost.
- (4) Preferred stocks - Not Applicable
- (5) Mortgage loans - Not Applicable
- (6) Loan-backed securities
U.S. government agency mortgage-backed securities are stated at amortized cost.
- (7) Investments in subsidiaries, controlled and affiliated entities - Not Applicable
- (8) Investments in joint ventures, partnerships and limited liability companies
Investments in limited liability companies are valued using the audited U.S. GAAP equity method. Loans are stated at their unpaid principal balances.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies and Going Concern (Continued)

(9) Derivatives - Not Applicable

(10) Investment income as a factor in the premium deficiency calculation - Not Applicable

(11) Loss and Loss Adjustment Expense

The liabilities for estimated losses and loss adjustment expenses ("LAE") represent the estimated liabilities for reported claims plus those incurred but not yet reported and the related estimated claim expenses. The liabilities for estimated losses and LAE are determined using case-basis evaluations and statistical analyses and represent estimates of the ultimate net cost of all claims incurred through December 31 of each year. Although considerable variability is inherent in such estimates, management believes that the liability for estimated losses and LAE is adequate. The estimates are continually reviewed and adjusted as necessary. These adjustments are included in current operations and are accounted for as changes in estimates.

The Company has minimal exposure related to pollution, asbestos and mass tort claims, as discussed in Note 33. Factors considered in determining exposure related to these claims primarily include court decisions, legal expenses, plaintiff attorney behavior, specific policy provisions, allocation of liability among insurers and insureds, and other factors such as missing policies and proof of coverage. The Company reviews each individual claim to estimate the amounts necessary, if any, to satisfy the Company's obligations under the applicable insurance policy. For unknown claims, the Company uses information from known claims as well as external sources to estimate the reserve for claims that have been incurred but not reported, as of the reporting date. These claims are fully reinsured and therefore the company has zero net liability on these claims.

(12) Changes in capitalization policy - Not Applicable

(13) Pharmaceutical rebate receivables - Not Applicable

D. Going Concern - Not Applicable

2. Accounting Changes and Corrections of Errors - Not Applicable

3. Business Combinations and Goodwill - Not Applicable

4. Discontinued Operations - Not Applicable

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans - Not Applicable

B. Debt Restructuring - Not Applicable

C. Reverse Mortgages - Not Applicable

D. Loan-Backed Securities

(1) Assumption regarding prepayments on loan-backed securities were determined by using data provided by the Company from our broker.

(2) Loan-backed and structured securities with a recognized other-than-temporary impairment (OTTI) - Not Applicable

(3) Securities held that were other-than-temporarily impaired due to the present value of cash flows expected to be collected was less than the amortized cost of securities - Not Applicable

(4) All impaired securities for which an OTTI has not been recognized in earnings as a realized loss - Not Applicable

(5) Support for concluding impairments are not other-than-temporary - Not Applicable

E. Dollar Repurchase Agreements and/or Securities Lending Transactions - Not Applicable

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing - Not Applicable

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing - Not Applicable

H. Repurchase Agreements Transactions Accounted for as a Sale - Not Applicable

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale - Not Applicable

J. Real Estate - Not Applicable

K. Low-Income Housing Tax Credits (LIHTC) - Not Applicable

Notes to the Financial Statements

5. Investments (Continued)

L. Restricted Assets

(1) Restricted assets (including pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year							Current Year			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity	Total (1 + 3)	Total From Prior Year	Increase / (Decrease) (5 - 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5-8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets, %	Admitted to Total Admitted Assets, %
a. Subject to contractual obligation for which liability is not shown	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
b. Collateral held under security lending agreements	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
c. Subject to repurchase agreements	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
d. Subject to reverse repurchase agreements	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
e. Subject to dollar repurchase agreements	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
f. Subject to dollar reverse repurchase agreements	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
g. Placed under option contracts	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
i. FHLB capital stock	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
j. On deposit with states	62,265,166	.....	.....	.....	62,265,166	61,969,251	295,915	.....	62,265,166	28.119	28.219
k. On deposit with other regulatory bodies	499,402	.....	.....	.....	499,402	498,697	705	.....	499,402	0.226	0.226
l. Pledged as collateral to FHLB (including assets backing funding agreements)	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
m. Pledged as collateral not captured in other categories	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
n. Other restricted assets	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
o. Total restricted assets	\$ 62,764,568	\$	\$	\$	\$ 62,764,568	\$ 62,467,948	\$ 296,620	\$	\$ 62,764,568	28.345 %	28.445 %

- (2) Detail of assets pledged as collateral not captured in other categories (contracts that share similar characteristics, such as reinsurance and derivatives, are reported in the aggregate) - Not Applicable
- (3) Detail of other restricted assets (contracts that share similar characteristics, such as reinsurance and derivatives, are reported in the aggregate) - Not Applicable
- (4) Collateral received and reflected as assets within the reporting entity's financial statements - Not Applicable

- M. Working Capital Finance Investments - Not Applicable
- N. Offsetting and Netting of Assets and Liabilities - Not Applicable
- O. 5GI Securities - Not Applicable
- P. Short Sales - Not Applicable
- Q. Prepayment Penalty and Acceleration Fees - Not Applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

A. Investments in Joint Ventures, Partnerships or Limited Liability Companies that Exceed 10% of Admitted Assets

Detail for those greater than 10% of admitted assets

The Company owns 49.9% of CNI NEB RE ONE, LLC. This LLC Investment is carried at book value less encumbrances. The value at September 30, 2020 was \$23,069,015. There are no differences between the value at which the investment is carried and the amount of underlying equity in assets. CNI NEB RE ONE, LLC currently has assets of \$46,230,492, liabilities of \$0, equity of \$46,230,492 and a net income of \$393,064 for the quarter ending September 30, 2020.

B. Impaired Investments in Joint Ventures, Partnerships and Limited Liability Companies - Not Applicable

Notes to the Financial Statements

7. Investment Income

A. Due and Accrued Income Excluded from Surplus

The Company does not admit investment income due and accrued if amounts are over 90 days past due.

B. Total Amount Excluded - Not Applicable

8. Derivative Instruments - Not Applicable

9. Income Taxes

A. Components of the Net Deferred Tax Asset/(Liability)

(1) Change between years by tax character

	09/30/2020			12/31/2019			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Ordinary	Capital	Total (Col 1+2)	Ordinary	Capital	Total (Col 4+5)	Ordinary (Col 1-4)	Capital (Col 2-5)	Total (Col 7+8)
(a) Gross deferred tax assets	\$ 3,475,138	\$	\$ 3,475,138	\$ 3,227,990	\$	\$ 3,227,990	\$ 247,148	\$	\$ 247,148
(b) Statutory valuation allowance adjustments									
(c) Adjusted gross deferred tax assets (1a - 1b)	3,475,138		3,475,138	3,227,990		3,227,990	247,148		247,148
(d) Deferred tax assets nonadmitted	734,080		734,080	679,568		679,568	54,512		54,512
(e) Subtotal net admitted deferred tax asset (1c - 1d)	\$ 2,741,058	\$	\$ 2,741,058	\$ 2,548,422	\$	\$ 2,548,422	\$ 192,636	\$	\$ 192,636
(f) Deferred tax liabilities	818,165	53,984	872,149	835,854		835,854	(17,689)	53,984	36,295
(g) Net admitted deferred tax asset/(net deferred tax liability) (1e - 1f)	\$ 1,922,893	\$ (53,984)	\$ 1,868,909	\$ 1,712,568	\$	\$ 1,712,568	\$ 210,325	\$ (53,984)	\$ 156,341

(2) Admission calculation components SSAP No. 101

	09/30/2020			12/31/2019			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Ordinary	Capital	Total (Col 1+2)	Ordinary	Capital	Total (Col 4+5)	Ordinary (Col 1-4)	Capital (Col 2-5)	Total (Col 7+8)
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 1,868,909	\$	\$ 1,868,909	\$ 1,712,568	\$	\$ 1,712,568	\$ 156,341	\$	\$ 156,341
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation (lesser of 2(b)1 and 2(b)2 below)									
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date									
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	16,235,805	XXX	XXX	16,248,725	XXX	XXX	(12,920)
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	872,149		872,149	835,854		835,854	36,295		36,295
(d) Deferred tax assets admitted as the result of application of SSAP No. 101.									
Total (2(a) + 2(b) + 2(c))	\$ 2,741,058	\$	\$ 2,741,058	\$ 2,548,422	\$	\$ 2,548,422	\$ 192,636	\$	\$ 192,636

(3) Ratio used as basis of admissibility

	09/30/2020	12/31/2019
(a) Ratio percentage used to determine recovery period and threshold limitation amount	820.639 %	822.007 %
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 108,255,673	\$ 108,436,115

Notes to the Financial Statements

9. Income Taxes (Continued)

(4) Impact of tax-planning strategies

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

	09/30/2020		12/31/2019		Change	
	(1)	(2)	(3)	(4)	(5)	(6)
	Ordinary	Capital	Ordinary	Capital	Ordinary (Col. 1-3)	Capital (Col. 2-4)
1. Adjusted gross DTAs amount from Note 9A1(c)	\$ 3,475,138	\$	\$ 3,227,990	\$	\$ 247,148	\$
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	%	%	— %	— %	— %	— %
3. Net admitted adjusted gross DTAs amount from Note 9A1(e)	\$ 2,741,058	\$	\$ 2,548,422	\$	\$ 192,636	\$
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	%	%	— %	— %	— %	— %

