FINANCIAL STATEMENTS

(Statutory Basis)
December 31, 2021 and 2020

MEMIC

Maine Employers' Mutual Insurance Company

Financial Statements (Statutory Basis)
December 31, 2021 and 2020

Maine Employers' Mutual Insurance Company
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Report of Independent Auditors

Board of Directors
Maine Employers' Mutual Insurance Company

Opinions

We have audited the statutory financial statements of Maine Employers' Mutual Insurance Company (the Company), which comprise the statutory statements of admitted assets, liabilities, and capital and surplus as of December 31, 2021 and 2020, and the related statutory statements of income, changes in capital and surplus, and cash flows for the years then ended, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in accordance with the basis of accounting described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2021 and 2020, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 to the financial statements, the Company prepared these financial statements using accounting practices prescribed or permitted by the Maine Bureau of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices prescribed or permitted by the Maine Bureau of Insurance. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

In performing an audit in accordance with GAAS, we

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

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

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Summary Investment Schedule and Supplemental Investment Risks Interrogatories of the Company as of December 31, 2021, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Maine Bureau of Insurance. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Johnson Lambert LLP

Atlanta, Georgia
March 28, 2022

MEMIC

Maine Employers' Mutual Insurance Company

Statements of Admitted Assets, Liabilities and Capital and Surplus (Statutory Basis)

Years Ended December 31, 2021 and 2020

	2021	2020
Admitted Assets		
Invested assets		
Bonds, at carrying value (NAIC fair value: $594,386,991 and $499,623,038 at December 31, 2021 and 2020, respectively)	$ 574,604,111	$ 465,084,887
Common stocks, at NAIC fair value (cost: $87,038,585 and $101,850,619 at December 31, 2021 and 2020, respectively)	130,314,714	182,058,794
Common stocks of affiliates	233,288,314	236,948,666
Other invested assets	26,765,018	24,844,403
Cash, cash equivalents and short-term investments	36,952,505	40,261,979
Total cash and invested assets	1,001,924,662	949,198,729
Premium balances receivable	60,895,050	58,885,464
Investment income due and accrued	3,856,593	3,865,056
EDP equipment (net of accumulated depreciation of $6,376,229 and $4,453,647 in 2021 and 2020, respectively)	6,888,707	7,194,149
Reinsurance recoverable on paid loss and loss adjustment expenses	1,790,213	3,312,999
Federal income tax recoverable	-	832,282
Net deferred tax asset	9,873,611	2,022,334
Due from affiliates	5,040,519	973,207
Total admitted assets	$ 1,090,269,355	$ 1,026,284,220
Liabilities		
Loss reserves	$ 379,098,211	$ 375,440,384
Loss adjustment expense reserves	42,262,498	39,350,099
Unearned premium reserves	84,643,715	78,555,020
Reinsurance premiums payable	386,106	1,002,890
Commissions payable	9,689,476	9,835,718
Advance premium	1,955,613	1,250,382
Premium taxes and assessments payable	1,279,043	1,321,835
Amounts withheld for others	1,778,999	1,523,184
Federal income taxes payable	11,618,219	-
Other liabilities	30,649,285	30,259,274
Total liabilities	563,361,165	538,538,786
Commitments and contingencies (Note 13)		
Capital and Surplus		
Capital contributions	3,035,756	3,118,063
Deferred gain	35,293	96,614
Unassigned surplus	523,837,141	484,530,757
Total capital and surplus	526,908,190	487,745,434
Total liabilities and capital and surplus	$ 1,090,269,355	$ 1,026,284,220

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

Maine Employers' Mutual Insurance Company
Statements of Income
(Statutory Basis)
Years Ended December 31, 2021 and 2020

	2021	2020
Underwriting income		
Premiums earned, net	$ 168,371,487	$ 162,615,771
Loss and underwriting expenses		
Losses incurred, net	92,334,385	110,919,152
Loss adjustment expenses incurred, net	20,115,666	22,463,564
Underwriting expenses		
Commissions	16,035,786	16,363,837
Premium taxes	3,245,037	3,004,801
Guarantee fund, rating bureau and other assessments	1,044,056	347,850
Supervision, acquisition and collection expense	9,946,839	11,174,575
Loss control expenses	5,166,135	4,772,270
General expenses	6,444,932	6,159,555
Total underwriting expenses	41,882,785	41,822,888
Total loss and underwriting expenses	154,332,836	175,205,604
Net underwriting income (loss)	14,038,651	(12,589,833)
Investment income		
Net investment income	16,944,074	17,304,323
Net realized capital gains (less capital gains tax of $15,352,887 and $2,903,390, respectively)	57,768,778	10,962,424
Total investment income	74,712,852	28,266,747
Other (expense) income		
Bad debt expense	(78,970)	(229,555)
Service fee income	152,957	160,350
Net other income (expense)	73,987	(69,205)
Income before dividends and federal income taxes	88,825,490	15,607,709
Dividends to policyholders	17,000,000	17,000,000
Income (loss) after dividends, before federal income taxes	71,825,490	(1,392,291)
Provision for (benefit from) federal income taxes	2,830,876	(1,424,594)
Net income	$ 68,994,614	$ 32,303

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

Maine Employers' Mutual Insurance Company

Statements of Changes in Capital and Surplus
(Statutory Basis)
Years Ended December 31, 2021 and 2020

		2021		2020
Capital and surplus at beginning of year	$	487,745,434	$	469,950,790
Capital contributions returned		(82,307)		(62,745)
Net income		68,994,614		32,303
Change in net deferred income taxes		690,013		1,307,310
Change in nonadmitted assets		315,469		1,872,555
Change in deferred gain on capital contributions		(61,321)		(107,332)
Change in net unrealized appreciation of invested assets (net of deferred taxes of $(7,161,264) and $862,249 as of December 31, 2021 and 2020, respectively)		(30,693,712)		14,752,553
		39,162,756		17,794,644
Capital and surplus at end of year	$	526,908,190	$	487,745,434

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

Maine Employers' Mutual Insurance Company
Statements of Cash Flows
(Statutory Basis)
Years Ended December 31, 2021 and 2020

	2021	2020
Cash from operations		
Premiums collected, net	$ 172,556,607	$ 161,486,400
Investment income received, net	19,426,380	19,881,055
Other income (expense)	73,988	(69,205)
Cash provided from operations	192,056,975	181,298,250
Benefit and loss related payments	(87,153,770)	(85,506,973)
Commissions and expenses paid	(59,336,884)	(56,914,112)
Dividends paid to policyholders	(17,000,000)	(17,000,000)
Federal income taxes recovered	(5,733,261)	(2,392,334)
Cash used in operations	(169,223,915)	(161,813,419)
Net cash provided from operations	22,833,060	19,484,831
Cash from investing activities		
Proceeds from investments sold, matured or repaid		
Bonds	88,722,957	107,178,563
Common stocks	127,512,450	50,118,526
Total investment proceeds	216,235,407	157,297,089
Costs of investments acquired		
Bonds	(200,773,309)	(113,183,425)
Common stocks	(37,733,420)	(38,092,980)
Other invested assets	(580,755)	(1,230,185)
Total cost of investments acquired	(239,087,484)	(152,506,590)
Net cash (used in) provided from investments	(22,852,077)	4,790,499
Cash from financing and miscellaneous sources		
Other cash (applied) provided	(3,290,457)	6,596,636
Net cash (used in) provided from financing and miscellaneous sources	(3,290,457)	6,596,636
Net (decrease) increase in cash	(3,309,474)	30,871,966
Cash, cash equivalents and short-term investments		
Beginning of year	40,261,979	9,390,013
End of year	$ 36,952,505	$ 40,261,979

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

1. Organization

Maine Employers' Mutual Insurance Company (the "Company") was established through a legislative action by the State of Maine on November 13,1992, and commenced business effective January 1, 1993. The Company was established to replace the State of Maine Workers' Compensation Residual Market Pool. The Company is a mutual insurance company and is not a state agency or instrument of the State of Maine for any purpose. The Company is the parent of the MEMIC Group which comprises the following legal entities: MEMIC Indemnity Company ("MEMIC Indemnity"), a 100% owned property and casualty insurance subsidiary domiciled in New Hampshire, MEMIC Casualty Company ("MEMIC Casualty"), a 100% owned property and casualty insurance company domiciled in New Hampshire, MEMIC Services, Inc. ("MEMIC Services"), a 100% owned non-insurance subsidiary which provides a self-insured take out financing mechanism and agency services to the MEMIC Group, and Casco View Holdings, LLC ("CVH"), a 100% owned non-insurance limited liability company formed for the management and ownership of current and future investments in real estate for the Company, who is the single member.

The Company is licensed in 25 states and writes workers' compensation insurance and employers' liability insurance incidental to and written in connection with workers' compensation coverage for employers in 17 states. The Company writes its business primarily through independent agents and brokers. Approximately 95% of premium written during both 2021 and 2020 was for Maine workers' compensation and employment practices liability insurance policies.

In 1999, the Company obtained approval from the New Hampshire Insurance Department to form a subsidiary, MEMIC Indemnity, to write workers' compensation insurance in New Hampshire. The Company is the sole shareholder of MEMIC Indemnity. MEMIC Indemnity commenced writing business September 1, 2000 and is licensed to write workers' compensation and or employers' liability insurance in 50 states and the District of Columbia. In 2000, the Company capitalized MEMIC Indemnity with a $12,000,000 investment and supplemented its original investment by contributing an additional $105,000,000 of bonds and cash between 2001 and 2018. There were no contributions during 2021 or 2020. As a result of the contribution of fixed income securities in prior years, the Company recognized a deferred gain in surplus since the realized component of the difference between the fair value and book/adjusted carrying value as of the date of transfer cannot be recognized under SSAP No. 25 until the transferred securities mature or are sold by MEMIC Indemnity. A deferred loss of $2,276 remains in capital and surplus as of December 31, 2021.

During 2007, the Company obtained approval from the Bureau to write employment practices liability insurance ("EPLI") for State of Maine policies only. The Company commenced writing policies for this line of business in 2008.

On October 19, 2009, the Company formed Casco View Holdings LLC ("CVH"), a Maine limited liability company for the management and ownership of current and future investments in real estate. Initially, on January 4, 2010, the Company transferred its entire interest in the property located at 245-253 Commercial Street, Portland, Maine, which included certain income producing property along with a capital contribution of $500,000 and related tenant security deposits of $86,485 to CVH. As consideration for the said transfer of the real estate, the Company received all of the membership interests in CVH. CVH is the sole member of Casco View Holdings II LLC ("CVHII") and Casco View Holdings III LLC ("CVHIII"). To date, the Company has invested $15,106,501 in CVH, CVHII and CVHIII. The Company records its membership interests in CVH in other invested assets.

The Company owns 100% of the common stock of MEMIC Casualty, a property and casualty insurance company domiciled in New Hampshire. MEMIC Casualty is licensed to write workers' compensation insurance in 44 states. At the time of acquisition in 2011, the Company capitalized MEMIC Casualty with a $5,183,951 investment and supplemented its original investment by contributing an additional $34,000,000 of bonds and cash between 2012 and 2018. To date, the Company has contributed $39,183,951 to MEMIC Casualty. As a result of the contribution of the fixed income securities in prior years, the Company recognized a deferred gain in surplus since the realized component of the difference between the fair value and book/adjusted carrying value as of the date of transfer cannot be recognized under SSAP No. 25 until the transferred securities mature or are sold by MEMIC Casualty. A deferred gain of $37,569 remains in capital and surplus as of December 31, 2021. There were no contributions during 2021 or 2020.

2. Summary of Significant Accounting Policies

Basis of Presentation
The financial statements of the Company are prepared in conformity with statutory accounting practices of the National Association of Insurance Commissioners ("NAIC") as prescribed or permitted by the Bureau ("statutory accounting").

The Bureau recognizes only statutory accounting practices prescribed or permitted by the State of Maine for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Maine Insurance Laws. The NAIC Accounting Practices and Procedures Manual ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the State of Maine. Prescribed Maine Laws can and do deviate from NAIC SAP and, further, the Superintendent of Insurance has the right to permit other specific practices which deviate from prescribed practices.