(b) Use of reinsurance-related tax-planning strategies

Does the company's tax-planning strategies include the use of reinsurance? No

B. Regarding Deferred Tax Liabilities That Are Not Recognized - Not Applicable

C. Major Components of Current Income Taxes Incurred

		(1)	(2)	(3)
Current income taxes incurred consist of the following major components:		09/30/2020	12/31/2019	Change (1-2)
1. Current Income Tax				
(a) Federal		\$ 217,775	\$ 2,000,475	\$ (1,782,700)
(b) Foreign				
(c) Subtotal		\$ 217,775	\$ 2,000,475	\$ (1,782,700)
(d) Federal income tax on net capital gains			2,311,436	(2,311,436)
(e) Utilization of capital loss carry-forwards				
(f) Other				
(g) Federal and foreign income taxes incurred		\$ 217,775	\$ 4,311,911	\$ (4,094,136)
		(1)	(2)	(3)
		09/30/2020	12/31/2019	Change (1-2)
2. Deferred Tax Assets				
(a) Ordinary				
(1) Discounting of unpaid losses		\$ 2,631,760	\$ 2,490,552	\$ 141,208
(2) Unearned premium reserve		843,378	737,438	105,940
(3) Policyholder reserves				
(4) Investments				
(5) Deferred acquisition costs				
(6) Policyholder dividends accrual				
(7) Fixed assets				
(8) Compensation and benefits accrual				
(9) Pension accrual				
(10) Receivables - nonadmitted				
(11) Net operating loss carry-forward				
(12) Tax credit carry-forward				
(13) Other (including items less than 5% of total ordinary tax assets)				
(99) Subtotal		\$ 3,475,138	\$ 3,227,990	\$ 247,148
(b) Statutory valuation allowance adjustment				
(c) Nonadmitted		734,080	679,568	54,512
(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)		\$ 2,741,058	\$ 2,548,422	\$ 192,636
(e) Capital				
(1) Investments		\$	\$	\$
(2) Net capital loss carry-forward				
(3) Real estate				
(4) Other (including items <5% of total capital tax assets)				
(99) Subtotal		\$	\$	\$
(f) Statutory valuation allowance adjustment				
(g) Nonadmitted				
(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)				
(i) Admitted deferred tax assets (2d + 2h)		\$ 2,741,058	\$ 2,548,422	\$ 192,636

Notes to the Financial Statements

9. Income Taxes (Continued)

	(1)	(2)	(3)
	09/30/2020	12/31/2019	Change (1-2)
3. Deferred Tax Liabilities			
(a) Ordinary			
(1) Investments	\$ 47,926	\$ 48,625	\$ (699)
(2) Fixed assets			
(3) Deferred and uncollected premium			
(4) Policyholder reserves			
(5) Other (including items <5% of total ordinary tax liabilities) [†]	770,239	787,229	(16,990)
(99) Subtotal	\$ 818,165	\$ 835,854	\$ (17,689)
(b) Capital			
(1) Investments	\$ 53,984		\$ 53,984
(2) Real estate			
(3) Other (including items <5% of total capital tax liabilities)			
(99) Subtotal	\$ 53,984		\$ 53,984
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 872,149	\$ 835,854	\$ 36,295
4. Net deferred tax assets/liabilities (2i - 3c)	\$ 1,868,909	\$ 1,712,568	\$ 156,341
	(1)	(2)	(3)
	09/30/2020	12/31/2019	Change (1-2)
[†] Items >5% of total ordinary tax liabilities included in Other			
TCJA transition adjustment to loss reserve discounts	\$ 424,103	\$ 484,688	(60,585)
Safe harbor adjustment to premium acquisition expenses	346,136	302,540	43,596

D. Among the More Significant Book to Tax Adjustments

	09/30/2020	Effective Tax Rate
Provision computed at statutory rate	\$ 19,415	21.000 %
Current Tax on Unrealized LLC Interest Income	(15,294)	(16.542)
Meals and entertainment	2,006	2.170
Penalties	795	0.860
Total	\$ 6,922	7.487 %
	09/30/2020	Effective Tax Rate
Federal and foreign income taxes incurred	\$ 217,775	235.550 %
Realized Capital Gains Tax		
Change in net deferred income taxes	(210,853)	-228.063
Total statutory income taxes	\$ 6,922	7.487 %

E. Operating Loss and Tax Credit Carryforwards

- (1) Unused loss carryforwards available - Not Applicable
- (2) Income tax expense available for recoupment

The following is the amount of federal income taxes incurred in the current year and each preceding year, which are available for recoupment in the event of future net losses:

	Total
2018	\$
2019	4,171,985
2020	217,775

- (3) Deposits admitted under IRC Section 6603 - Not Applicable

F. Consolidated Federal Income Tax Return

- (1) The Company joins with a group of approximately 40 affiliated companies in the filing of a consolidated federal income tax return by AU Holding Company, Inc., the common parent company of the Group.
- (2) In addition, a complementary method is used which results in reimbursement by profitable affiliates to loss affiliates for tax benefits generated by loss affiliates. In the event the Company incurs a net operating loss in a future year in which its consolidated group reports consolidated taxable income, the Company will be entitled to reimbursement (from other profitable members of the consolidated group) for the income tax benefits attributable to the loss. All federal income taxes allocated to the Company for the current and preceding year may be recoverable in the event future net operating losses are reported for both the Company and on a consolidated basis for the group, depending upon the magnitude of such losses.

G. Federal or Foreign Income Tax Loss Contingencies

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

H. Repatriation Transition Tax (RTT) - Not Applicable

Notes to the Financial Statements

9. Income Taxes (Continued)

I. Alternative Minimum Tax (AMT) Credit - Not Applicable

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. Nature of Relationships

The Company is a wholly owned subsidiary of North American Casualty Co. ("NAC"; "Direct Parent"), a subsidiary of AU Holding Company, Inc. ("AUH"; "Indirect Parent"). NAC became the direct parent of the Company on December 29, 2006 and became a member of Berkshire Hathaway, Inc. in 2006. At the same time, the Company re-domesticated from Ohio to Iowa with the approval of the Ohio Department of Insurance and the Iowa Insurance Division and contemporaneously filed a Form B Holding Company Statement to become part of an insurance holding company group. Through a series of transactions with Berkshire Hathaway, Inc. and a stockholder in AUH, through multiple Form As, Steven Menzies became the owner of 100% of AUH, the Ultimate Parent, on October 10, 2019 and indirectly the 100% owner of the Company. The Company redomiciled to New Mexico on January 4, 2020 with the approval of the Iowa Insurance Division.

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

The Company has an Agency Agreement in place with a related party, Applied Risk Services, Inc. ("ARS") in which ARS receives premium and assessments from policyholders and pays commissions to brokers on behalf of the Company, which has been previously submitted and approved by the Iowa Insurance Division. ARS receives no fee for performing these services. These arrangements require that intercompany balances be settled within 30 days.

The following chart contains the transactions during the period ending September 30, 2020 that are greater than ½% of admitted assets.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Date of Transaction	Explanation of Transaction	Reporting Entity	Name of Affiliate or Related Party	Description of Assets Received by Reporting Entity	Statement Value of Assets Received by Reporting Entity	Description of Assets Transferred by Reporting Entity	Statement Value of Assets Transferred by Reporting Entity
1/31/2020	Wire transfer from ARS	Continental Indemnity Company	Applied Risk Services, Inc.	December direct earned premium	9,839,653		
2/29/2020	Wire transfer from ARS	Continental Indemnity Company	Applied Risk Services, Inc.	January direct earned premium	10,319,363		
3/27/2020	Wire transfer from ARS	Continental Indemnity Company	Applied Risk Services, Inc.	February direct earned premium	8,969,065		
4/28/2020	Wire transfer from ARS	Continental Indemnity Company	Applied Risk Services, Inc.	March direct earned premium	8,710,831		
5/28/2020	Wire transfer from ARS	Continental Indemnity Company	Applied Risk Services, Inc.	April direct earned premium	6,523,594		
6/29/2020	Wire transfer from ARS	Continental Indemnity Company	Applied Risk Services, Inc.	May direct earned premium	8,589,205		
7/31/2020	Wire transfer from ARS	Continental Indemnity Company	Applied Risk Services, Inc.	June direct earned premium	8,089,476		
8/31/2020	Wire transfer from ARS	Continental Indemnity Company	Applied Risk Services, Inc.	July direct earned premium	9,627,402		
9/29/2020	Wire transfer from ARS	Continental Indemnity Company	Applied Risk Services, Inc.	August direct earned premium	8,522,005		

C. Amount of Transactions & Effects of Change in Terms of Intercompany Arrangements - Not Applicable

D. Amounts Due to or from Related Parties

All balances are settled within 30 days.

	September 30, 2020	December 31, 2019
Due to California Insurance Company	\$ 567,205	\$ 502,151
Due to Applied Risk Services	\$ -	\$ 27,784
Due to Pennsylvania Insurance Company	30	-
Total	\$ 567,235	\$ 529,935

Due from Pennsylvania Insurance Company	-	25
Due from Applied Underwriters, Inc.	-	6,233,107
Due from Applied Risk Services, Inc.	43,169	-
Total	\$ 43,169	\$ 6,233,132

E. Guarantees or Contingencies - Not Applicable

F. Management, Service Contracts, Cost Sharing Arrangements

Applied Underwriters, Inc. ("AUI"), a related party, has agreed to provide certain management, claims processing, premium processing, and data processing services for an affiliate of the Company, California Insurance Company, ("CIC"), at actual cost, pursuant to a Management Services Agreement for rent, salaries, and general administrative expenses which has been submitted and approved by the California Department of Insurance. The Company shares these costs as part of its Second Pooling Agreement.

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

H. Amount Deducted for Investment in Upstream Company - Not Applicable

I. Detail of Investments in Affiliates Greater Than 10% of Admitted Assets - Not Applicable

J. Write-Down for Impairments of Investments in Subsidiary Controlled or Affiliated Companies - Not Applicable

K. Foreign Subsidiary Value Using CARVM - Not Applicable

L. Downstream Holding Company Value Using Look-Through Method - Not Applicable

M. All SCA Investments - Not Applicable

N. Investment in Insurance SCAs - Not Applicable

Notes to the Financial Statements

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties (Continued)

O. SCA and SSAP No. 48 Entity Loss Tracking - Not Applicable

11. Debt - Not Applicable

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans - Not Applicable

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

1. Outstanding Shares

The Company has 300 shares of \$13,333.34 par value common stock authorized, issued and outstanding.

2. Dividend Rate of Preferred Stock - Not Applicable

3. Dividend Restrictions

Under the insurance regulations of the NM OSI, the maximum amount of dividends that the Company may pay to shareholders in a twelve-month period is limited to the lesser of 10% of the Company's policyholders' surplus as of the most recent December 31 or the net income, not including realized capital gains, for the twelve-month period ending December 31 next preceding, and the net income from the second and third preceding calendar years, not including realized capital gains, less dividends paid in the second and immediate preceding calendar years. Accordingly, the maximum dividend payout to shareholders that may be made in 2020 without prior approval from the NM OSI is \$3,530,397.

4. Not applicable

5. Amount of Ordinary Dividends That May be Paid

Within the limitations of (3) above, there are no restrictions placed on the portion of the Company's profits that may be paid as ordinary dividends to stockholders.

6. Restrictions on Unassigned Surplus

There are no restrictions on the unassigned funds of the Company other than those described in paragraph (3) above.

7. Surplus Advances - Not Applicable

8. Stock Held for Special Purposes - Not Applicable

9. Changes in Special Surplus Funds - Not Applicable

10. Unassigned funds (surplus)

The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains (losses) is \$56,066 less applicable deferred taxes of \$0 for a net balance of \$56,066.

11. Company-Issued Surplus Debentures or Similar Obligations - Not Applicable

12. Impact of Any Restatement Due to Prior Quasi-Reorganizations - Not Applicable

13. Effective Date(s) of Quasi-Reorganizations in the Prior 10 Years - Not Applicable

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments - Not Applicable

B. Assessments

(1) Liability and Related Assets

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Most assessments are accrued either at the time of assessment or in the case of premium-based assessments, at the time the premiums were written, or in the case of loss-based assessments, at the time the losses are incurred.

The Company has accrued a liability for guaranty funds and other assessments in the amount of \$1,281,180 and a related premium tax credit asset of \$272,490 as of September 30, 2020. The liability is included in the taxes, licenses and fees and is expected to be paid over the next two years. The asset is included in the guaranty funds receivable and is expected to be realized over the next ten years. These amounts represent management's best estimates based on information received from the states in which the Company writes business and may change due to many factors including the Company's share of the ultimate cost of current insurer insolvencies.

The Company has accrued a liability for premium-based assessments of \$6,567,768 and a related admitted receivable for policy surcharges is \$789,822 as of September 30, 2020. The liability is included in the taxes, licenses and fees and is expected to be paid over the next two years. The asset is included in aggregate write-ins for other than invested assets, and is expected to be realized over the next year.

(2) Assets (Liabilities) recognized from paid and accrued premium tax offsets and policy surcharges

a. Assets recognized from paid and accrued premium tax offsets and policy surcharges, prior year-end	\$ 1,401,850
b. Decreases current year:	
Premium tax offsets applied	\$ 220,617
Policy surcharges collected	 7,461,175
c. Increases current year:	
Premium tax offsets accrued	\$ 106,176
Policy surcharges accrued	 7,236,078
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges, current year-end	<u>\$ 1,062,312</u>

(3) Guaranty fund liabilities and assets related to long-term care insolvencies - Not Applicable

C. Gain Contingencies - Not Applicable

Notes to the Financial Statements

14. Liabilities, Contingencies and Assessments (Continued)

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

As of September 30, 2020 and December 31, 2019 the Company had admitted assets of \$14,818,753 and \$18,957,920, respectively in premiums receivable (Page 2, Line 15.1 and Page 2, Line 15.2) due from ceding insurers and its agent ARS. This amount, less any earned but unbilled premium will be collected within 30 days. The Company routinely assesses the collectability of these receivables. Based upon the Company's experience, as of September 30, 2020 any uncollectible premiums receivable are not expected to exceed the nonadmitted amounts totaling \$29,522 and, therefore, no additional provisions for uncollectible amounts have been recorded. The potential for any additional loss is not believed to be material to the Company's financial position.

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company. The Company is contingently liable under certain structured settlement agreements (see Note 27A). The Company does not have any asset that it considers to be impaired.

15. Leases - Not Applicable

16. Information About Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk - Not Applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities - Not Applicable

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans - Not Applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators - Not Applicable

20. Fair Value Measurements

A. Fair Value Measurement

(1) Fair value measurements at reporting date

Description for each class of asset or liability	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
a. Assets at fair value					
Cash equivalents - Money market mutual funds	\$	\$	\$	156,795	156,795
Common stock - Industrial and miscellaneous			9,920,041		9,920,041
Total assets at fair value/NAV	\$	\$	9,920,041	156,795	10,076,836
b. Liabilities at fair value					
Total liabilities at fair value	\$	\$	\$	\$	\$

(2) Fair value measurements in Level 3 of the fair value hierarchy

Description	Ending balance as of 06/30/2020	Transfers Into Level 3	Transfers Out of Level 3	Total Gains and (Losses) Included in Net Income	Total Gains and (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance for 09/30/2020
a. Assets										
Common stock - Industrial and miscellaneous	\$ 9,920,041	\$	\$	\$	\$	\$	\$	\$	\$	9,920,041
Total assets	\$ 9,920,041	\$	\$	\$	\$	\$	\$	\$	\$	9,920,041
b. Liabilities										
Total liabilities	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

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

The Company's policy is to recognize transfers in and out of Level 3 as of the actual date of the event or change in circumstances that caused the transfer.

(4) Inputs and techniques used for Level 2 and Level 3 fair values

Common stocks carried at fair value at Level 3 are based primarily on valuation techniques that are believed to be used by market participants. Unobservable inputs require management to make certain projections and assumptions about the information that would be used by market participants in pricing assets. The Company has no assets or liabilities measured at fair value in the Level 2 category.

(5) Derivatives - Not Applicable

B. Other Fair Value Disclosures - Not Applicable

C. Fair Values for All Financial Instruments by Level 1, 2 and 3

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Loans	\$ 44,016,893	\$ 44,016,893			\$ 44,016,893		
Bonds	73,242,329	72,309,679		73,242,329			
Common stocks	9,920,041	9,920,041			9,920,041		
Cash, cash equivalents, and short-term investments	41,037,064	41,029,949	23,186,170	17,694,099		156,795	
Total Assets	168,216,327	167,276,562	23,186,170	90,936,428	53,936,934	156,795	

D. Not Practicable to Estimate Fair Value - Not Applicable

Notes to the Financial Statements

20. Fair Value Measurements (Continued)

E. Nature and Risk of Investments Reported at NAV

In 2018, the Company began utilizing NAV as the valuation method for all of its money market funds. The money market funds owned by the Company are comprised of high quality, short-term investments and it is very unlikely any of these funds would be sold at a price other than NAV.

21. Other Items - Not Applicable

22. Events Subsequent

Subsequent events have been considered through November 11, 2020, the date of issuance of these statutory financial statements.

Type I. Recognized Subsequent Events

Not Applicable

Type II. Nonrecognized Subsequent Events

Effective November 1, 2020, the Companies in the Second Pooling Agreement agreed to add Amendment No. 5 to the Second Pooling Agreement to change the lead company from California Insurance Company ("CIC") to the Company. This change did not result in any changes to the participation percentages. (See Note 26.)