Statutory accounting practices differ in certain respects from accounting principles generally accepted in the United States of America ("GAAP"). The effects of such differences on the accompanying financial statements, which could be significant, have not been determined. The most significant differences generally include the following:

a. Statutory accounting requires that policy acquisition costs such as commissions, premium taxes and other items directly related to pricing or renewing business would be charged to current operations as incurred. Under GAAP, policy acquisition costs would be deferred and then amortized ratably over the periods covered by the policies;

b. The statutory provision for federal income taxes represents estimated amounts currently payable based on taxable income or loss reported in the current accounting period. Deferred income taxes are provided in accordance with SSAP No. 101, "*Income Taxes",* and changes in deferred income taxes are recorded through surplus. The realization of any resulting deferred tax asset ("DTA") is limited based on certain criteria in accordance with SSAP No. 101. The GAAP provision would include a provision for taxes currently payable, as well as deferred taxes, both of which would be recorded in the Statements of Income;

c. Under statutory accounting, certain assets designated as "nonadmitted assets" (principally premiums receivable over 90 days past due, a portion of DTAs, intercompany receivables, prepaid assets, miscellaneous receivables, non-operating system software and office furniture and equipment) are charged directly to unassigned surplus. GAAP would require the Company to maintain a reserve for doubtful accounts based on amounts deemed to be uncollectible or to expense prepaid assets over the term of the related benefit. Non-operating system software and office furniture and equipment, ("fixed assets"), are capitalized and amortized or depreciated, respectively, over their estimated useful lives;

d. Statutory results of MEMIC Indemnity and MEMIC Casualty are reflected on the statutory equity method. The investment in MEMIC Services is accounted for under GAAP equity adjusted to a statutory basis which results in a net liability on the Company's Statements of Admitted Assets, Liabilities and Capital and Surplus. Adjustments include nonadmitted DTAs, receivables over 90 days past due and furniture and equipment. The results of operations of these subsidiaries are recorded directly in unassigned surplus. Under GAAP, the subsidiary would be reported in the financial statements on a consolidated basis;

e. For statutory purposes, unrealized gains and losses on investments in equity securities are generally recorded as a direct credit or charge to surplus, net of the adjustment for deferred federal income taxes. Under GAAP, unrealized gains and losses on equity securities are reported directly in net income;

f. Under statutory accounting, investments in debt securities are generally carried at amortized cost. Under GAAP, debt securities classified as trading or available-for-sale are valued at fair value, and debt securities classified as held-to-maturity are valued at amortized cost;

g. Reinsurance balances relating to unpaid loss and loss adjustment expenses and unearned premium are presented as offsets to reserves; under GAAP, such amounts would be presented as reinsurance recoverable; moreover, under statutory accounting, a liability is established for recoverable balances from reinsurers which are not authorized and for overdue paid loss recoverables;

h. Under GAAP, the inclusion of a Statement of Comprehensive Income, detailing the income effects of unrealized gains and losses for fixed income securities classified as available for sale is required; and

i. For statutory cash flow purposes, included as cash and cash equivalents are short-term investments which mature within one year as opposed to three months; and a reconciliation of cash flows to the indirect method is not provided under statutory accounting.

Management Estimates
The preparation of financial statements in conformity with statutory accounting practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Invested Assets
Invested assets are valued in accordance with the statutory basis of valuation prescribed by the NAIC. Cash includes cash, cash equivalents and money market mutual fund investments, which are short-term investments and mature within one year; the carrying value of these investments approximates fair value. The Company's cash is held at major commercial banks. At times, cash balances at financial institutions may exceed federally insurable amounts. The Company believes it mitigates this risk by depositing cash in or investing through major financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Only investments with original maturities of three months or less qualify under this definition.

Investment grade non-loan-backed bonds with NAIC designation 1 or 2 are stated at amortized value using the interest method. Non-investment grade non-loan-backed bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. U.S. government agency loan-backed and structured securities are valued at amortized value. Other loan-backed and structured securities are valued at either amortized value or fair value, depending on many factors including the type of underlying collateral, whether modeled by an NAIC vendor, whether rated (by either NAIC approved rating organization or NAIC Securities Valuation Office) and relationship of amortized value to par value and amortized value to fair value. The Company utilizes the prospective adjustment methodology to value mortgage-backed bonds. Credit related declines in the fair value of loan-backed or structured securities are to be reflected as a realized loss in the income statement. Refer to Note 15 for the Company's evaluation of SSAP 43R on these financial statements.

Unaffiliated common stocks and actively traded mutual funds are generally stated at fair value. The fair values of common stocks and actively traded mutual funds are based on quoted market prices in active markets, with the exception of the Federal Home Loan Bank ("FHLB") stock which is not exchange traded and is restricted. See Note

9. Where declines in the value of marketable securities are deemed other-than-temporary, the loss is reported as a component of net realized capital gains (losses). The net unrealized gains and losses on these marketable securities, after deductions of applicable deferred income taxes, are credited or charged directly to policyholders' surplus.

Other invested assets consists of the investment in CVH, a non-marketable equity investment in an Insurtech company and surplus debentures. The investment in CVH is measured on the equity basis under GAAP. The non-marketable equity investment is carried at fair value based on the Company's proportionate interest in the fund's net asset value. The remaining unfunded commitment on the non-marketable equity investment in an Insurtech company was $953,989 and $1,534,744 as of December 31, 2021 and 2020, respectively. The investment grade surplus debenture included in other invested assets with an NAIC designation of 1 is stated at amortized cost using the interest method.

The investments in the affiliates MEMIC Indemnity and MEMIC Casualty are stated at the net asset value of the affiliate determined on a statutory basis. Changes in net asset value of these affiliates are charged or credited directly to unassigned surplus.

Investment income is recorded on an accrual basis. Realized capital gains and losses are reported, net of tax, in operating results based on the specific identification of investments sold. Unrealized capital gains and losses from the valuation of investments at fair value are credited or charged directly to unassigned surplus, net of federal income taxes, unless determined to be other-than-temporary and included as a component of net realized capital gains and losses. Specific impairments are determined based on a continual review of investment portfolio valuations. Bi-annually, the Company performs a by-cusip, by lot review of common stocks, bonds and other invested assets with a fair value to carrying value less than 75%, to determine if other-than-temporary impairment ("OTTI") has occurred and whether an impairment should be recognized.

Premiums and Unearned Premium Reserves

Direct and assumed premiums are earned on a monthly pro rata basis over the in-force period and ceded premiums are written and earned concurrently for the workers' compensation line of business. Ceded premiums for employment practices liability insurance are earned on a monthly pro rata basis over the inforce period. Accordingly, unearned premium reserves are established for the pro rata portion of direct and assumed premiums written for workers' compensation and employment practices liability insurance direct and ceded premium which are applicable to the unexpired terms of the policies inforce, net of reinsurance. Premium adjustments resulting from retrospective rating plans and/or audits are immediately recorded as written and earned premiums once such amounts can be reasonably estimated. When the anticipated losses, loss adjustment expenses, commissions and other acquisition and maintenance costs exceed the recorded unearned premium reserve, and any future installment premiums on existing policies, a premium deficiency reserve is recognized by recording an additional liability for the deficiency, with a corresponding charge to operations. The Company does anticipate investment income when evaluating the need for any premium deficiency reserve. There was no premium deficiency reserve recorded for 2021 or 2020.

Involuntary Pooling Arrangements

The Company is required to participate in involuntary pools in several states where it writes workers' compensation business. The Company participates in underwriting results, including premiums, losses, expenses and other operations of involuntary pools, based on the Company's proportionate share of similar business written in the state. The National Council on Compensation Insurance, ("NCCI"), services the majority of the states where the Company participates in involuntary pools. The loss reserves that are reported to NCCI by the servicing carriers are gross of loss discounting. By application of incurred loss development and tail development factors, any discount included in the case reserves reported by servicing carriers is factored out (or unwound). NCCI also provides each participating company with an estimate of its share of discounted liabilities. The discounting assumptions include a 3.5% discount rate for incurred but not reported loss and loss adjustment expense reserves utilizing the 2007 U.S.

Life mortality table. Underwriting results are accounted for on a gross basis whereby the Company's portion of premiums, losses, expenses and other operations of the pool are recorded separately in the financial statements rather than netted against each other. Premiums receivable on involuntary pool business are recorded in premium balances receivable on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

Loss and Loss Adjustment Expense Reserves
Losses and loss adjustment expenses are recorded as initially incurred to match such costs with premiums over the contract periods. Loss reserves are established for losses and loss adjustment expenses based upon claim evaluations and include an estimated provision for both reported and unreported claims incurred and related expenses. The assumptions used in determining loss and loss adjustment expense reserves have been developed after considering the experience of the Company, industry experience and projections by independent actuaries. The ultimate loss and loss adjustment expense reserves may vary from the amounts reflected in the accompanying financial statements. The methods utilized in estimating and establishing the reserves are continually reviewed and updated and any adjustments are reflected in current operating results. Allowances for subrogation recoveries are included in the Company's estimate of loss reserves. See the summary of reserve development in Note 6.

High Deductibles
The Company writes a single, high deductible policy secured with a letter of credit, in the State of Maine. The Company requires this high deductible policyholder to provide an evergreen, irrevocable, clean letter of credit to secure obligations up to the estimated policyholder liabilities. This letter of credit requirement is reviewed periodically, as necessary, or annually in conjunction with the policy renewal to determine appropriate increases or decreases. The Company does not record a reserve credit for high deductible reserves outstanding or an admitted deductible recovery accrual since the amounts are immaterial to the financial statements as a whole. There are no unsecured amounts of high deductibles, no amounts overdue or in dispute. Accordingly, there are no counterparty high deductible policyholders with unsecured liabilities or no unsecured high deductible recoverables for individual obligors or that of a group under the same management or control which are greater than 1% of capital and surplus.

Nonadmitted Assets
The following nonadmitted assets were excluded from the Statements of Admitted Assets, Liabilities and Capital and Surplus as of December 31, 2021 and 2020:

	2021	2020
Premiums receivable over 90 days past due	$ 2,056,838	$ 2,074,400
Intercompany receivable	209,370	247,722
Fixed assets, net of accumulated amortization or depreciation	9,179,249	10,520,618
Prepaid assets and other miscellaneous receivables	5,157,510	4,075,696
Total nonadmitted assets	$ 16,602,967	$ 16,918,436

Depreciation and amortization expense on nonadmitted fixed assets was $1,991,216 and $1,690,585 in 2021 and 2020, respectively.

Federal Income Taxes
The Company files a consolidated tax return with MEMIC Indemnity, MEMIC Casualty, MEMIC Services and CVH. In accordance with a tax sharing agreement, the provision for federal income taxes is recorded based upon amounts expected to be reported as if each Company filed a separate federal income tax return. Additionally, under this agreement, each Company will be reimbursed for the utilization of tax operating losses, tax credits and capital loss carryforwards to the extent the Companies would have utilized these tax attributes on a separate return basis.

The provision for federal income taxes includes amounts currently payable or recoverable and deferred income taxes, computed under the asset/liability method, which result from temporary differences between the tax basis and book basis of assets and liabilities. SSAP No. 101, outlines the statutory accounting principles for current and deferred federal and foreign income taxes and current state income taxes. SSAP No. 101, (1) restricts the ability to use the 3 years/15 percent of surplus admission rule to those entities that meet a modified risk based capital ratio threshold; (2) outlines the recognition threshold for recording tax contingency reserves from a probable liability standard to a more-likely-than-not liability standard; (3) requires the disclosure of tax planning strategies that relate to reinsurance; and, (4) requires consideration of reversal patterns of DTAs and deferred tax liabilities ("DTLs") in determining the extent to which DTLs could offset DTAs on the federal income tax return. Uncertain tax positions, as applicable, are considered in these statutory financial statements.

In the event of uncertain tax positions, amounts would need to be evaluated and disclosed or accrued. Liabilities would be reflected on the Statements of Admitted Assets, Liabilities and Capital and Surplus and the related interest and penalties would be included on the Statements of Income as underwriting expenses.

EDP Equipment
EDP equipment is stated at cost, net of accumulated depreciation. Depreciation is computed principally using the straight-line method based on the estimated useful lives of assets, which is generally three years. Depreciation expense for the years ended December 31, 2021 and 2020, was $1,521,985 and $1,251,488, respectively. Expenditures for maintenance and repairs relating to EDP equipment and certain fixed assets which are nonadmitted are charged to expense as incurred. When property is sold or retired, the cost of the property and the related accumulated depreciation are removed from the Statement of Admitted Assets, Liabilities and Capital and Surplus and any gain or loss on the transaction is reflected in current operating results on the Statements of Income.

Risks and Uncertainties
The ongoing coronavirus pandemic ("COVID-19") continues to have a global impact creating uncertainty, volatility and disruption across economies and financial markets. The Company's operational and financial performance will depend on certain developments, including the duration and spread of future outbreaks and their impact on the Company, its policyholders, employees and vendors. As such, COVID-19 could have a material adverse effect on the Company's financial position in the future including impact on future premiums, compensability of claims and/or fair value of the Company's investments. Through December 31, 2021, direct written premium remained stable for the Company. The Company continues to monitor assumptions around compensability of claims and extended benefits. The ultimate duration and impact of COVID-19 on the Company's financial position cannot be reasonably estimated at this time.