23. Reinsurance

A. Unsecured Reinsurance Recoverables

The Company had unsecured aggregate recoverable for losses (paid and unpaid, including IBNR), loss adjustment expenses and unearned premiums, less ceded balances, that exceed 3% of policyholders' surplus with the following reinsurers as of September 30, 2020:

NAIC Group Code	Federal ID#	Name of Reinsurer	Amount
38865	94-1627528	California Insurance Company	\$ 500,578,535

B. Reinsurance Recoverable in Dispute - Not Applicable

C. Reinsurance Assumed and Ceded

- (1) Maximum amount of return commission that would have been due reinsurers if all of the company's reinsurance was canceled or if the company's insurance assumed was canceled

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$ 4,087,044	\$	\$ 25,576,622	\$	\$ (21,489,578)	\$
b. All other	25,576,126	3,801,278			25,576,126	3,801,278
c. Total	\$ 29,663,170	\$ 3,801,278	\$ 25,576,622	\$	\$ 4,086,548	\$ 3,801,278
d. Direct unearned premium reserve			\$			

- (2) The additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this statement as a result of existing contractual arrangements is accrued as follows:

Effective June 1, 2017, the Company's affiliate CIC entered into a quota-share reinsurance contract for cession of the CoverStar® product along with Munich Reinsurance America, Inc., Arch Reinsurance Company, Everest Reinsurance Company, Ace Property and Casualty Insurance Company, Odyssey Reinsurance Company, and The Cincinnati Insurance Company. The CoverStar® product is a specific product line of workers' compensation business written by the Company and its affiliates in the Second Pooling agreement. The cession to the external reinsurers is accounted for by CIC, the lead company in the Second Restated Pooling Agreement, and then pooled to the Company and other affiliates through the Second Pooling Agreement. This ceded reinsurance contract provides for additional or return commissions based on actual loss experience of the reinsured business. The quota-share reinsurance contract for cession of the CoverStar® product was renewed and is effective through March 31, 2021. Ace Property and Casualty Insurance Company is no longer a participant effective January 1, 2020. Munich Reinsurance America, Inc., Arch Reinsurance Company, and The Cincinnati Insurance Company are no longer participants effective April 1, 2020. This change reduces the cession to outside reinsurers from 80% to 15%. Base and contingent commissions were also changed. There were no other changes to the terms or other external reinsurers of the contract.

Effective May 1, 2018, the Company entered into a quota-share reinsurance agreement with State National Insurance Company, Inc., National Specialty Insurance Company, and United Specialty Insurance Company. The Company assumes 39.39% of business written for the 1st Contract Year and 21.39% of business written for the 2nd Contract Year in the commercial automobile liability and general liability (when written as part of a commercial auto policy) lines of business. This assumed reinsurance contract provides for additional or return commissions based on actual loss experience of the reinsured business. The below chart shows the amounts accrued for these additional commissions as of September 30, 2020.

Effective March 31, 2020, the Company entered into a adverse development reinsurance contract with Centauri Specialty Insurance Company where the Reinsurer agrees to indemnify the Company for the adverse loss development that may accrue to the Company under all of its policies, contracts, and binders of insurance or reinsurance. Brokerage commissions have been set at 10.00% of the Company's assumed 79.84% percentage share of premium written in the First Contract and 21.90% of the Third Contract in the Premium Protection Reinsurance Contract.

Reinsurance

	Direct	Assumed	Ceded	Net
a. Contingent commission	\$	\$	\$	\$
b. Sliding scale adjustments		(7,350,973)		(7,350,973)
c. Other profit commission arrangements				
d. Total	\$	\$ (7,350,973)	\$	\$ (7,350,973)

- (3) Risks attributed to each of the company's protected cells - Not Applicable

D. Uncollectible Reinsurance - Not Applicable

Notes to the Financial Statements

23. Reinsurance (Continued)

- E. Commutation of Ceded Reinsurance - Not Applicable
- F. Retroactive Reinsurance

(1) Retroactive reinsurance agreements that transfer liabilities for losses that have already occurred and that will generate special surplus transactions

The Company entered into a Retroactive Reinsurance Agreement with United Insurance Company to cede 14% of the Company’s assumed commercial auto liability and general liability (when written as part of the commercial auto policy) business. The policies of the business ceded in this contract are effective as of May 1, 2018 through April 30, 2019. The following are the amounts under this agreement at and for the period ended September 30, 2020.

(a) Reserves transferred

	Reported Company	
	Assumed	Ceded
1. Initial reserves	\$ (5,000,000)	\$ 8,759,597
2. Adjustments - prior year(s)		
3. Adjustment - current year		605,826
4. Current total	<u>\$ (5,000,000)</u>	<u>\$ 9,365,423</u>

(b) Consideration paid or received

	Assumed	Ceded
1. Initial consideration	\$ 11,000	\$ (9,500,000)
2. Adjustments - prior year(s)		
3. Adjustments - current year		
4. Current total	<u>\$ 11,000</u>	<u>\$ (9,500,000)</u>

(c) Paid losses reimbursed or recovered

	Assumed	Ceded
1. Prior year(s)	\$	\$
2. Current year	3,547,765	
3. Current total	<u>\$ 3,547,765</u>	<u>\$</u>

(d) Special surplus from retroactive reinsurance

	Assumed	Ceded
1. Initial surplus gain or loss	\$ (4,989,000)	\$ (740,403)
2. Adjustments - prior year(s)		
3. Adjustments - current year		605,826
4. Current year restricted surplus	(4,989,000)	(134,577)
5. Cumulative total transferred to unassigned funds	<u>\$</u>	<u>\$</u>

(e) All cedents and reinsurers involved in all transactions included in summary totals above

Company	Assumed Amount	Ceded Amount
United Insurance Company	\$	\$ 9,365,423
Onyx Insurance Company	(5,000,000)	
Total	<u>\$ (5,000,000)</u>	<u>\$ 9,365,423</u>

(f) Total Paid Loss/LAE amounts recoverable (for authorized, unauthorized and certified reinsurers), any amounts more than 90 days overdue (for authorized, unauthorized and certified reinsurers), and for amounts recoverable the collateral held (for authorized, unauthorized and certified reinsurers) as respects amounts recoverable from unauthorized reinsurers

- (1) Authorized reinsurers - Not Applicable
- (2) Unauthorized reinsurers

Company	Total Paid/Loss/LAE Recoverable	Amount Over 90 Days Overdue	Collateral Held
United Insurance Company	\$ 2,124,404	\$	\$
Total	<u>\$ 2,124,404</u>	<u>\$</u>	<u>\$</u>

(3) Certified reinsurers - Not Applicable

- G. Reinsurance Accounted for as a Deposit - Not Applicable
- H. Disclosures for the Transfer of Property and Casualty Run-Off Agreements

(1) Concurrent with the purchase of the Company from Continental Casualty Company (CCC), a subsidiary of Continental National American Group (CNA), on December 30, 2005, the Company entered into a reinsurance agreement related to runoff policies that were written prior to the sale of the Company for Surety, Auto Physical Damage, Commercial Auto Liability, and Commercial Multiple Peril. The Company is recording these run-off direct and assumed losses and reserves and ceding this business 100% back to a subsidiary of the seller, CCC.

Notes to the Financial Statements

23. Reinsurance (Continued)

(2) At and for the period ended September 30, 2020, the amount of direct, assumed, and ceded losses and LAE incurred is (\$5,415) and the related balance sheet direct, assumed, and ceded loss and LAE reserves is \$865,932. No consideration was paid.

- I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation - Not Applicable
- J. Reinsurance Agreements Qualifying for Reinsurer Aggregation - Not Applicable

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. Method Used to Estimate - Not Applicable
- B. Method Used to Record - Not Applicable
- C. Amount and Percent of Net Retrospective Premiums - Not Applicable
- D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act - Not Applicable
- E. Calculation of Nonadmitted Retrospective Premium - Not Applicable
- F. Risk-Sharing Provisions of the Affordable Care Act (ACA)

(1) Accident and health insurance premium subject to the Affordable Care Act risk-sharing provisions

Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions?
NO

- (2) Impact of Risk-Sharing Provisions of the Affordable Care Act on admitted assets, liabilities and revenue for the current year - Not Applicable
- (3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balance - Not Applicable
- (4) Roll-forward of risk corridors asset and liability balances by program benefit year - Not Applicable
- (5) ACA risk corridors receivable as of reporting date - Not Applicable

25. Changes in Incurred Losses and Loss Adjustment Expenses

- A. Reasons for Changes in the Provision for Incurred Loss and Loss Adjustment Expenses Attributable to Insured Events of Prior Years

The estimated cost of loss and LAE attributable to insured events of prior years decreased by \$810,000 during 2020. This decreased the current calendar year losses and LAE incurred by this amount as shown in the chart below. The redundancy of \$810,000 is approximately 0.89% of the unpaid losses and LAE of \$90,761,000 at year end. This decrease occurred due to a decrease in current calendar year losses and LAE incurred from nonproportional assumed property reinsurance, excluding the effects of any retroactive reinsurance contracts. The last column has been added to show the retroactive reinsurance (write-in) contracts' effect on the total deficiency (redundancy) column.

Schedule P Lines of Business (000s omitted)	September 30, 2020					
	Current Calendar Year Losses & LAE Incurred	Current Loss Year Losses and LAE Incurred Sch. P - Part 1	Total Deficiency (Redundancy)	Loss and DCC Deficiency (Redundancy) Sch. P - Part 2	Impact of AO on Total Deficiency (Redundancy)	Effect of Retroactive Reinsurance on Total Deficiency (Redundancy)
Commercial multiple peril	182	11	171	171	-	-
Workers' compensation	14,839	14,122	717	(1,018)	1,735	-
Other liability - claims made	34	54	(20)	(16)	(4)	-
Private passenger auto	204	-	204	204	-	-
Other commercial auto liability	5,325	2,654	2,671	2,596	75	(873)
Commercial auto physical damage	14	-	14	14	-	-
Surety	(98)	187	(285)	(267)	(18)	-
Warranty	1	1	-	-	-	-
Reinsurance - nonproportional assumed property	(4,243)	-	(4,243)	(4,243)	-	5,000
Legal	20	59	(39)	(30)	(9)	-
Totals	16,278	17,088	(810)	(2,589)	1,779	4,127

- B. Significant Changes in Methodologies and Assumptions Used in Calculating the Liability for Unpaid Losses and Loss Adjustment Expenses - Not Applicable

26. Intercompany Pooling Arrangements

- A. On January 1, 2015, the Company entered into a Second Pooling Agreement with affiliates California Insurance Company ("CIC"), Illinois Insurance Company ("IIC"), Pennsylvania Insurance Company ("PIC"), and Texas Insurance Company ("TIC"). CIC is the lead company taking a 70% share, while the Company takes a 15% share, and IIC, PIC, and TIC each take a 5% share. The Second Pooling Agreement was previously approved by the California Department of Insurance, the Iowa Insurance Division, and the Texas Department of Insurance.
- B. The Second Pooling Agreement includes Workers' Compensation, including mandatory reinsurance, Employment Practices Legal Insurance, Surety, and Warranty lines of business for years 2006 to current. In 2018, the Company began to assume commercial auto liability and general liability business from outside reinsurers; this business is no longer excluded from intercompany pooling per Addendum No. 3 of the Second Pooling Agreement which was approved by the Iowa Insurance Division.
- C. Cession to most outside reinsurers, subject to the pooling agreement, is ceded on CIC, the lead company, and then the net remaining business is pooled back to the other members of the pool, with the exception of the Minnesota Workers' Compensation Reinsurance Association business that is ceded on the Company and any run-off business on CIC, the Company, PIC, and TIC from prior to joining the pool (see Note 23H).
- D. Each pool participant has a contractual right of direct recovery from each non-affiliated reinsurer for business that is covered by the Second Pooling Agreement.
- E. There are no discrepancies related to the pooled business between the assumed and ceded reinsurance schedules of the pool participants.
- F. There is no provision for reinsurance or write-offs of uncollectible reinsurance for any ceded reinsurance contract subject to the pool.

Notes to the Financial Statements

26. Intercompany Pooling Arrangements (Continued)

G. Amounts due to/from pool participants as of September 30, 2020 are as follows:

Name of Insurer	NAIC Company Code	Amounts Receivable	Amounts Payable
California Insurance Company	38865	\$ 11,338,727	\$ 13,333,273
Pennsylvania Insurance Company	21962	-	30
Totals		\$ 11,338,727	\$ 13,333,303

27. Structured Settlements

A. Reserves Eliminated by Annuities and Unrecorded Loss Contingencies

The Company has purchased annuities from insurers under which the workers' compensation claimant is the payee (see Note 14F). These annuities have been used to reduce unpaid losses. The Company has contingent liabilities should the issuers of the annuity fail to perform under the terms of the annuity. Reserves eliminated due to the purchase of annuities and the contingent liabilities should the issuers of the annuity fail to perform under the terms of the annuity at September 30, 2020 are reflected in the following chart.

Loss Reserves Eliminated by Annuities	Unrecorded Loss Contingencies
\$..... 3,789,098	\$..... 9,103,493

B. Aggregate Statement Value of Annuities Due from Life Insurers Equaling or Exceeding 1% of Policyholders' Surplus - Not Applicable

28. Health Care Receivables - Not Applicable

29. Participating Policies - Not Applicable

30. Premium Deficiency Reserves

Premium deficiency reserves and the related expense are recognized when it is probable that losses, LAE and policy maintenance costs under a group of existing contracts will exceed net earned premiums, reinsurance recoveries, and anticipated investment income. The Company performed an evaluation as of October 23, 2020. Due to the collection of premium by the installment method in accordance with *SSAP, No. 53 – Property-Casualty Contracts – Premiums*, of the *Accounting Practices and Procedures Manual* for workers' compensation and surety lines of business and low loss ratios on the other liability, warranty, and legal (write-in) lines, no such reserves were required at September 30, 2020.

1. Liability carried for premium deficiency reserves:

\$—
2. Date of the most recent evaluation of this liability:

10/23/2020
3. Was anticipated investment income utilized in the calculation?

NO

31. High Deductibles - Not Applicable

32. Discounting of Liabilities by Withdrawal Characteristics For Unpaid Losses or Unpaid Loss Adjustment Expenses - Not Applicable

33. Asbestos/Environmental Reserves

- A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to asbestos losses?

Yes (X) No ()

The Company has minimal exposure from asbestos losses that arose from the sale of general liability insurance. Note that the Company wrote its first general liability policy in 1988, and only three potential claims have ever been reported. Previously all liability policies that were in force were endorsed to exclude asbestos liability. Further, the Company discontinued writing policies with potential asbestos exposure in 2002.

(1) Direct basis - Not Applicable

(2) Assumed reinsurance basis - Not Applicable

(3) Net of ceded reinsurance basis - Not Applicable
- B. Amount of the Ending Reserves for Bulk + IBNR Included in A (Loss & LAE) - Not Applicable
- C. Amount of the Ending Reserves for Loss Adjustment Expenses Included in A (Case, Bulk + IBNR) - Not Applicable
- D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to environmental losses?

Yes (X) No ()

The Company's exposure to environmental losses includes some from policies specifically written to cover these exposures. Therefore, amounts related to those policies are excluded from this note per the annual statement instructions.

The Company has exposure to environmental losses arising from the sale of auto liability and general liability insurance written through 2002. Such exposure does not exist on business written after that time. The exposure on auto liability policies arose from sudden and accidental spills of materials in transit that have been classified as hazardous materials by the Environmental Protection Agency. To minimize its exposure, the Company used the ISO MCS 90 endorsement and carefully underwrote accounts as regards commodities being transported. The Company attached the ISO "Absolute Pollution Exclusion" to all general liability policies. The Company's only exposure arose when an insured purchased coverage for on premises pollution cleanup and removal.

Several court decisions have reduced the effectiveness of the "Absolute Pollution Exclusion" by limiting its application to traditional industrial pollution and which have potentially increased the scope of damages compensable under policies of insurance. Due to these developments, several claims (largely driven by expense costs) have now been recognized and classified as environmental losses in the table below.

Notes to the Financial Statements

33. Asbestos/Environmental Reserves (Continued)

(1) Direct basis

	2016	2017	2018	2019	September 30, 2020
a. Beginning reserves	\$ 947,796	\$ 926,030	\$ 899,854	\$ 888,606	\$ 883,274
b. Incurred losses and loss adjustment expense	(682)	1,919	4	83	
c. Calendar year payments for losses and loss adjustment expenses	21,084	28,095	11,252	5,415	
d. Ending reserves (d=a+b-c)	<u>\$ 926,030</u>	<u>\$ 899,854</u>	<u>\$ 888,606</u>	<u>\$ 883,274</u>	<u>\$ 883,274</u>

(2) Assumed reinsurance basis - Not Applicable

(3) Net of ceded reinsurance basis - Not Applicable

E. Amount of the Ending Reserves for Bulk + IBNR Included in D (Loss & LAE)

(1) Direct basis	\$ 759,606
(2) Assumed reinsurance basis	\$
(3) Net of ceded reinsurance basis	\$

F. Amount of the Ending Reserves for Loss Adjustment Expenses Included in D (Case, Bulk + IBNR)

(1) Direct basis	\$ 346,712
(2) Assumed reinsurance basis	\$
(3) Net of ceded reinsurance basis	\$

34. Subscriber Savings Accounts - Not Applicable

35. Multiple Peril Crop Insurance - Not Applicable

36. Financial Guaranty Insurance - Not Applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☐ No ☒
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ☐ No ☐
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☒ No ☐
- 2.2

If yes, date of change:

01/04/2020
- 3.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐

If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ☒ No ☐
- 3.3

If the response to 3.2 is yes, provide a brief description of those changes.
North American Casualty Co. (Direct Parent) acquired Oklahoma Property and Casualty Insurance Company
- 3.4

Is the reporting entity publicly traded or a member of a publicly traded group?

Yes ☐ No ☒
- 3.5

If the response to 3.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒

If yes, complete and file the merger history data file with the NAIC.
- 4.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ☐ No ☒ NA ☐

If yes, attach an explanation.
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2017
- 6.2

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

12/31/2017
- 6.3

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

05/17/2019
- 6.4

By what department or departments?
Iowa Insurance Division
- 6.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☒ No ☐ NA ☐
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☒ No ☐ NA ☐
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒
- 7.2

If yes, give full information:
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ☐ No ☒
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ☐ No ☒
- 8.4

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

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

GENERAL INTERROGATORIES

9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

Yes [X] No []

9.11

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

9.2

Has the code of ethics for senior managers been amended?

Yes [] No [X]

9.21

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

9.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]

9.31

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

FINANCIAL

10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?.....

Yes [] No [X]

10.2

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

INVESTMENT

11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes [X] No []

11.2

If yes, give full and complete information relating thereto:
\$62,764,568 on deposit with states or other regulatory bodies

12.

Amount of real estate and mortgages held in other invested assets in Schedule BA:\$23,069,015

13.

Amount of real estate and mortgages held in short-term investments:\$0

14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes [X] No []

14.2

If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$0	\$
14.22 Preferred Stock	\$0	\$
14.23 Common Stock	\$0	\$
14.24 Short-Term Investments	\$0	\$
14.25 Mortgage Loans on Real Estate	\$	\$
14.26 All Other	\$41,976,375	\$40,069,015
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$41,976,375	\$40,069,015
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$

15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes [] No [X]

15.2

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

Yes [] No [] NA [X]

16

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

16.1

Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

\$0

16.2

Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2

\$0

16.3

Total payable for securities lending reported on the liability page

\$0

GENERAL INTERROGATORIES

17. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity’s offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes [X] No []

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

1 Name of Custodian(s)	2 Custodian Address
First National Capital Markets.....	1620 Dodge Street, Omaha, NE 68197-1089.....
Wells Fargo Securities.....	608 Second Avenue South, Minneapolis, MN 55402.....
Security National Bank of Omaha.....	1120 South 101st Street, Omaha, NE 68124.....