3. Capital Contributions and Surplus Restrictions

As authorized by specific provisions of Maine state law, the Company was established as a special purpose workers' compensation insurer without any initial capital or surplus. To provide capital, the Company's policyholders were required to make capital contributions based upon a percentage of their final audited premiums for policies with effective dates prior to January 1, 1996. Capital contributions were based on the estimated annual premium and were subsequently adjusted, as necessary, based upon cancellations and premium audits. In 1998, the Company received approval from the Bureau to return capital contributions to the extent authorized by the Board of Directors and the Bureau. The Company returned $82,307 and $62,745 in capital contributions in 2021 and 2020. Cumulative capital contributions remaining are $3,035,756 and $3,118,063 as of December 31, 2021 and 2020, respectively.

There are no advances to surplus not repaid or other surplus restrictions other than the capital contribution portion of surplus discussed above, dividend restrictions discussed in Note 4 and statutory deposits in Note 9.

4. Dividend Restrictions

The Company is subject to regulatory limitations with respect to statutory surplus levels and dividends. Under these regulations, annual dividends cannot exceed greater than 10% of the insurer's surplus as of the prior year-end or the net gain from operations for the 12 month period ended in the prior year. The maximum amount of dividends which can be paid by the Company to policyholders without prior approval of the Superintendent of Insurance during 2021 and 2020 was $48,774,543 and $46,995,079, respectively. Dividends to policyholders were $17,000,000 in both 2021 and 2020. The 100% participating mutual dividend declared during 2021 of $17,000,000, was based on policy year 2018 for eligible policyholders.

5. Income Taxes

The components of the net deferred tax asset / (liability) as of December 31 are as follows:

	December 31, 2021		
	1	2	3
	Ordinary	Capital	(Col 1+2) Total
a. Gross deferred tax assets	$ 23,713,068	$ 246,615	$ 23,959,683
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a-1b)	23,713,068	246,615	23,959,683
d. Deferred tax assets nonadmitted	-	-	-
e. Subtotal net admitted deferred tax asset (1c-1d)	23,713,068	246,615	23,959,683
f. Deferred tax liabilities	3,489,418	10,596,654	14,086,072
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	$ 20,223,650	$ (10,350,039)	$ 9,873,611

	December 31, 2020		
	4	5	6
	Ordinary	Capital	(Col 4+5) Total
a. Gross deferred tax assets	$ 23,418,855	$ 249,277	$ 23,668,132
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a-1b)	23,418,855	249,277	23,668,132
d. Deferred tax assets nonadmitted	-	-	-
e. Subtotal net admitted deferred tax asset (1c-1d)	23,418,855	249,277	23,668,132
f. Deferred tax liabilities	3,887,880	17,757,918	21,645,798
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	$ 19,530,975	$ (17,508,641)	$ 2,022,334

	Change		
	7	8	9
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Gross deferred tax assets	$ 294,213	$ (2,662)	$ 291,551
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a-1b)	294,213	(2,662)	291,551
d. Deferred tax assets nonadmitted	-	-	-
e. Subtotal net admitted deferred tax asset (1c-1d)	294,213	(2,662)	291,551
f. Deferred tax liabilities	(398,462)	(7,161,264)	(7,559,726)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	$ 692,675	$ 7,158,602	$ 7,851,277

Admission Calculation Components:

	December 31, 2021		
	1	2	3
	Ordinary	Capital	(Col 1+2) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 9,250,773	$ 96,208	$ 9,346,981
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	2,438,073	25,356	2,463,429
2. Adjusted gross deferred tax assets allowed per limitation threshold			76,521,881
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	12,024,222	125,051	12,149,273
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 23,713,068	$ 246,615	$ 23,959,683

	December 31, 2020		
	4	5	6
	Ordinary	Capital	(Col 4+5) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 1,801,534	$ 19,175	$ 1,820,709
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	9,401,053	100,068	9,501,121
2. Adjusted gross deferred tax assets allowed per limitation threshold			71,779,343
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	12,216,268	130,034	12,346,302
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 23,418,855	$ 249,277	$ 23,668,132

	Change		
	7	8	9
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 7,449,239	$ 77,033	$ 7,526,272
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	(6,962,980)	(74,712)	(7,037,692)
2. Adjusted gross deferred tax assets allowed per limitation threshold			4,742,538
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	(192,046)	(4,983)	(197,029)
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 294,213	$ (2,662)	$ 291,551

Other admissibility criteria:

	2021	2020
a. Ratio percentage used to determine recovery period and threshold limitation amount	755%	732%
b. Amount of adjusted capital and surplus used to determine recovery period and threshhold limitation in 2(b)2 above	$ 510,145,872	$ 478,528,951

Tax planning strategies were not employed by the Company during 2021 or 2020, and therefore, had no impact upon the determination of adjusted gross and net admitted deferred tax assets.

As of December 31, 2021 and 2020, the Company does not have any investment tax credits, net operating loss or capital loss carry forwards available to offset against future taxable income. The amount of federal income taxes incurred in the current year and each proceeding year available for recoupment in the event of future net losses is $18,579,112 and $1,272,863 for 2021 and 2020, respectively. There are no deposits admitted under Section 6603 of the Internal Revenue Code.

As of December 31, 2021 and 2020, the Company has no uncertain tax positions requiring disclosure in these financial statements or any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date. Had the Company identified such positions, these amounts would be evaluated and disclosed or accrued.

Current and deferred income taxes

Current income taxes:	2021	2020	Change
a. Federal	$ 3,226,227	$ (1,235,175)	$ 4,461,402
b. Provision to return	(395,351)	(189,419)	(205,932)
e. Subtotal	2,830,876	(1,424,594)	4,255,470
f. Federal income tax on net capital gains	15,352,887	2,903,390	12,449,497
i. Federal income taxes incurred	$ 18,183,763	$ 1,478,796	$ 16,704,967

Deferred Tax Assets	2021	2020	Change
a. Ordinary:			
Discounting of unpaid losses	$ 12,017,950	$ 12,057,257	$ (39,307)
Unearned premium reserves	3,637,172	3,351,827	285,345
Compensation and benefits accrual	4,571,323	4,456,900	114,423
Nonadmitted assets	3,486,623	3,552,871	(66,248)
Tax credits	-	-	-
Subtotal	23,713,068	23,418,855	294,213
b. Statutory valuation allowance adjustment	-	-	-
c. Nonadmitted	-	-	-
d. Admitted ordinary deferred tax assets	23,713,068	23,418,855	294,213
e. Capital:			
Investments	246,615	249,277	(2,662)
Subtotal	246,615	249,277	(2,662)
f. Statutory valuation allowance adjustment	-	-	-
g. Nonadmitted	-	-	-
h. Admitted capital deferred tax assets	246,615	249,277	(2,662)
i. Admitted deferred tax assets	$ 23,959,683	$ 23,668,132	$ 291,551
Deferred Tax Liabilities			
a. Ordinary:			
Investments	$ 163,621	$ 179,014	$ (15,393)
Fixed assets	1,917,863	1,965,962	(48,099)
Legislative change in loss discounting	1,380,090	1,725,102	(345,012)
Additional acquisition costs	27,844	17,802	10,042
Subtotal	3,489,418	3,887,880	(398,462)
b. Capital:			
Investments	10,596,654	17,757,918	(7,161,264)
Subtotal	10,596,654	17,757,918	(7,161,264)
c. Deferred tax liabilities	14,086,072	21,645,798	(7,559,726)
Net Deferred Tax Assets/Liabilities	$ 9,873,611	$ 2,022,334	$ 7,851,277

Change in net deferred income taxes	2021	2020	Change
a. Adjusted gross deferred tax assets	$ 23,959,683	$ 23,668,132	$ 291,551
b. Total deferred tax liabilities	14,086,072	21,645,798	7,559,726
c. Net deferred tax assets	$ 9,873,611	$ 2,022,334	$ 7,851,277
d. Tax effect of change in unrealized gains			$ 7,161,264
e. Total change in net deferred income tax			690,013
			$ 7,851,277

There were no deferred tax liabilities that were not recognized.

Among the more significant book to tax adjustments in 2021 and 2020 were the following:

	2021	2020
Provision computed at statutory rate	$ 18,526,355	$ 482,401
Change in nonadmitted assets	66,249	393,236
Prior year true-up (to current)	(395,351)	(189,419)
Prior year true-up (to deferred)	(35,641)	207,762
Permanent differences	(667,862)	(722,494)
Totals	17,493,750	171,486
Federal income taxes incurred	2,830,876	(1,424,594)
Realized capital gains tax	15,352,887	2,903,390
Change in net deferred income taxes	(690,013)	(1,307,310)
Total statutory income taxes	$ 17,493,750	$ 171,486

6. Liabilities for Loss Reserves and Loss Adjustment Expense Reserves

Activity in the liabilities for loss reserves and loss adjustment expense reserves for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Net balances at January 1,	$ 414,790,483	$ 383,606,255
Incurred related to		
Current year	139,858,695	135,159,439
Prior years	(27,408,644)	(1,776,723)
Total incurred	112,450,051	133,382,716
Paid related to		
Current year	35,559,087	33,935,639
Prior years	70,320,738	68,262,849
Total paid	105,879,825	102,198,488
Net balances at December 31,	$ 421,360,709	$ 414,790,483

The liabilities for loss reserves and loss adjustment expense reserves are based upon assumptions which consider the experience of the Company, industry experience and projections by independent actuaries. The reserve process is inherently subjective, and the ultimate loss and loss adjustment expense reserves may vary from the amounts recorded in the financial statements. At the end of 2021 and 2020, the amount of reserve credit recorded for high deductibles on unpaid losses was $0 and the amounts billed and recoverable for collateralized high deductible policies were also $0. Original estimates are increased or decreased as additional information becomes known regarding individual claims. There was no impact on reserves or surplus from the development of retrospectively rated policies.

During 2021, the Company's incurred losses related to prior years decreased by $27,408,644 from favorable loss development across several accident years, primarily 2013, 2015-2017 and 2020. This favorable development is the result of ongoing analysis of recent loss development trends.

During 2020, the Company's incurred losses related to prior years decreased by $1,776,723 from favorable loss development across several accident years. This favorable development is the result of ongoing analysis of recent loss development trends.

7. Reinsurance

As a condition of writing policies in several states, the Company is required to participate in the National Workers' Compensation Reinsurance Pool and the Massachusetts Reinsurance Pool as it relates to those states. Participation requires that the Company share in the losses and expenses of the Pool. Pool results are accounted for on a gross basis whereby the Company's portion of premium, losses, expenses and other operations of the Pool are recorded separately in the financial statements. The difference between discounted and undiscounted incurred but not reported loss and loss adjustment expense liabilities for NCCI are $57,316 and $54,522 for 2021 and 2020, respectively. All amounts are recorded as assumed business. Amounts added to premiums, reserves and expense for reinsurance assumed from pools are as follows:

	2021	2020
Premiums earned	$ 664,033	$ 705,068
Loss and loss adjustment expenses incurred	443,517	558,575
Unearned premiums	210,881	248,419
Loss and loss adjustment expense reserves	1,359,661	1,384,364
Underwriting expenses incurred	181,690	180,403

The Company reinsures portions of risks with other insurance companies through excess of loss reinsurance agreements. Such agreements serve to limit the Company's maximum loss on catastrophes and large losses. To the extent that any reinsurer might be unable to meet its obligations, the Company would be liable for such defaulted amounts. Under the Company's excess of loss agreements, the Company's net retention for losses on a per occurrence basis is $5,000,000 for 2021 and 2020. In addition, for 2021 and 2020, the Company maintains additional coverage up to $100,000,000 on a per occurrence basis.

In January 2021, the Company commuted an excess of loss reinsurance contract for treaty year 2013 with General Reinsurance Corporation. Proceeds recorded by the Company on this commutation were $3,093,747 and resulted in no recorded gain or loss.

In December 2020, the Company commuted excess of loss reinsurance contracts for treaty years 1993 through 2002 with General Reinsurance Corporation. Proceeds recorded to the Company on this commutation were $3,798,789. The Company also had aggregate excess of loss (stop loss) coverage for policies effective 1999 to 2002 whereby the Company can recover losses exceeding 71% of direct workers' compensation premiums earned but not exceeding 86% of direct workers' compensation premiums earned. These stop loss treaties with General Reinsurance were commuted in December 2020. Proceeds recorded by the Company on this commutation were $1,687,626. These commutations resulted in no recorded gain or loss.