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

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

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?

Yes [] No [X]

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

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

17.5 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. [“...that have access to the investment accounts”; “...handle securities”]

1 Name of Firm or Individual	2 Affiliation
RVK - investment advisor.....	U.....
Robert Stafford, Senior V.P. - manages assets.....	I.....

17.5097 For those firms/individuals listed in the table for Question 17.5, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) manage more than 10% of the reporting entity’s invested assets?

Yes [X] No []

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a “U”) listed in the table for Question 17.5, does the total assets under management aggregate to more than 50% of the reporting entity’s invested assets?

Yes [] No [X]

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

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
18005.....	RVK.....	.....	SEC.....	NO.....

18.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed?

Yes [X] No []

18.2 If no, list exceptions:
.....

19. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designated 5GI security:
Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or
a. PL security is not available.
b. Issuer or obligor is current on all contracted interest and principal payments.
c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.
Has the reporting entity self-designated 5GI securities?.....

Yes [] No [X]

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

Yes [] No [X]

GENERAL INTERROGATORIES

21. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:.....
- a. The shares were purchased prior to January 1, 2019.
 - b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
 - c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
 - d. The fund only or predominantly holds bonds in its portfolio.
 - e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
 - f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria? Yes [] No [X]

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

3.2 If yes, give full and complete information thereto.
.....

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

4.2 If yes, complete the following schedule:

			TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
1	2	3	4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Discount Rate	Unpaid Losses	Unpaid LAE	IBNR	TOTAL	Unpaid Losses	Unpaid LAE	IBNR	TOTAL
TOTAL			0	0	0	0	0	0	0	0

5. Operating Percentages:

5.1 A&H loss percent.....

5.2 A&H cost containment percent

5.3 A&H expense percent excluding cost containment expenses.....

6.1 Do you act as a custodian for health savings accounts?.....

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

6.3 Do you act as an administrator for health savings accounts?.....

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

7. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states?.....

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

6

6

6

6

STATEMENT AS OF SEPTEMBER 30, 2020 OF THE Continental Indemnity Company

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

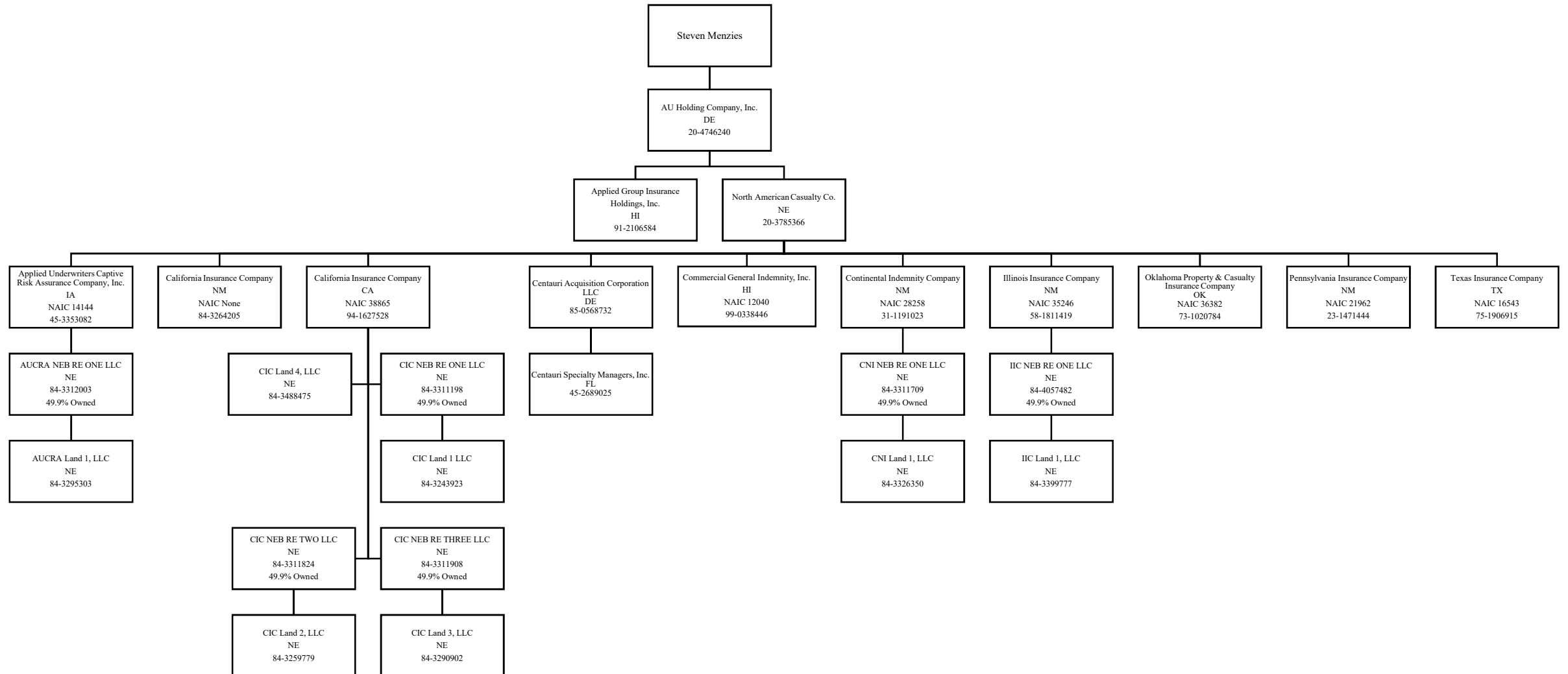
Current Year to Date – Allocated by States and Territories							
States, etc.	1	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2	3	4	5	6	7
	Active Status (a)	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date	Current Year To Date	Prior Year To Date
1. Alabama	AL L	640,383	747,576	241,949	406,745	2,174,386	1,988,015
2. Alaska	AK N		0		0		0
3. Arizona	AZ L	39,604	9,809	53,256	0	30,640	843
4. Arkansas	AR L	236,525	330,739	261,652	574,457	4,358,446	4,795,773
5. California	CA L		0		0		0
6. Colorado	CO L	512,684	1,003,752	879,345	1,060,806	2,002,120	1,642,718
7. Connecticut	CT N		0		0		0
8. Delaware	DE L	464,401	478,884	158,030	387,912	4,053,598	4,329,231
9. Dist. Columbia	DC L	37,951	135,627	13,673	105,377	196,138	146,239
10. Florida	FL L	1,307,737	2,661,461	1,179,915	1,693,786	4,171,639	5,181,829
11. Georgia	GA L		0		0		0
12. Hawaii	HI N		0		0		0
13. Idaho	ID L		0		0		0
14. Illinois	IL L	4,290,453	6,927,164	6,002,234	7,352,142	12,229,657	17,618,679
15. Indiana	IN L	1,080,222	2,282,557	1,756,429	2,315,193	3,637,982	3,871,765
16. Iowa	IA L	952,656	688,926	899,809	851,962	1,667,104	2,229,287
17. Kansas	KS L	58,554	202,145	107,016	277,430	854,519	474,059
18. Kentucky	KY L	285,526	497,917	518,130	720,944	2,611,986	3,075,776
19. Louisiana	LA L	2,068,585	2,518,314	709,983	1,092,769	3,836,535	4,801,954
20. Maine	ME L	149,188	145,722	43,380	(1,027)	260,047	319,305
21. Maryland	MD L	1,245,297	2,325,769	1,061,437	1,338,126	4,535,198	6,211,502
22. Massachusetts	MA L	5,412,555	5,223,061	2,828,966	5,390,923	12,543,197	11,079,451
23. Michigan	MI L	534,679	1,091,392	870,525	1,111,728	3,095,224	4,290,903
24. Minnesota	MN L	1,117,189	1,244,866	1,247,884	772,328	4,841,207	4,745,406
25. Mississippi	MS L	271,777	405,959	20,700	462,516	329,627	521,646
26. Missouri	MO L	549,012	1,082,111	160,456	1,015,739	2,394,906	2,008,300
27. Montana	MT L	218,211	(17)	9,189	0	19,358	0
28. Nebraska	NE L	478,675	399,673	235,931	322,345	743,328	811,051
29. Nevada	NV L		0		0		0
30. New Hampshire	NH L	852,276	1,224,348	907,526	758,023	1,617,514	2,267,475
31. New Jersey	NJ L	18,250,690	22,660,267	12,239,732	15,550,658	87,755,818	93,194,239
32. New Mexico	NM L	355,211	229,677	42,511	77,665	230,402	439,931
33. New York	NY L	21,281,288	29,964,769	10,169,768	21,146,774	153,820,658	170,924,922
34. No. Carolina	NC L	2,251,743	3,289,644	1,104,586	1,374,106	3,237,637	5,230,740
35. No. Dakota	ND L	2,948	13,278		0	852	3,057
36. Ohio	OH L	12,758	32,644		0	4,397	9,854
37. Oklahoma	OK L	423,136	362,090	201,713	205,816	5,321,353	6,456,255
38. Oregon	OR L	86,390	0		0	6,619	0
39. Pennsylvania	PA L	4,096,338	6,225,879	2,473,796	5,365,568	16,038,564	16,001,967
40. Rhode Island	RI L	546,839	892,229	611,032	395,053	825,131	1,444,385
41. So. Carolina	SC L	1,011,733	838,952	326,010	225,900	1,018,738	1,107,153
42. So. Dakota	SD L	143,208	190,417	126,908	228,430	107,783	185,169
43. Tennessee	TN L	706,789	839,959	249,510	799,844	927,540	1,307,291
44. Texas	TX L	391,152	199	17,923	0	75,983	13,216
45. Utah	UT L	83,268	0	1,257	0	6,349	0
46. Vermont	VT L	1,022,562	1,645,720	408,153	537,245	1,847,909	2,133,109
47. Virginia	VA L	1,038,882	1,459,240	610,821	1,017,546	2,888,839	3,442,207
48. Washington	WA L		0		0	27	127
49. West Virginia	WV L	530,129	523,200	232,624	395,526	2,235,356	2,176,312
50. Wisconsin	WI L	798,103	534,089	134,774	506,831	1,376,572	1,314,493
51. Wyoming	WY L	12,234	9,516		0	2,924	2,970
52. American Samoa	AS N		0		0		0
53. Guam	GU N		0		0		0
54. Puerto Rico	PR N		0		0		0
55. U.S. Virgin Islands	VI N		0		0		0
56. Northern Mariana Islands	MP N		0		0		0
57. Canada	CAN N		0		0		0
58. Aggregate Other Alien	OT XXX	0	0	0	0	0	0
59. Totals	XXX	75,849,541	101,339,524	49,118,533	75,837,186	349,933,807	387,798,604
DETAILS OF WRITE-INS							
58001.	XXX						
58002.	XXX						
58003.	XXX						
58998. Summary of remaining write-ins for Line 58 from overflow page.	XXX	0	0	0	0	0	0
58999. TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX	0	0	0	0	0	0

(a) Active Status Counts

L – Licensed or Chartered – Licensed insurance carrier or domiciled RRG48 R – Registered – Non-domiciled RRGs0
E – Eligible – Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile – See DSLI)0 Q – Qualified – Qualified or accredited reinsurer0
D – Domestic Surplus Lines Insurer (DSLI) – Reporting entities authorized to write surplus lines in the state of domicile0 N – None of the above – Not allowed to write business in the state9
Premiums are allocated to those states where the insured risks are located: main place of work for Workers' Compensation (including Employers' Liability endorsements).

STATEMENT AS OF September 30, 2020 OF THE Continental Indemnity Company
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS
OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y
PART 1A – DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	Is an SCA Filing Required? (Y/N)	*
00000		00000					Steven Menzies		UIP		Ownership			N	
00000		00000	20-4746240				AU Holding Company, Inc.	DE	UIP	Steven Menzies	Ownership	100.0	Steven Menzies	N	
00000		00000	84-3312003				AUCRA NEB RE ONE LLC	NE	NIA	Applied Underwriters Captive Risk Assurance Company, Inc.	Ownership	49.9	Steven Menzies	N	
00000		00000	91-2106584				Applied Group Insurance Holdings, Inc.	HI	NIA	AU Holding Company, Inc.	Ownership	100.0	Steven Menzies	N	
00000		00000	20-3785366				North American Casualty Co.	NE	UDP	AU Holding Company, Inc.	Ownership	100.0	Steven Menzies	N	
00000		00000	84-3295303				AUCRA Land 1 LLC	NE	NIA	AUCRA NEB RE ONE LLC	Ownership	100.0	Steven Menzies	N	
00000		00000	84-3488475				CIC Land 4, LLC	NE	NIA	California Insurance Company	Ownership	100.0	Steven Menzies	N	
00000		00000	84-3311198				CIC NEB RE ONE LLC	NE	NIA	California Insurance Company	Ownership	49.9	Steven Menzies	N	
00000		00000	84-3311824				CIC NEB RE TWO LLC	NE	NIA	California Insurance Company	Ownership	49.9	Steven Menzies	N	
00000		00000	84-3311908				CIC NEB RE THREE LLC	NE	NIA	California Insurance Company	Ownership	49.9	Steven Menzies	N	
00000		00000	84-3243923				CIC Land 1, LLC	NE	NIA	CIC NEB RE ONE LLC	Ownership	100.0	Steven Menzies	N	
00000		00000	84-3290902				CIC Land 3, LLC	NE	NIA	CIC NEB RE THREE LLC	Ownership	100.0	Steven Menzies	N	
00000		00000	84-3259779				CIC Land 2, LLC	NE	NIA	CIC NEB RE TWO LLC	Ownership	100.0	Steven Menzies	N	
00000		00000	84-3326350				CNI Land 1, LLC	NE	DS	CNI NEB RE ONE LLC	Ownership	100.0	Steven Menzies	N	
00000		00000	84-3311709				CNI NEB RE ONE LLC	NE	DS	Continental Indemnity Company	Ownership	49.9	Steven Menzies	N	
00000		00000	84-3399777				IIC Land 1, LLC	NE	NIA	IIC NEB RE ONE LLC	Ownership	100.0	Steven Menzies	N	
00000		00000	84-4057482				IIC NEB RE ONE LLC	NE	NIA	Illinois Insurance Company	Ownership	49.9	Steven Menzies	N	
04962	AU Holding Co Grp	14144	45-3353082				Applied Underwriters Captive Risk Assurance Company, Inc.	IA	IA	North American Casualty Co	Ownership	100.0	Steven Menzies	N	
04962	AU Holding Co Grp	38865	94-1627528				California Insurance Company	CA	IA	North American Casualty Co	Ownership	100.0	Steven Menzies	N	
04962	AU Holding Co Grp	00000	84-3264205				California Insurance Company	NM	IA	North American Casualty Co	Ownership	100.0	Steven Menzies	N	
00000		00000	85-0568732				Centauri Acquisition Corporation LLC	DE	NIA	North American Casualty Co	Ownership	100.0	Steven Menzies	N	
00000		00000	45-2689025				Centauri Specialty Managers, Inc.	FL	NIA	Centauri Acquisition Corporation LLC	Ownership	100.0	Steven Menzies	N	
04962	AU Holding Co Grp	28258	31-1191023				Continental Indemnity Company	NM	RE	North American Casualty Co	Ownership	100.0	Steven Menzies	N	
04962	AU Holding Co Grp	12040	99-0338446				Commercial General Indemnity, Inc.	HI	IA	North American Casualty Co	Ownership	100.0	Steven Menzies	N	
04962	AU Holding Co Grp	35246	58-1811419				Illinois Insurance Company	NM	IA	North American Casualty Co	Ownership	100.0	Steven Menzies	N	
04962	AU Holding Co Grp	36382	73-1020784				Oklahoma Property and Casualty Insurance Company	OK	IA	North American Casualty Co	Ownership	100.0	Steven Menzies	N	
04962	AU Holding Co Grp	21962	23-1471444				Pennsylvania Insurance Company	NM	IA	North American Casualty Co	Ownership	100.0	Steven Menzies	N	
04962	AU Holding Co Grp	16543	75-1906915				Texas Insurance Company	TX	IA	North American Casualty Co	Ownership	100.0	Steven Menzies	N	

Asterisk	Explanation

PART 1 - LOSS EXPERIENCE

Line of Business		Current Year to Date			4 Prior Year to Date Direct Loss Percentage
		1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1.	Fire			0.0	0.0
2.	Allied lines			0.0	0.0
3.	Farmowners multiple peril			0.0	0.0
4.	Homeowners multiple peril			0.0	0.0
5.	Commercial multiple peril			0.0	0.0
6.	Mortgage guaranty			0.0	0.0
8.	Ocean marine			0.0	0.0
9.	Inland marine			0.0	0.0
10.	Financial guaranty			0.0	0.0
11.1	Medical professional liability -occurrence			0.0	0.0
11.2	Medical professional liability -claims made			0.0	0.0
12.	Earthquake			0.0	0.0
13.	Group accident and health			0.0	0.0
14.	Credit accident and health			0.0	0.0
15.	Other accident and health			0.0	0.0
16.	Workers' compensation	75,849,541	43,685,642	57.6	48.7
17.1	Other liability occurrence			0.0	0.0
17.2	Other liability-claims made			0.0	0.0
17.3	Excess Workers' Compensation			0.0	0.0
18.1	Products liability-occurrence			0.0	0.0
18.2	Products liability-claims made			0.0	0.0
19.1,19.2	Private passenger auto liability			0.0	0.0
19.3,19.4	Commercial auto liability			0.0	0.0
21.	Auto physical damage			0.0	0.0
22.	Aircraft (all perils)			0.0	0.0
23.	Fidelity			0.0	0.0
24.	Surety			0.0	0.0
26.	Burglary and theft			0.0	0.0
27.	Boiler and machinery			0.0	0.0
28.	Credit			0.0	0.0
29.	International			0.0	0.0
30.	Warranty			0.0	0.0
31.	Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32.	Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34.	Aggregate write-ins for other lines of business	0	0	0.0	0.0
35.	TOTALS	75,849,541	43,685,642	57.6	48.7
DETAILS OF WRITE-INS					
3401.	.....			0.0	0.0
3402.	.....			0.0	0.0
3403.	.....			0.0	0.0
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.0	0.0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0.0	0.0