Amounts deducted from premiums, reserves and expenses for reinsurance ceded to other companies for excess of loss workers compensation are as follows:

	2021	2020
Premiums earned	$ 3,284,669	$ 3,005,905
Loss and loss adjustment expenses incurred	(930,000)	6,500,631
Loss and loss adjustment expense reserves	1,459,575	3,635,067

The Company cedes risk to another insurance company through an 85% quota share reinsurance agreement for policy years 2011-2020, and 100% quota share reinsurance agreement for policy years 2008-2010 for its EPLI line of business. In the event this quota share reinsurance treaty is cancelled, an immaterial amount of ceding commissions would be returned. Amounts deducted from premiums, reserves and expenses for reinsurance ceded to other companies for EPLI are as follows:

	2021	2020
Premiums earned	$ 2,714,235	$ 2,671,333
Loss and loss adjustment expenses incurred	1,679,598	(2,381,271)
Unearned premiums	1,259,358	1,232,665
Loss and loss adjustment expense reserves	2,014,648	1,500,672
Ceding commissions	359,062	350,071

Of the 2021 and 2020 ceded loss and loss adjustment expense case and incurred but not reported reserves above for all lines of business, 100% of the balances are comprised of amounts with three reinsurance carriers. The Company had no unsecured reinsurance recoverables for paid and unpaid loss and loss adjustment expenses, including incurred but not reported reserves, from a reinsurer that exceeded 3% of capital and surplus as of December 31, 2021 or 2020.

The Company has no reinsurance contracts that contain the following features (a) a contract term longer than two years and that is noncancellable by the Company during the contract term; (b) a limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer; (c) aggregate stop loss reinsurance coverage; (d) a unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party; (e) a provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or (f) payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. The Company has neither ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards to policyholders or the reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards to policyholders nor has the Company ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statements and accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles. Additionally, the Company has not ceded any risk under any reinsurance contract where (a) the written premiums ceded to the reinsurer represents 50% or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statements or (b) 25% or more of the written premium ceded to the reinsurer has been retroceded back to the Company in a separate reinsurance contract. Accordingly, the Company has not included the Supplemental Schedule of Reinsurance Disclosures.

8. Premiums Written and Earned

During the years ended December 31, 2021 and 2020, direct, assumed and ceded premiums were as follows:

	2021		2020	
	Written	Earned	Written	Earned
Direct	$ 179,859,284	$ 173,706,358	$ 168,885,635	$ 167,587,941
Assumed	626,496	664,033	696,028	705,068
Ceded	(6,025,596)	(5,998,904)	(5,678,207)	(5,677,238)
Net premiums	$ 174,460,184	$ 168,371,487	$ 163,903,456	$ 162,615,771

9. Restricted Assets

Various regulatory authorities require that securities be placed on deposit in conjunction with writing workers' compensation business. At December 31, 2021 and 2020, the Company had fixed income securities on deposit with a carrying value of $4,605,417 and $4,622,639, respectively, included in bonds on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

The Company joined the FHLB on March 18, 2019. The Agreement for Advances, Collateral Pledge and Security Agreement was executed in May 2019. On May 10, 2019, the Company made its initial full stock investment to secure Membership Class B stock, which is not eligible for redemption. The annual recalculation of bank stock requirement is performed each April. The April 2021 recalculation of the value of the membership stock resulted in $39,000 in excess stock for the Company. The Company now holds $256,300 in Class B membership stock and $39,000 in excess stock. This common stock, all of which is admitted, is included on the Statements of Admitted Assets, Liabilities and Capital and Surplus. The agreement between the FHLB and the Company specifies Advances and Other Credit Products will be available subject to specified collateral arrangements. The Company has no outstanding collateral pledged, activity stock, prepayment obligations or borrowings outstanding as of the reporting date. The maximum amount the Company can borrow, absent prior approval of the Board of Directors, is 5% of net admitted assets from the most recent statutory financial statements which is $54,513,468, as of December 31, 2021.

The following table discloses quantitative information about the Company's restricted assets by category of restricted asset as of December 31, 2021:

Restricted Asset Category	Total Current Year Admitted	Total Prior Year	Increase/ (Decrease)	Admitted Restricted to Total Admitted Assets	Gross Restricted to Total Assets
On deposit with state	$ 4,605,417	$ 4,622,639	$ (17,222)	0.42%	0.42%
FHLB capital stock	295,300	295,300	-	0.03%	0.03%
Total restricted assets	$ 4,900,717	$ 4,917,939	$ (17,222)	0.45%	0.45%

10. Investments

The cost and fair value of investments in equity securities including unaffiliated common stocks and actively traded mutual funds, excluding investments in affiliates, are as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
At December 31, 2021				
Common stocks	$ 87,038,585	$ 45,654,986	$ (2,378,857)	$ 130,314,714
At December 31, 2020				
Common stocks	$ 101,850,619	$ 81,862,992	$ (1,654,817)	$ 182,058,794

The cost and equity value of the investments in common stocks of affiliates, are as follows:

		Gross Unrealized		
	Cost	Gains	Losses	Carrying Value
At December 31, 2021				
Common stocks of affiliates	$ 168,657,479	$ 65,104,364	$ (473,529)	$ 233,288,314
At December 31, 2020				
Common stocks of affiliates	$ 168,657,479	$ 68,764,716	$ (473,529)	$ 236,948,666

The Company owns 100% of the common stock of MEMIC Indemnity at a cost of $129,000,000 as of December 31, 2021 and 2020, and the Company owns 100% of the common stock of MEMIC Casualty at a cost of $39,183,951 as of December 31, 2021 and 2020.

Summary financial data for common stock of insurance affiliates, which includes MEMIC Indemnity and MEMIC Casualty, is as follows:

	2021	2020
Admitted assets	$ 773,294,758	$ 752,722,909
Liabilities	540,006,444	515,774,243
Capital and surplus	233,288,314	236,948,666
Statutory net (loss) income	(8,073,545)	9,095,204

The Company owns 100% of the common stock of MEMIC Services at a cost of $473,259. The Company contributed $0 during both 2021 and 2020 to MEMIC Services and recorded a liability of $142,337 and $134,304 as of December 31, 2021, and 2020, respectively, for the statutory equity of remaining liabilities the Company would honor, per a parental guaranty, should MEMIC Services cease operations. Such amounts have been charged directly to unassigned surplus and are included in other liabilities on the Statement of Admitted Assets, Liabilities and Capital and Surplus.

The carrying value and fair value of the Company's industrial surplus debenture, which is included in other invested assets and matures in 2047, has a carrying value of $499,025 and a fair value of $567,914 as of 2021 and a carrying value of $499,002 and a fair value of $594,006 as of 2020.

The carrying value and fair value of bonds as of December 31, 2021 and 2020, are as follows:

	2021			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government & government agencies & authorities	$ 20,998,151	$ 740,737	$ (164,472)	$ 21,574,416
States, territories & possessions	56,072,698	4,338,022	(265,057)	60,145,663
Political subdivisions of states	102,577,069	5,511,563	(490,549)	107,598,083
Industrial & miscellaneous	192,119,730	10,331,033	(1,312,787)	201,137,976
Asset backed securities	202,836,463	2,983,758	(1,889,368)	203,930,853
Total bonds	$574,604,111	$ 23,905,113	$ (4,122,233)	$594,386,991

	2020			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government & government agencies & authorities	$ 14,283,715	$ 1,258,918	$ -	$ 15,542,633
States, territories & possessions	47,503,696	5,158,992	-	52,662,688
Political subdivisions of states	90,268,715	6,095,950	-	96,364,665
Industrial & miscellaneous	147,693,630	16,408,164	(64,760)	164,037,034
Asset backed securities	165,834,133	6,036,526	(260,635)	171,610,024
Total bonds	$465,583,889	$ 34,958,550	$ (325,395)	$500,217,044

Bonds with a NAIC SVO rating of three to six have been recorded at the lower of cost or fair value in accordance with statutory accounting unless they are a residential mortgage-backed security/commercial mortgage-backed security ("RMBS/CMBS") with a Securities Valuation Office rating and independently modeled. The model determines the intrinsic price of the security and the price at which the percentage difference between the carrying price and the intrinsic price equals the midpoint between the risk-based capital charges for each NAIC designation. This is the maximum price point at which a security can be carried for each NAIC designation. These prices are referred to as break points. The Company utilizes the prospective adjustment methodology to value mortgage-backed bonds.

The carrying value and fair value of bonds by contractual maturity, including assets receiving bond treatment maturing in less than one year included in cash, cash equivalents and short-term investments with a carrying value of $1,999,951 and a fair value of $1,999,919, as of December 31, 2021, are as follows:

Maturity	Carrying Value	Fair Value
One year or less	$ 7,711,048	$ 7,810,245
Over one year through five years	99,726,015	103,231,308
Over five years through ten years	107,911,644	109,482,042
Over ten years	361,255,355	375,863,315
	$ 576,604,062	$ 596,386,910

Bonds subject to early or unscheduled prepayments have been included above based upon their contractual maturity dates. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Asset backed securities have been categorized based on the date when the issue is expected to be paid off and the principal is projected to be paid to investors.

Proceeds from the sales of investments in debt and equity securities, excluding proceeds from equity security spinoffs, calls and mergers, and the gross realized gains and losses on those sales for the years ended December 31, 2021 and 2020, are summarized as follows:

	2021		
	Proceeds From Sales	Gross Realized Gains	Gross Realized Losses
Bonds	$ 3,463,595	$ 119,254	$ (29,329)
Common stocks	125,697,913	73,076,805	(909,396)
	$ 129,161,508	$ 73,196,059	$ (938,725)

	2020		
	Proceeds From Sales	Gross Realized Gains	Gross Realized Losses
Bonds	$ 48,811,081	$ 1,705,611	$ -
Common stocks	48,829,883	14,846,444	(4,116,303)
	$ 97,640,964	$ 16,552,055	$ (4,116,303)

As of December 31, 2021 and 2020, the Company owned no securities that were in an unrealized loss position that management determined were other-than-temporary and given current market conditions would not recover. The Company did not record any OTTI during 2021 or 2020.

The fair value and gross unrealized loss of investment securities and the amount of time the security has been in an unrealized loss position as of December 31, 2021 and 2020 are as follows:

	2021					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bonds (NAIC 1-2)						
U.S. Government & government agencies & authorities	$ 7,868,125	$ (22,351)	$ 3,232,609	$ (142,121)	$ 11,100,734	$ (164,472)
States, territories & possessions	9,583,067	(265,057)	-	-	9,583,067	(265,057)
Political subdivisions of states	19,828,011	(466,459)	1,475,910	(24,090)	21,303,921	(490,549)
Industrial & miscellaneous	46,929,942	(825,462)	9,605,375	(487,325)	56,535,317	(1,312,787)
Asset backed securities	103,904,041	(1,494,690)	11,913,760	(393,249)	115,817,801	(1,887,939)
Bonds (NAIC 3-6)	17,515	(1,429)	-	-	17,515	(1,429)
Common stocks - unaffiliated	26,208,852	(2,308,561)	1,143,024	(70,296)	27,351,876	(2,378,857)
	$ 214,339,553	$ (5,384,009)	$ 27,370,678	$ (1,117,081)	$ 241,710,231	$ (6,501,090)

	2020					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bonds (NAIC 1-2)						
Industrial & miscellaneous	$ 2,450,467	$ (26,964)	$ -	$ -	$ 2,450,467	$ (26,964)
Asset backed securities	5,844,778	(140,349)	14,363,320	(120,286)	20,208,098	(260,635)
Bonds (NAIC 3-6)	961,250	(37,796)	-	-	961,250	(37,796)
Common stocks - unaffiliated	27,916,163	(1,252,790)	3,506,900	(402,027)	31,423,063	(1,654,817)
	$ 37,172,658	$ (1,457,899)	$ 17,870,220	$ (522,313)	$ 55,042,878	$ (1,980,212)

Unrealized losses on investment grade securities (NAIC 1-2) principally relate to changes in interest rates.

The major categories of net investment income for the years ended December 31, 2021 and 2020 are summarized as follows:

	2021	2020
Bonds	$ 14,033,696	$ 14,419,563
Common stocks	4,220,465	4,143,021
Cash, cash equivalents and short-term investments	6,493	39,119
Other investment income	(4)	52
Total investment income	18,260,650	18,601,755
Less: Investment expenses	(1,316,576)	(1,297,432)
Net investment income	$ 16,944,074	$ 17,304,323

11. Fair Value of Financial Instruments

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale. The fair value of a liability is the amount at which that liability could be incurred or settled in a current transaction between willing parties, that is, other than in a forced or liquidation sale. Valuation techniques used to derive the fair value of investment securities are based on observable or unobservable inputs. Observable inputs reflect market data obtained from independent resources such as active markets or nationally recognized pricing services. Unobservable inputs reflect comparable securities or valuations received from various broker or dealer quotes.

Items Measured and Reported at Fair Value by Levels 1, 2 and 3.