PART 2 - DIRECT PREMIUMS WRITTEN

Line of Business		1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1.	Fire	0		0
2.	Allied lines	0		0
3.	Farmowners multiple peril	0		0
4.	Homeowners multiple peril	0		0
5.	Commercial multiple peril	0		0
6.	Mortgage guaranty	0		0
8.	Ocean marine	0		0
9.	Inland marine	0		0
10.	Financial guaranty	0		0
11.1	Medical professional liability-occurrence	0		0
11.2	Medical professional liability-claims made	0		0
12.	Earthquake	0		0
13.	Group accident and health	0		0
14.	Credit accident and health	0		0
15.	Other accident and health	0		0
16.	Workers' compensation	24,878,002	75,849,541	101,339,524
17.1	Other liability occurrence	0		0
17.2	Other liability-claims made	0		0
17.3	Excess Workers' Compensation	0		0
18.1	Products liability-occurrence	0		0
18.2	Products liability-claims made	0		0
19.1,19.2	Private passenger auto liability	0		0
19.3,19.4	Commercial auto liability	0		0
21.	Auto physical damage	0		0
22.	Aircraft (all perils)	0		0
23.	Fidelity	0		0
24.	Surety	0		0
26.	Burglary and theft	0		0
27.	Boiler and machinery	0		0
28.	Credit	0		0
29.	International	0		0
30.	Warranty	0		0
31.	Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
32.	Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
33.	Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34.	Aggregate write-ins for other lines of business	0	0	0
35.	TOTALS	24,878,002	75,849,541	101,339,524
DETAILS OF WRITE-INS				
3401.	.....	0		0
3402.	.....	0		0
3403.	.....	0		0
3498.	Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34)	0	0	0

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2020 Loss and LAE Payments on Claims Reported as of Prior Year-End	2020 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2020 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11 + 12)
1. 2017 + Prior	15,230	25,936	41,166	3,273	1,924	5,197	14,574	2,269	21,428	38,271	2,618	(315)	2,303
2. 2018	5,929	13,570	19,499	3,600	89	3,689	5,655	147	8,572	14,374	3,326	(4,762)	(1,436)
3. Subtotals 2018 + prior	21,159	39,506	60,664	6,873	2,013	8,886	20,229	2,416	30,000	52,645	5,943	(5,076)	867
4. 2019.....	8,842	21,254	30,097	3,872	471	4,344	7,625	614	15,837	24,076	2,655	(4,332)	(1,677)
5. Subtotals 2019 + prior	30,001	60,760	90,761	10,745	2,485	13,230	27,854	3,030	45,837	76,721	8,598	(9,409)	(810)
6. 2020	XXX	XXX	XXX	XXX	2,673	2,673	XXX	3,855	10,560	14,415	XXX	XXX	XXX
7. Totals	30,001	60,760	90,761	10,745	5,158	15,903	27,854	6,885	56,397	91,136	8,598	(9,409)	(810)
8. Prior Year-End Surplus As Regards Policy-holders	110,149										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. 28.7	2. (15.5)	3. (0.9)
											Col. 13, Line 7 Line 8		
											4. (0.7)		

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

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

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

Explanation:

Bar Code:

1.



28258202049000003

2.



28258202045500003

3.



28258202036500003

4.



28258202050500003

OVERFLOW PAGE FOR WRITE-INS

PQ002 Additional Aggregate Lines for Page 02 Line 25.
*ASSETS

	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	December 31 Prior Year Net Admitted Assets
2504. Equity in pools and associations.....	618,551		618,551	724,971
2505. Premium tax receivable.....	462,707		462,707	186,794
2506. Other receivables.....			0	81,845
2507. Other receivable - related party.....	43,169		43,169	6,233,107
2597. Summary of remaining write-ins for Line 25 from Page 02	1,124,427	0	1,124,427	7,226,717

PQ003 Additional Aggregate Lines for Page 03 Line 25.
*LIAB

	1	2
	Current Statement Date	December 31, Prior Year
2504. Other liability - related party.....		27,784
2505. Retroactive reinsurance assumed.....	1,227,020	
2597. Summary of remaining write-ins for Line 25 from Page 03	1,227,020	27,784

SCHEDULE A – VERIFICATION

Real Estate

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Current year change in encumbrances		0
4. Total gain (loss) on disposals		0
5. Deduct amounts received on disposals		0
6. Total foreign exchange change in book/adjusted carrying value		0
7. Deduct current year's other-than-temporary impairment recognized		0
8. Deduct current year's depreciation		0
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8)	0	0
10. Deduct total nonadmitted amounts	0	0
11. Statement value at end of current period (Line 9 minus Line 10)	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year To Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)		0
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals		0
8. Deduct amortization of premium and mortgage interest points and commitment fees		0
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		0
10. Deduct current year's other-than-temporary impairment recognized		0
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12. Total valuation allowance		0
13. Subtotal (Line 11 plus Line 12)	0	0
14. Deduct total nonadmitted amounts	0	0
15. Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA – VERIFICATION

Other Long-Term Invested Assets

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	62,993,267	0
2. Cost of acquired:		
2.1 Actual cost at time of acquisition	12,233,107	61,866,561
2.2 Additional investment made after acquisition	660,469	7,230,920
3. Capitalized deferred interest and other		0
4. Accrual of discount		0
5. Unrealized valuation increase (decrease)	(72,828)	128,893
6. Total gain (loss) on disposals		0
7. Deduct amounts received on disposals	8,728,107	6,233,107
8. Deduct amortization of premium and depreciation		0
9. Total foreign exchange change in book/adjusted carrying value		0
10. Deduct current year's other-than-temporary impairment recognized		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	67,085,908	62,993,267
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	67,085,908	62,993,267

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	96,130,286	120,874,343
2. Cost of bonds and stocks acquired	15,415,654	50,222,351
3. Accrual of discount	131,051	189,952
4. Unrealized valuation increase (decrease)		(3,798,588)
5. Total gain (loss) on disposals		10,982,423
6. Deduct consideration for bonds and stocks disposed of	29,265,151	82,260,458
7. Deduct amortization of premium	182,120	79,737
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other-than-temporary impairment recognized		0
10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees		0
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9+10)	82,229,720	96,130,286
12. Deduct total nonadmitted amounts	0	0
13. Statement value at end of current period (Line 11 minus Line 12)	82,229,720	96,130,286

STATEMENT AS OF SEPTEMBER 30, 2020 OF THE Continental Indemnity Company

SCHEDULE D - PART 1B

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

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. NAIC 1 (a).....	87,673,791	12,315,550	9,943,734	(48,945)	96,860,988	87,673,791	89,996,662	86,210,245
2. NAIC 2 (a).....	0				0	0	0	0
3. NAIC 3 (a).....	0				0	0	0	0
4. NAIC 4 (a).....	0				0	0	0	0
5. NAIC 5 (a).....	0				0	0	0	0
6. NAIC 6 (a).....	0				0	0	0	0
7. Total Bonds	87,673,791	12,315,550	9,943,734	(48,945)	96,860,988	87,673,791	89,996,662	86,210,245
PREFERRED STOCK								
8. NAIC 1	0				0	0	0	0
9. NAIC 2	0				0	0	0	0
10. NAIC 3	0				0	0	0	0
11. NAIC 4	0				0	0	0	0
12. NAIC 5	0				0	0	0	0
13. NAIC 6	0				0	0	0	0
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	87,673,791	12,315,550	9,943,734	(48,945)	96,860,988	87,673,791	89,996,662	86,210,245

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$17,686,983 ; NAIC 2 \$;

NAIC 3 \$; NAIC 4 \$; NAIC 5 \$; NAIC 6 \$

SCHEDULE DA - PART 1
Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	11,688,424	XXX	11,688,424		

SCHEDULE DA - VERIFICATION
Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	24,094,983
2. Cost of short-term investments acquired	11,688,424	54,939,441
3. Accrual of discount		102,383
4. Unrealized valuation increase (decrease).....		0
5. Total gain (loss) on disposals		0
6. Deduct consideration received on disposals		79,136,807
7. Deduct amortization of premium.....		0
8. Total foreign exchange change in book/adjusted carrying value.....		0
9. Deduct current year's other-than-temporary impairment recognized.....		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	11,688,424	0
11. Deduct total nonadmitted amounts.....		0
12. Statement value at end of current period (Line 10 minus Line 11)	11,688,424	0

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B - Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

SCHEDULE E – PART 2 – VERIFICATION
(Cash Equivalents)

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	358,019	24,086,590
2. Cost of cash equivalents acquired	6,006,850	320,222,004
3. Accrual of discount		0
4. Unrealized valuation increase (decrease)		0
5. Total gain (loss) on disposals.....		24,414
6. Deduct consideration received on disposals	209,514	343,974,989
7. Deduct amortization of premium		0
8. Total foreign exchange change in book/adjusted carrying value		0
9. Deduct current year's other-than-temporary impairment recognized		0
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	6,155,355	358,019
11. Deduct total nonadmitted amounts		0
12. Statement value at end of current period (Line 10 minus Line 11)	6,155,355	358,019

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

STATEMENT AS OF SEPTEMBER 30, 2020 OF THE Continental Indemnity Company

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

[illegible]

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

[illegible]

E03

STATEMENT AS OF SEPTEMBER 30, 2020 OF THE Continental Indemnity Company

SCHEDULE D - PART 3

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

[illegible]

E05

E05

E05

E05

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

Schedule DB - Part D - Section 2

NONE

Schedule DB - Part E

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

STATEMENT AS OF SEPTEMBER 30, 2020 OF THE Continental Indemnity Company

SCHEDULE E - PART 1 - CASH

[illegible]

SCHEDULE E - PART 2 - CASH EQUIVALENTS

E14