The Company has categorized its assets and liabilities that are reported on the Statements of Admitted Assets, Liabilities and Capital and Surplus at fair value into the three-level fair value hierarchy as reflected in the following table. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows:

Level 1 - Quoted Prices in Active Markets for Identical Assets and Liabilities: This category, for items measured at fair value on a recurring basis, includes exchange-traded preferred and common stocks. The estimated fair value of the equity securities within this category are based on quoted prices in active markets and are thus classified as Level 1.

Level 2 - Significant Other Observable Inputs: This category is for items measured at fair value on a recurring basis including bonds, which are not exchange-traded and Federal Home Loan Bank common stock, which is not exchange traded. The estimated fair values of some of these items were determined by independent pricing services using observable inputs. Others were based on quotes from markets which were not considered actively traded.

Level 3 - Significant Other Unobservable Inputs: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The Company has no assets or liabilities measured at fair value in this category. Transfers to and from Level 3 would be recognized when a purchase, sale or settlement increases or decreases an asset previously valued as a Level 3 or when an investment is purchased which is carried at fair market value and does not have an observable input for valuation.

	2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets on Statements of Admitted Assets, Liabilities and Capital and Surplus, at fair value				
Bonds				
Asset backed	$ -	$ 17,515	$ -	$ 17,515
Total bonds	-	17,515	-	17,515
Common stocks				
Industrial & miscellaneous	113,682,357	-	-	113,682,357
Federal Home Loan Bank	-	295,300	-	295,300
Mutual funds	16,337,057	-	-	16,337,057
Total common stocks	130,019,414	295,300	-	130,314,714
Total assets, measured at fair value	$ 130,019,414	$ 312,815	$ -	$ 130,332,229

	2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets on Statements of Admitted Assets, Liabilities and Capital and Surplus, at fair value				
Bonds				
Industrial & miscellaneous	$ -	$ 961,250	$ -	$ 961,250
Total bonds	-	961,250	-	961,250
Common stocks				
Industrial & miscellaneous	166,252,058	$ -	$ -	$ 166,252,058
Federal Home Loan Bank	-	295,300	-	295,300
Mutual funds	15,511,436	-	-	15,511,436
Total common stocks	181,763,494	295,300	-	182,058,794
Total assets, measured at fair value	$ 181,763,494	$ 1,256,550	$ -	$ 183,020,044

The table below reflects the fair values and admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method (subsidiaries, joint ventures and ventures) as of December 31, 2021 and 2020. The fair values are also categorized into the three-level fair value hierarchy as described above.

	2021					
Type of Financial Instrument	**Aggregate Fair Value**	**Admitted Value**	**Level 1**	**Level 2**	**Level 3**	**Not Practicable (Carrying Value)**
Bonds & surplus debentures						
U.S. Government & government agencies & authorities	$ 21,574,416	$ 20,998,151	$ -	$ 21,574,416	$ -	$ -
States, territories & possessions	60,145,663	56,072,698	-	60,145,663	-	-
Political subdivisions of states	107,598,083	102,577,069	-	107,598,083	-	-
Industrial & miscellaneous	201,137,976	192,119,730	-	201,137,976	-	-
Asset backed securities	203,930,853	202,836,463	-	203,930,853	-	-
Common stocks	130,314,714	130,314,714	130,019,414	295,300	-	-
Cash, cash equivalents & short-term investments	36,952,474	36,952,505	34,952,555	1,999,919	-	-
Other invested assets	4,924,677	4,855,788	-	4,924,677	-	-
Total assets	$ 766,578,856	$ 746,727,118	$ 164,971,969	$ 601,606,887	$ -	$ -

	2020					
Type of Financial Instrument	**Aggregate Fair Value**	**Admitted Value**	**Level 1**	**Level 2**	**Level 3**	**Not Practicable (Carrying Value)**
Bonds & surplus debentures						
U.S. Government & government agencies & authorities	$ 15,542,633	$ 14,283,715	$ -	$ 15,542,633	$ -	$ -
States, territories & possessions	52,662,688	47,503,696	-	52,662,688	-	-
Political subdivisions of states	96,364,665	90,268,715	-	96,364,665	-	-
Industrial & miscellaneous	164,037,034	147,693,630	-	164,037,034	-	-
Asset backed securities	171,610,024	165,834,133	-	171,610,024	-	-
Common stocks	182,058,794	182,058,794	181,763,494	295,300	-	-
Cash, cash equivalents & short-term investments	40,261,979	40,261,979	40,261,979	-	-	-
Other invested assets	3,478,516	3,478,516	-	3,478,516		
Total assets	$ 726,016,333	$ 691,383,178	$ 222,025,473	$ 503,990,860	$ -	$ -

The Company held no structured notes as of December 31, 2021 or 2020.

12. Employee Benefit Plans

The Company has adopted a qualified defined contribution discretionary, 401(k) and profit sharing plan (the "Plan") covering substantially all full-time employees who meet the Plans' eligibility requirements. This Plan includes a discretionary component, an employer profit sharing component and an employer matching component.

If approved by the Board of Directors, this discretionary component of the Plan is determined to be 3-6% of the covered employees' annual eligible compensation. Employees become eligible to participate upon completion of three months of service and are fully vested in the Plan after three years of service. The amount expensed for the discretionary portion for the Plan was $1,991,522 and $1,939,498 in 2021 and 2020, respectively.

With respect to the tax deferred employer profit-sharing component of the Plan, each eligible participant may receive a profit-sharing contribution in an amount to be determined by the Board of Directors not to exceed 6% plus an additional allocation for employees earning more than the taxable wage base. The Company incurred $2,388,189 and $2,419,614 of expense related to the tax deferred employer profit-sharing component of the Plan in 2021 and 2020, respectively.

In 2021 and 2020, with respect to the employer matching component of the Plan, the Company will contribute an amount up to 100% of the employees' 401(k) contributions to a maximum of 5% of an employee's annual compensation. An employee's contribution may not exceed 60% of their annual salary or the maximum amount allowed as determined by the Internal Revenue Code. These Company contributions become fully vested after five years. The Company incurred $1,874,823 and $1,794,513 of expense related to the employer matching component of the Plan in 2021 and 2020, respectively.

The Company sponsors a non-qualified, deferred compensation plan (the "Compensation Plan") and trust for certain key executives providing for payments upon retirement, death or disability. The Compensation Plan permits eligible officers to defer a portion of their compensation. The Compensation Plan provides that, in the event of liquidation of the Company, all assets of the Compensation Plan will be available to meet the obligations of the Company. Included in both common stocks and other liabilities are equal amounts of $16,337,057 and $15,511,436 at December 31, 2021 and 2020, respectively, related to the Compensation Plan on the Statements of Admitted Assets, Liabilities and Capital and Surplus. In accordance with NAIC SAP, the increase or decrease in fair value of the assets of the Plan are recorded into income or expense to the Company. The Company incurred $1,992,087 and $3,546,437 of expense related to this Compensation Plan in 2021 and 2020, respectively.

A Long Term Incentive Plan ("LTIP") was established by the Compensation Committee of the Board of Directors (the "Committee") effective January 1, 2018, for certain members of management and highly compensated individuals (participants). Participants are granted a fixed dollar base award (the "Award") contingent upon a three year rolling calculation of the direct combined ratio on the workers' compensation line of business as determined by the external actuary for ultimate loss and loss adjustment expense, and internally prepared management reports, as agreed up on the Committee, for general expenses and unallocated loss adjustment expenses. The 2019, 2020 and 2021 Awards may range from 0% to 200%. Participants vest in each plan over three years, or a shorter period, under certain established conditions. The Company recorded LTIP income of $399,972 and $23,871, respectively, during 2021 and 2020.

13. Commitments and Contingent Liabilities

The Company leases office space, various office equipment and vehicles under lease arrangements through 2025. Future minimum lease payments under operating leases at December 31, 2021 are as follows:

2022		2,078,559
2023		1,959,973
2024		45,555
2025		3,064
2026		-
Total future minimum lease payments	$	4,087,151

Total rent and lease expense to all related and unrelated parties was $2,504,673 and $2,673,245 for the years ended December 31, 2021 and 2020, respectively. Included in future minimum lease payments are the future rents due through 2023 from the Company to CVH and CVHII.

From time to time, the Company may purchase annuities to settle claims. Certain types of annuities provide annuitants with recourse against the Company if the insurer fails to pay under the annuities as agreed. Under these arrangements, the Company remains contingently liable to the annuitant.

The Company is involved in litigation with respect to claims arising in the ordinary course of business, which is considered in establishing loss and loss adjustment expense reserves. The Company periodically reviews its overall loss and loss adjustment expense reserve position as well as its provision for reinsurance. The Company's management believes the resolution of such litigation is not expected to have a material adverse effect on the financial position or the operating results of the Company. The Company also considers any other insurance or noninsurance related litigation which may have a material adverse effect on the financial position or operating results of the Company; there were no matters during 2021 or 2020 requiring an accrual or disclosure.

The Company is subject to guaranty funds and other assessments by states in which it has direct written premium. Guaranty fund assessments should be accrued at the time of insolvencies. Certain assessments that are unknown to the Company are accrued at the time of assessment. In the case of premium based assessments, the expense is accrued at the time the premiums are written, or, in the case of loss-based assessments, at the time the losses are incurred.

The Company has recorded expense for guaranty fund and other assessments of $1,124,178 and $1,272,881 as of December 31, 2021 and 2020, respectively. Of these amounts, the Company has accrued a net liability as of December 31, 2021 and 2020, of $361,353 and $598,573, respectively. The guaranty fund and other assessment amounts represent management's best estimate of its liability for assessments 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 insolvencies and other factors related to the funding requirements of the various assessments. There is no related premium tax benefit asset recorded from guaranty funds on the Statements of Admitted Assets, Liabilities and Capital and Surplus or Statements of Income.

The State of Maine Workers' Compensation Board (the "Board") assesses insurance companies, associations and self-insured employers' amounts based upon their written premium levels. As of December 31, 2021 and 2020, the assessment was 2.66% and 2.63% respectively, of subject premium. To fund this amount, the Company is required to assess its policyholders these amounts and submit amounts collected to the Board on a quarterly basis. The balance of $1,426,156 and $1,138,610 represents amounts due to the Board as of December 31, 2021 and 2020, respectively, and is included in amounts withheld for others on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

14. Related Party Transactions

The Company charged management fees and other services to MEMIC Indemnity in the normal course of business and in accordance with the terms of certain cost sharing agreements. The Company charged MEMIC Indemnity $39,759,831 and $41,578,415 for underwriting, claims, loss control, managed care and investment management fees during 2021 and 2020, respectively. Certain other direct costs are paid by the Company and charged back to MEMIC Indemnity.

The Company is the sole member of CVH. CVH is the sole member of CVH II and CVH III. The Company records all member contributions to CVH in other invested assets. CVH paid the Company $45,000 for management services during both 2021 and 2020. In addition, the Company leased office space from CVH and paid $795,056 and $774,224 for rent and parking during 2021 and 2020, respectively. The Company leased office space from CVHII and paid $1,147,444 and $1,124,190 for rent and parking during 2021 and 2020, respectively. The Company was also charged $59,400 and $57,200 for parking from CVHIII during 2021 and 2020, respectively.

The Company charged management fees and other services to MEMIC Casualty in the normal course of business and in accordance with the terms of certain cost sharing agreements. The Company charged MEMIC Casualty $10,543,255 and $8,024,264 for underwriting, claims, loss control, managed care and investment management fees during 2021 and 2020, respectively. Certain other direct costs are paid by the Company and charged back to MEMIC Casualty.

The Company charged $6,000 and $0 to MEMIC Services for accounting and management services during 2021 and 2020, respectively. MEMIC Services charged the Company $6,468 and $0 during 2021 and 2020, respectively, for agency services. Amounts due from MEMIC Services of $209,370 and $247,723 as of December 31, 2021 and 2020, respectively, are nonadmitted.

At December 31, 2021 and 2020, the Company reported a net receivable of $5,040,519 and $973,207, respectively, in net admitted amounts due from affiliates. These amounts are settled periodically in accordance with the terms of certain cost sharing agreements. The amounts due from (to) affiliates as of December 31, 2021 and 2020 are as follows:

	2021	2020
MEMIC Indemnity Company	$ 4,038,361	$ 1,601,678
MEMIC Casualty Company	994,758	(634,050)
Casco View Holdings, LLC	7,400	5,579
Total due from affiliates	$ 5,040,519	$ 973,207

15. Loan-Backed Securities

The Company has elected to use the prospective method of determining prepayment assumptions. Prepayment assumptions are derived primarily from projected cash flow information obtained from recognized external sources. Where projected cash flow information is not publicly available the information is obtained from external asset managers or by internal estimates. The Company uses IDC Corporation in determining the fair value of its loan-backed securities. There have been no changes from the retrospective to the prospective adjustment methodology due to negative yield on specific securities.

The Company has no loan-backed securities that have a recognized OTTI where the Company either has the intent to sell, or does not have the ability or intent to retain, the investment for a period of time to recover any unadjusted amortized cost basis.

The following table summarizes unrealized losses on loan-backed securities by the length of time that the securities have continuously been in unrealized loss positions.

	2021	2020
Aggregate amount of unrealized loss		
Less than twelve months	$ 1,496,119	$ 140,349
Twelve months or longer	393,249	120,286
Total	$ 1,889,368	$ 260,635
Aggregate fair value of securities with unrealized loss		
Less than twelve months	$ 103,921,556	$ 5,844,778
Twelve months or longer	11,913,760	14,363,320
Total	$ 115,835,316	$ 20,208,098

There is no additional information necessary to describe the general categories of information that the Company considered in reaching the conclusion that the impairments are not other-than-temporary. The Company asserts that it has the intent and ability to hold these securities long enough to allow the cost basis of these securities to be recovered.

The Company has no repurchase agreements and/or securities lending transactions or low-income housing tax credits in the current year or prior year. The Company has investments in real estate through its wholly-owned subsidiary CVH in the current year. The cumulative amount of credit losses on loan-backed and structured securities still held as of December 31, 2021 and 2020, are immaterial to the Company.

16. Subsequent Events

Subsequent events have been considered through March 28, 2022, for these statutory financial statements which are available to be issued on March 28, 2022.

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Maine Employers' Mutual Insurance Company

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage of Column 1 Line 13	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments	23,128,232	2.308	23,128,230	0	23,128,230	2.308
1.02 All other governments	2,773,167	0.277	2,773,167	0	2,773,167	0.277
1.03 U.S. states, territories and possessions, etc. guaranteed	10,886,567	1.087	10,886,568	0	10,886,568	1.087
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	33,979,206	3.391	33,979,206	0	33,979,206	3.391
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	212,161,324	21.175	212,161,326	0	212,161,326	21.175
1.06 Industrial and miscellaneous	290,675,615	29.012	290,675,614	0	290,675,614	29.012
1.07 Hybrid securities	1,000,000	0.100	1,000,000	0	1,000,000	0.100
1.08 Parent, subsidiaries and affiliates		0.000			0	0.000
1.09 SVO identified funds		0.000			0	0.000
1.10 Unaffiliated Bank loans		0.000			0	0.000
1.11 Total long-term bonds	574,604,111	57.350	574,604,111	0	574,604,111	57.350
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)	0	0.000			0	0.000
2.02 Parent, subsidiaries and affiliates	0	0.000			0	0.000
2.03 Total preferred stocks	0	0.000	0	0	0	0.000
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	113,674,041	11.346	113,674,041	0	113,674,041	11.346
3.02 Industrial and miscellaneous Other (Unaffiliated)	303,616	0.030	303,616	0	303,616	0.030
3.03 Parent, subsidiaries and affiliates Publicly traded		0.000			0	0.000
3.04 Parent, subsidiaries and affiliates Other	233,288,314	23.284	233,288,314		233,288,314	23.284
3.05 Mutual funds	16,337,057	1.631	16,337,057		16,337,057	1.631
3.06 Unit investment trusts		0.000			0	0.000
3.07 Closed-end funds		0.000			0	0.000
3.08 Total common stocks	363,603,028	36.290	363,603,028	0	363,603,028	36.290
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages	0	0.000			0	0.000
4.02 Residential mortgages	0	0.000			0	0.000
4.03 Commercial mortgages	0	0.000			0	0.000
4.04 Mezzanine real estate loans	0	0.000			0	0.000
4.05 Total valuation allowance		0.000			0	0.000
4.06 Total mortgage loans	0	0.000	0	0	0	0.000
5. Real estate (Schedule A):						
5.01 Properties occupied by company		0.000	0		0	0.000
5.02 Properties held for production of income		0.000	0		0	0.000
5.03 Properties held for sale		0.000	0		0	0.000
5.04 Total real estate	0	0.000	0	0	0	0.000
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	19,026,802	1.899	19,026,802		19,026,802	1.899
6.02 Cash equivalents (Schedule E, Part 2)	17,925,703	1.789	17,925,703		17,925,703	1.789
6.03 Short-term investments (Schedule DA)		0.000	0		0	0.000
6.04 Total cash, cash equivalents and short-term investments	36,952,505	3.688	36,952,505	0	36,952,505	3.688
7. Contract loans	0	0.000	0		0	0.000
8. Derivatives (Schedule DB)	0	0.000	0		0	0.000
9. Other invested assets (Schedule BA)	26,765,018	2.671	26,765,018		26,765,018	2.671
10. Receivables for securities	0	0.000	0		0	0.000
11. Securities Lending (Schedule DL, Part 1)	0	0.000	0	XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)	0	0.000	0		0	0.000
13. Total invested assets	1,001,924,662	100.000	1,001,924,662	0	1,001,924,662	100.000

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2021
(To Be Filed by April 1)

Of The Maine Employers' Mutual Insurance Company

ADDRESS (City, State and Zip Code) Portland , ME 04101

NAIC Group Code 1332 NAIC Company Code 11149 Federal Employer's Identification Number (FEIN) 01-0476508

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

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

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 1,090,269,355

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

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	MEMIC INDEMNITY COMPANY	Common Stock Subsidiary	$ 193,681,493	17.8 %
2.02	MEMIC CASUALTY COMPANY	Common Stock Subsidiary	$ 39,606,821	3.6 %
2.03	BMARK	Long Term Bonds	$ 8,300,727	0.8 %
2.04	GALXY	Long Term Bonds	$ 7,000,000	0.6 %
2.05	JPMMT	Long Term Bonds	$ 6,992,812	0.6 %
2.06	JPMORGAN CHASE & CO	Bonds/Common Stock	$ 6,936,926	0.6 %
2.07	PENNSYLVANIA ST TURNPIKE COMM	Long Term Bonds	$ 6,620,602	0.6 %
2.08	BANK OF AMERICA CORP	Bonds/Common Stock	$ 6,553,336	0.6 %
2.09	DUKE ENERGY FLORIDA LLC	Bonds/Common Stock	$ 6,322,198	0.6 %
2.10	GSMBS	Long Term Bonds	$ 5,949,531	0.5 %

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

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC-1	$ 497,747,947	45.7 %	3.07	P/RP-1	$	0.0 %
3.02	NAIC-2	$ 78,838,601	7.2 %	3.08	P/RP-2	$	0.0 %
3.03	NAIC-3	$ 0	0.0 %	3.09	P/RP-3	$	0.0 %
3.04	NAIC-4	$ 0	0.0 %	3.10	P/RP-4	$	0.0 %
3.05	NAIC-5	$ 17,515	0.0 %	3.11	P/RP-5	$	0.0 %
3.06	NAIC-6	$ 0	0.0 %	3.12	P/RP-6	$	0.0 %

4. Assets held in foreign investments:

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

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

4.02	Total admitted assets held in foreign investments	$ 28,407,415	2.6 %
4.03	Foreign-currency-denominated investments	$	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$	0.0 %

SUPPLEMENT FOR THE YEAR 2021 OF THE Maine Employers' Mutual Insurance Company

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

			1	2
5.01	Countries designated NAIC-1	$	27,217,999	2.5 %
5.02	Countries designated NAIC-2	$	1,189,416	0.1 %
5.03	Countries designated NAIC-3 or below	$		0.0 %

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

			1	2
	Countries designated NAIC - 1:			
6.01	Country 1: Cayman Islands	$	20,267,889	1.9 %
6.02	Country 2: France	$	2,497,260	0.2 %
	Countries designated NAIC - 2:			
6.03	Country 1: Peru	$	779,732	0.1 %
6.04	Country 2: Panama	$	409,684	0.0 %
	Countries designated NAIC - 3 or below:			
6.05	Country 1:	$		0.0 %
6.06	Country 2:	$		0.0 %

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

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

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

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

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

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

	1 Issuer	2 NAIC Designation		3	4
10.01	GALXY	1	$	7,000,000	0.6 %
10.02	WINDR	1	$	3,983,606	0.4 %
10.03	AIFP	1	$	1,913,292	0.2 %
10.04	AASET	2	$	1,872,650	0.2 %
10.05	BABSN	1	$	1,728,608	0.2 %
10.06	BCC	1	$	1,500,000	0.1 %
10.07	DRSLF	1	$	1,500,000	0.1 %
10.08	BTNY2	1	$	1,000,000	0.1 %
10.09	CIFC	1	$	1,000,000	0.1 %
10.10	CHILE	1	$	999,783	0.1 %

SUPPLEMENT FOR THE YEAR 2021 OF THE Maine Employers' Mutual Insurance Company

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

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

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

		1	2
11.02	Total admitted assets held in Canadian investments	$	0.0 %
11.03	Canadian-currency-denominated investments	$	0.0 %
11.04	Canadian-denominated insurance liabilities	$	0.0 %
11.05	Unhedged Canadian currency exposure	$	0.0 %

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

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

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

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$	0.0 %
	Largest three investments with contractual sales restrictions:		
12.03		$	0.0 %
12.04		$	0.0 %
12.05		$	0.0 %

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

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

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

	1 Issuer	2	3
13.02	MEMIC INDEMNITY COMPANY	$ 193,681,493	17.8 %
13.03	MEMIC CASUALTY COMPANY	$ 39,606,821	3.6 %
13.04	APPLE INC	$ 2,579,382	0.2 %
13.05	MICROSOFT CORP	$ 2,334,061	0.2 %
13.06	PROCTER & GAMBLE CO/THE	$ 2,091,697	0.2 %
13.07	JOHNSON & JOHNSON	$ 2,084,659	0.2 %
13.08	BROADCOM INC	$ 2,063,436	0.2 %
13.09	CISCO SYSTEMS INC	$ 1,998,310	0.2 %
13.10	HOME DEPOT INC	$ 1,977,523	0.2 %
13.11	PFIZER INC	$ 1,970,794	0.2 %

SUPPLEMENT FOR THE YEAR 2021 OF THE Maine Employers' Mutual Insurance Company

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

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

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

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	0.0 %
14.04		$	0.0 %
14.05		$	0.0 %

Ten largest fund managers:

	1 Fund Manager	2 Total Invested	3 Diversified	4 Nondiversified
14.06		$ 0	$	$
14.07		$ 0	$	$
14.08		$ 0	$	$
14.09		$ 0	$	$
14.10		$ 0	$	$
14.11		$ 0	$	$
14.12		$ 0	$	$
14.13		$ 0	$	$
14.14		$ 0	$	$
14.15		$ 0	$	$

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

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

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

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	0.0 %
	Largest three investments in general partnership interests:		
15.03		$	0.0 %
15.04		$	0.0 %
15.05		$	0.0 %

SUPPLEMENT FOR THE YEAR 2021 OF THE Maine Employers' Mutual Insurance Company

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

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

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

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$	0.0 %
16.03		$	0.0 %
16.04		$	0.0 %
16.05		$	0.0 %
16.06		$	0.0 %
16.07		$	0.0 %
16.08		$	0.0 %
16.09		$	0.0 %
16.10		$	0.0 %
16.11		$	0.0 %

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

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

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

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

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

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

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

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

	Description 1	2	3
18.02		$	0.0 %
18.03		$	0.0 %
18.04		$	0.0 %
18.05		$	0.0 %
18.06		$	0.0 %

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

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

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

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$	0.0 %
	Largest three investments held in mezzanine real estate loans:		
19.03		$	0.0 %
19.04		$	0.0 %
19.05		$	0.0 %

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

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

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

		Owned		Written	
		1	2	3	4
21.01	Hedging	$	0.0 %	$	0.0 %
21.02	Income generation	$	0.0 %	$	0.0 %
21.03	Other	$	0.0 %	$	0.0 %

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

		At Year End		At End of Each Quarter		
				1st Quarter	2nd Quarter	3rd Quarter
		1	2	3	4	5
22.01	Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
22.02	Income generation	$ 0	0.0 %	$ 0	$ 0	$ 0
22.03	Replications	$ 0	0.0 %	$ 0	$ 0	$ 0
22.04	Other	$ 0	0.0 %	$ 0	$ 0	$ 0

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

		At Year End		At End of Each Quarter		
				1st Quarter	2nd Quarter	3rd Quarter
		1	2	3	4	5
23.01	Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
23.02	Income generation	$	0.0 %	$	$	$
23.03	Replications	$	0.0 %	$	$	$
23.04	Other	$	0.0 %	$	$	$

MEMIC Indemnity Company

Financial Statements
(Statutory Basis)
December 31, 2021 and 2020

MEMIC Indemnity Company
Index
December 31, 2021 and 2020

Report of Independent Auditors

Board of Directors
MEMIC Indemnity Company

Opinions

We have audited the statutory financial statements of MEMIC Indemnity Company (the Company), which comprise the statutory statements of admitted assets, liabilities, and capital and surplus as of December 31, 2021 and 2020, and the related statutory statements of income, changes in capital and surplus, and cash flows for the years then ended, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in accordance with the basis of accounting described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2021 and 2020, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 to the financial statements, the Company prepared these financial statements using accounting practices prescribed or permitted by the New Hampshire Insurance Department, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices prescribed or permitted by the New Hampshire Insurance Department. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

In performing an audit in accordance with GAAS, we

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

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

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Summary Investment Schedule and Supplemental Investment Risks Interrogatories of the Company as of December 31, 2021, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the New Hampshire Insurance Department. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Johnson Lambert LLP

Atlanta, Georgia
March 28, 2022

MEMIC

MEMIC Indemnity Company
Statements of Admitted Assets, Liabilities and Capital and Surplus (Statutory Basis)
December 31, 2021 and 2020

	2021	2020
Admitted Assets		
Invested assets		
Bonds, at carrying value (fair value: $466,272,588 and $476,058,656 at December 31, 2021 and 2020, respectively)	$ 444,403,539	$ 440,279,664
Common stocks, at fair value (cost: $73,121,889 and $68,666,160 at December 31, 2021 and 2020, respectively)	93,309,283	82,208,761
Other invested assets, at carrying value (fair value: $2,271,654 and $2,376,024 at December 31, 2021 and 2020, respectively)	1,996,098	1,996,011
Receivable for securities sold	29	28
Cash, cash equivalents and short-term investments	11,787,917	10,728,236
Total cash and invested assets	551,496,866	535,212,700
Premium balances receivable	48,402,299	63,475,707
Investment income due and accrued	3,543,372	3,897,780
EDP equipment (net of accumulated depreciation of $523,277 and $294,759 at December 31, 2021 and 2020, respectively)	705,934	528,566
Reinsurance recoverable on paid loss and loss adjustment expenses	918,230	1,690,178
Federal income taxes receivable	2,230,811	-
Net deferred tax asset	6,344,814	8,373,092
Total admitted assets	$ 613,642,326	$ 613,178,023
Liabilities		
Loss reserves	$ 272,498,197	$ 274,370,315
Loss adjustment expense reserves	45,445,443	41,697,322
Unearned premium reserves	54,184,970	59,327,615
Advance premium	470,471	479,109
Reinsurance premiums payable	(72,995)	142,406
Funds held by company under reinsurance treaties	21,101,609	16,482,119
Other liabilities	825,241	1,082,458
Deposits held for large deductible policyholders	10,256,443	8,768,376
Premium taxes and assessments payable	4,114,024	5,936,243
Amounts withheld for others	2,302,189	3,304,245
Commissions payable	4,796,880	6,519,127
Due to parent	4,038,361	1,601,678
Federal income tax payable	-	1,049,387
Total liabilities	419,960,833	420,760,400
Commitments and contingencies (Note 13)		
Capital and surplus		
Common stock, 1,000,000 shares authorized, 100,000 shares issued and outstanding, $30 par value	3,000,000	3,000,000
Gross paid-in and contributed surplus	126,000,000	126,000,000
Unassigned surplus	64,681,493	63,417,623
Total capital and surplus	193,681,493	192,417,623
Total liabilities and capital and surplus	$ 613,642,326	$ 613,178,023

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

MEMIC Indemnity Company
Statements of Income
(Statutory Basis)
Years Ended December 31, 2021 and 2020

	2021	2020
Underwriting income		
Premiums earned, net	$ 133,340,593	$ 152,111,533
Loss and underwriting expenses		
Losses incurred, net	84,537,992	76,953,816
Loss adjustment expenses incurred, net	34,854,233	36,605,596
Underwriting expense (income)		
Commissions	5,483,870	3,709,267
Premium taxes	4,565,527	3,804,786
Guarantee fund, rating bureau and other assessments	(356,132)	1,087,264
Supervision, acquisition and collection expenses	18,035,266	19,794,435
Loss control	3,991,757	4,350,656
General expenses	3,483,886	3,333,714
Total underwriting expenses	35,204,174	36,080,122
Total loss and underwriting expenses	154,596,399	149,639,534
Net underwriting (loss) income	(21,255,806)	2,471,999
Investment income		
Net investment income	15,359,244	15,704,891
Net realized capital gains (less capital gains tax of $2,391,801 and $331,126, respectively)	8,997,728	1,245,665
Total investment income	24,356,972	16,950,556
Other (expense) income		
Bad debt expense	(135,518)	(412,493)
Service fee income	40,545	46,406
Net other expense	(94,973)	(366,087)
Income before dividends and federal income taxes	3,006,193	19,056,468
Dividends to policyholders	10,214,042	10,515,898
(Loss) income after dividends, before federal income taxes	(7,207,849)	8,540,570
(Benefit from) provision for federal income taxes	(4,622,612)	718,261
Net (loss) income	$ (2,585,237)	$ 7,822,309

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

MEMIC Indemnity Company
Statements of Changes in Capital and Surplus
(Statutory Basis)
Years Ended December 31, 2021 and 2020

	2021	2020
Capital and surplus at beginning year	$ 192,417,623	$ 184,235,164
Net (loss) income	(2,585,237)	7,822,309
Change in net deferred income taxes	(623,972)	(371,971)
Change in nonadmitted assets	(809,788)	651,066
Change in net unrealized appreciation of invested assets (net of deferred taxes of $1,404,306 and $21,546 as of December 31, 2021 and 2020, respectively)	5,282,867	81,055
Change in capital and surplus	1,263,870	8,182,459
Capital and surplus at end of year	$ 193,681,493	$ 192,417,623

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

MEMIC Indemnity Company
Statements of Cash Flows
(Statutory Basis)
Years Ended December 31, 2021 and 2020

	2021	2020
Cash from operations		
Premiums collected, net	$ 143,202,942	$ 144,549,237
Investment income received, net	18,000,960	18,065,322
Other expense	(94,973)	(366,087)
Cash provided from operations	161,108,929	162,248,472
Benefit and loss related payments	85,638,163	85,879,086
Commissions and expenses paid	70,112,028	71,831,520
Dividends paid to policyholders	10,214,042	10,515,898
Federal income taxes paid	1,049,387	2,035,370
Cash used in operations	167,013,620	170,261,874
Net cash used in operations	(5,904,691)	(8,013,402)
Cash from investing activities		
Proceeds from bonds sold, matured or repaid	94,101,147	77,421,890
Proceeds from common stocks sold	44,296,037	33,377,679
Cost of bonds acquired	(100,237,870)	(73,479,999)
Cost of stocks acquired	(37,594,345)	(35,870,855)
Net cash provided from investing activities	564,969	1,448,715
Cash from financing and miscellaneous sources		
Other cash		
Other sources	6,399,403	14,266,348
Net cash provided from financing and miscellaneous sources	6,399,403	14,266,348
Net increase in cash	1,059,681	7,701,661
Cash, cash equivalents and short-term investments		
Beginning of year	10,728,236	3,026,575
End of year	$ 11,787,917	$ 10,728,236

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

1. Organization

MEMIC Indemnity Company (the "Company"), a wholly-owned subsidiary of Maine Employers' Mutual Insurance Company ("MEMIC"), was incorporated on February 24, 2000. MEMIC has contributed $129,000,000 to capitalize and fund operations of the Company since 2000. The Company is licensed to write workers' compensation and/or employers' liability insurance in 50 states and the District of Columbia. The Company writes its business primarily through independent agents and brokers in the various states. MEMIC also owns 100% of the common stock of MEMIC Casualty Company, a property/insurance company licensed to write workers' compensation insurance which is also domiciled in New Hampshire.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Company are prepared in conformity with statutory accounting practices of the National Association of Insurance Commissioners ("NAIC") as prescribed or permitted by the New Hampshire Insurance Department ("statutory accounting").

The New Hampshire Insurance Department ("Insurance Department") recognizes only statutory accounting practices prescribed or permitted by the State of New Hampshire for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under New Hampshire Insurance Law. The NAIC Accounting Practices and Procedures Manual ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the State of New Hampshire. There are no differences between the Company's net income, capital and surplus as recognized under NAIC SAP and the practices prescribed and permitted by the State of New Hampshire.

Statutory accounting practices differ in certain respects from accounting principles generally accepted in the United States of America ("GAAP"). The effects of such differences on the accompanying financial statements, which could be significant, have not been determined. The most significant differences generally include the following:

a. Statutory accounting requires that policy acquisition costs such as commissions, premium taxes and other items directly related to placing or renewing business would be charged to current operations as incurred. Under GAAP, policy acquisition costs would be deferred and then amortized ratably over the periods covered by the policies;

b. The statutory provision for federal income taxes represents estimated amounts currently payable based on taxable income or loss reported in the current accounting period. Deferred income taxes are provided in accordance with SSAP No. 101, *Income Taxes.* SSAP No. 101 provides new requirements for tax loss contingencies and the calculation and admissibility of deferred tax assets ("DTAs"). The realization of any resulting deferred tax asset is limited based on certain criteria in accordance with SSAP No. 101. The GAAP provision would include a provision for taxes currently payable, as well as deferred taxes, both of which would be recorded in the Statements of Income;

c. Under statutory accounting, certain assets designated as "nonadmitted assets" (principally premium balances over 90 days past due, a portion of DTAs, other assets, non-operating system software and office furniture and equipment) are charged directly to unassigned surplus. GAAP would require the Company to maintain a reserve for doubtful accounts based on amounts deemed to be uncollectible or to expense prepaid assets over the term of the related benefit. Office furniture and equipment and non-operating system software are capitalized and depreciated over their estimated useful lives;

d. Under statutory accounting, investments in debt securities are generally carried at amortized cost. Under GAAP, debt securities classified as trading or available for sale are valued at fair value, and debt securities classified as held-to-maturity are valued at amortized cost;

e. For statutory purposes, unrealized gains and losses on investments in equity securities are generally recorded as a direct credit or charge to surplus, net of the adjustment for deferred federal income taxes. Under GAAP, unrealized gains and losses on equity securities are reported directly in net income;

f. Reinsurance balances relating to unpaid loss and loss adjustment expenses and unearned premium are presented as offsets to reserves; under GAAP, such amounts would be presented as reinsurance recoverable; moreover, under statutory accounting, a liability is established for recoverable balances from reinsurers which are not authorized and for overdue paid loss recoverables;

g. Under GAAP, the inclusion of a Statement of Comprehensive Income, detailing the income effects of unrealized gains and losses for fixed income securities classified as available for sale is required;

h. For statutory cash flow purposes, included as cash and cash equivalents are short-term investments which mature within one year compared to three months for GAAP; and

i. A reconciliation of cash flows to the indirect method is not provided under statutory accounting.

Management Estimates
The preparation of financial statements in conformity with statutory accounting practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Invested Assets
Invested assets are valued in accordance with the statutory basis of valuation prescribed by the NAIC. Cash includes cash, cash equivalents, money market mutual funds and short-term investments, which are short-term investments and mature within one year of purchase; the carrying value of these investments approximates fair value. The Company's cash is held at major commercial banks. At times, cash balances at financial institutions may exceed federally insurable amounts. The Company believes it mitigates its risks by depositing cash in or investing through major financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Only investments with original maturities of three months or less qualify under this definition. Included in cash and cash equivalents are policyholder deposits for high deductible policies that have opted to provide cash in lieu of a letter of credit. See discussion of high deductibles in Note 16.

Investment grade non-loan-backed bonds and surplus debentures, which are included in other invested assets, with NAIC designation 1 or 2 are stated at amortized value using the interest method. Non-investment grade, non-loan-backed bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. U.S. government agency loan-backed and structured securities are valued at amortized value. Other loan-backed and structured securities are valued at either amortized value or fair value, depending on many factors including: the type of underlying collateral, whether modeled by an NAIC vendor, whether rated (by either NAIC approved rating organization or NAIC Securities Valuation Office), and relationship of amortized value to par value and amortized value to fair value.

Common stocks, which include exchange traded and Federal Home Loan Bank ("FHLB") common stock, which is restricted and not exchange traded, are generally stated at fair value. See Note 9. Where declines in the value of marketable securities are deemed other-than-temporary, the loss is reported as a component of net realized capital gains and losses. The net unrealized gains and losses on these marketable securities, after deductions of applicable deferred income taxes, are credited or charged directly to unassigned surplus.

Investment income is recorded on an accrual basis. Realized capital gains and losses are reported, net of tax, in operating results based on the specific identification of investments sold. Unrealized capital gains and losses from the valuation of investments at fair value are credited or charged directly to unassigned surplus, net of federal income taxes, unless determined to be other-than-temporary and included as a component of net realized capital (losses) gains. Specific impairments are determined based on a continual review of investment portfolio valuations. Bi-annually, the Company performs a by-cusip, by-lot, review of bonds, common stocks and other invested assets, with a fair value to carrying value less than 75%, to determine if other-than-temporary impairment ("OTTI") has occurred and whether an impairment should be recognized.

Premiums and Unearned Premium Reserves
Direct and assumed premiums are earned on a monthly pro rata basis over the inforce period, and ceded premiums for excess of loss treaties are written and earned concurrently. Ceded premiums for the 2021 quota share treaty are earned on a monthly pro rata basis over the inforce period. Accordingly, unearned premium reserves are established for the pro rata portion of direct premiums written for workers' compensation direct and ceded premium related to the 2021 quota share treaty which are applicable to the unexpired terms of the policies inforce, net of reinsurance. Premium adjustments resulting from retrospective rating plans and/or audits are immediately recorded as written and earned premiums once such amounts can be reasonably estimated. When the anticipated losses, loss adjustment expenses, commissions and other acquisition and maintenance costs exceed the recorded unearned premium reserve, and any future installment premiums on existing policies, a premium deficiency reserve is recognized by recording an additional liability for the deficiency, with a corresponding charge to operations. The Company does anticipate investment income when evaluating the need for any premium deficiency reserve. There was no premium deficiency reserve recorded for 2021 or 2020.

Involuntary Pooling Arrangements
The Company is required to participate in involuntary pools in several states where it writes business. The Company participates in underwriting results, including premiums, losses, expenses and other operations of involuntary pools, based on the Company's proportionate share of similar business written in those states. The National Council on Compensation Insurance ("NCCI") services most of the states where the Company participates in involuntary pools. The loss reserves that are reported to NCCI by the servicing carriers are gross of loss discounting. By application of incurred loss development and tail development factors, any discount included in the case reserves reported by servicing carriers is factored out (or unwound). NCCI also provides each participating company with an estimate of its share of discounted liabilities. The discounting assumptions include a 3.5% discount rate for incurred but not reported loss and loss adjustment expense reserves utilizing the 2007 U.S. Life mortality table. Underwriting results are accounted for on a gross basis whereby the Company's portion of premiums, losses, expenses and other operations of the pool are recorded separately in the financial statements rather than netted against each other. Premiums receivable on involuntary pool business are recorded in premium balances receivable on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

Loss and Loss Adjustment Expense Reserves
Loss and loss adjustment expenses are recorded as incurred to initially match such costs and premiums over the contract periods. Loss reserves are established for losses and loss adjustment expenses based upon claim evaluations and include an estimated provision for both reported and unreported claims incurred and related expenses. The assumptions used in determining loss and loss adjustment expense reserves have been developed after considering the experience of the Company, industry experience and projections by independent actuaries. The ultimate loss and loss adjustment expense reserves may vary from the amounts reflected in the accompanying financial statements. The method utilized in estimating and establishing the reserves is continually reviewed and updated and any adjustments are reflected in current operating results. Allowances for subrogation recoveries are included in the Company's estimate of loss reserves. See the summary of reserve development in Note 6.

Nonadmitted Assets

The following nonadmitted assets were excluded from the Statements of Admitted Assets, Liabilities and Capital and Surplus as of December 31, 2021 and 2020:

	2021	2020
Premium balances receivable over 90 days past due	$ 603,313	$ 758,939
Fixed assets, net of accumulated depreciation	1,430,457	2,044,071
Prepaid assets	1,904,532	325,504
Total nonadmitted assets	$ 3,938,302	$ 3,128,514

Depreciation expense on nonadmitted fixed assets was $793,312 and $706,300 as of December 31, 2021 and 2020, respectively.

Federal Income Taxes

The Company files a consolidated tax return with MEMIC and three affiliates, MEMIC Casualty Company (“MEMIC Casualty”), MEMIC Services, Inc. (“MEMIC Services”) and Casco View Holdings, LLC (“CVH”). In accordance with a tax sharing agreement, the provision for federal income taxes is recorded based upon amounts expected to be reported as if the Company filed a separate federal income tax return. Additionally, under this agreement, the Company will be reimbursed for the utilization of tax operating losses, tax credits and capital loss carryforwards to the extent the Company would have utilized these tax attributes on a separate return basis.

The provision for federal income taxes includes amounts currently payable or recoverable and deferred income taxes, computed under the asset/liability method, which results from temporary differences between the tax basis and book basis of assets and liabilities. SSAP No. 101 outlines the statutory accounting principles for current and deferred federal and foreign income taxes and current state income taxes. SSAP No. 101, (1) restricts the ability to use the 3 years/15 percent of surplus admission rule to those entities that meet a new modified risk based capital ratio threshold; (2) outlines the recognition threshold for recording tax contingency reserves from a probable liability standard to a more-likely-than-not liability standard; (3) requires the disclosure of tax planning strategies that relate to reinsurance; and (4) requires consideration of reversal patterns of DTAs and deferred tax liabilities (“DTLs”) in determining the extent to which DTLs could offset DTAs on the federal income tax return. Uncertain tax positions, as applicable, are considered in these statutory financial statements.

In the event of uncertain tax positions, amounts would need to be evaluated and disclosed or accrued. Liabilities would be reflected on the Statements of Admitted Assets, Liabilities and Capital and Surplus and the related interest and penalties would be included on the Statements of Income as underwriting expenses.

EDP Equipment

EDP equipment is stated at cost, net of accumulated depreciation. Depreciation is computed principally by use of the straight-line method based on the estimated useful lives of assets, which is generally three years. Depreciation expense for the years ended December 31, 2021 and 2020, was $48,820 and $50,740, respectively. Expenditures for maintenance and repairs relating to EDP equipment and certain fixed assets which are nonadmitted are charged to expense as incurred. When property is sold or retired, the cost of the property and the related accumulated depreciation are removed from the Statements of Admitted Assets, Liabilities and Capital and Surplus and any gain or loss on the transaction is reflected on the Statements of Income.

Risks and Uncertainties

The ongoing coronavirus pandemic (“COVID-19”) continues to have a global impact creating uncertainty, volatility and disruption across economies and financial markets. The Company’s operational and financial performance will depend on certain developments, including the duration and spread of future outbreaks and their impact on the Company, its policyholders, employees and vendors. As such, COVID-19 could have a material adverse effect on the Company’s financial position in the future including impact on future premiums, compensability of claims and/or fair value of the Company’s investments. Through December 31, 2021, direct written premium remained stable for the Company. The Company continues to monitor assumptions around compensability of claims. The Company has insured exposure in healthcare and long-term care. This exposure has resulted in a number of COVID-19 claims, some of which have been accepted by the Company and some of which are noted as report only. The ultimate duration and impact of the COVID-19 outbreak on the Company's financial position cannot be reasonably estimated at this time.

3. Capital and Surplus

Total contributions from MEMIC were $129,000,000 as of December 31, 2021 and 2020. There were no contributions from MEMIC during 2021 and 2020.

4. Dividend Restrictions

The Company may declare a stockholder dividend without Insurance Department approval so long as such dividend is not considered extraordinary. In the case of extraordinary dividends, prior approval is required. An extraordinary dividend or distribution includes any dividend or distribution of cash or other property, whose fair market value together with that of other dividends or distributions made within the preceding twelve months, exceeds 10% of such insurer's capital and surplus as of December 31, limited to the prior year-end's unassigned surplus. The maximum amount of dividends which could be paid by the Company to stockholders without prior approval of the Commissioner of Insurance was $19,241,762 and $18,423,516 during 2021 and 2020, respectively. There were no stockholder dividends declared during 2021 or 2020.

5. Income Taxes

The components of the net deferred tax asset (liability) at December 31 are as follows:

	December 31, 2021		
	1	2	(Col 1+2)
	Ordinary	Capital	Total
a. Gross deferred tax assets	$ 12,841,556	$ -	$ 12,841,556
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a - 1b)	12,841,556	-	12,841,556
d. Deferred tax assets nonadmitted	-	-	-
e. Subtotal net admitted deferred tax asset (1c - 1d)	12,841,556	-	12,841,556
f. Deferred tax liabilities	2,259,693	4,237,049	6,496,742
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 10,581,863	$ (4,237,049)	$ 6,344,814

	December 31, 2020		
	4	5	(Col 4+5)
	Ordinary	Capital	Total
a. Gross deferred tax assets	$ 13,955,829	$ -	$ 13,955,829
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a - 1b)	13,955,829	-	13,955,829
d. Deferred tax assets nonadmitted	-	-	-
e. Subtotal net admitted deferred tax asset (1c - 1d)	13,955,829	-	13,955,829
f. Deferred tax liabilities	2,749,994	2,832,743	5,582,737
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 11,205,835	$ (2,832,743)	$ 8,373,092

	Change		
	7	8	9
	(Col 1-4)	(Col 2-5)	(Col 7+8)
	Ordinary	Capital	Total
a. Gross deferred tax assets	$ (1,114,273)	$ -	$ (1,114,273)
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a - 1b)	(1,114,273)	-	(1,114,273)
d. Deferred tax assets nonadmitted	-	-	-
e. Subtotal net admitted deferred tax asset (1c - 1d)	(1,114,273)	-	(1,114,273)
f. Deferred tax liabilities	(490,301)	1,404,306	914,005
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ (623,972)	$ (1,404,306)	$ (2,028,278)

Admission calculation components:

	December 31, 2021		
	1 Ordinary	2 Capital	(Col 1+2) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 1,251,632	$ -	$ 1,251,632
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	6,539,934	-	6,539,934
2. Adjusted gross deferred tax assets allowed per limitation threshold			27,994,612
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	5,049,990	-	5,049,990
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 12,841,556	$ -	$ 12,841,556

	December 31, 2020		
	4 Ordinary	5 Capital	(Col 4+5) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 3,308,983	$ -	$ 3,308,983
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	5,074,419	-	5,074,419
2. Adjusted gross deferred tax assets allowed per limitation threshold		-	27,527,395
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	5,572,427	-	5,572,427
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 13,955,829	$ -	$ 13,955,829

	Change		
	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ (2,057,351)	$ -	$ (2,057,351)
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	1,465,515	-	1,465,515
2. Adjusted gross deferred tax assets allowed per limitation threshold			467,217
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	(522,437)	-	(522,437)
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ (1,114,273)	$ -	$ (1,114,273)

Other admissibility criteria:

		2021	2020
a.	Ratio percentage used to determine recovery period and threshold limitation amount	691%	717%
b.	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	$ 186,630,745	$ 183,515,965

Tax planning strategies were not employed by the Company during 2021 or 2020, and therefore, had no impact upon the determination of adjusted gross and net admitted DTAs.

As of December 31, 2021 and 2020, the Company does not have any investment tax credits, net operating loss or capital loss carryforwards available to offset against future taxable income. The amount of federal income taxes incurred in the current year and each proceeding year available for recoupment in the event of future net losses is $0 and $1,251,632 for 2021 and 2020, respectively. There are no deposits admitted under Section 6603 of the Internal Revenue Code.

As of December 31, 2021 and 2020, the Company has no uncertain tax positions requiring disclosure in these financial statements or any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

The Company has a written tax sharing agreement which sets forth the manner in which the total combined federal income tax is allocated to each entity which is a party to the consolidation. Pursuant to this agreement, the Company has a right to recoup federal income taxes paid in prior years in the event of future net losses, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

Current and deferred income taxes:

Current income taxes:	2021	2020	Change
a. Federal	$ (4,731,704)	$ 811,414	$ (5,543,118)
b. Provision to return	109,092	(93,153)	202,245
e. Subtotal	(4,622,612)	718,261	(5,340,873)
f. Federal income tax on net capital gains	2,391,801	331,126	2,060,675
i. Federal income taxes incurred	$ (2,230,811)	$ 1,049,387	$ (3,280,198)

Deferred Tax Assets	2021	2020	Change
a. Ordinary:			
Discounting of unpaid losses	$ 8,763,745	$ 9,516,702	$ (752,957)
Unearned premium reserves	2,295,528	2,511,882	(216,354)
Accrued expenses	955,239	1,270,257	(315,018)
Other (including items < 5% of total ordinary tax assets)	827,044	656,988	170,056
Subtotal	12,841,556	13,955,829	(1,114,273)
b. Statutory valuation allowance adjustment	-	-	-
c. Nonadmitted	-	-	-
d. Admitted ordinary deferred tax assets	12,841,556	13,955,829	(1,114,273)
e. Capital:			
Investments	-	-	-
Subtotal	-	-	-
f. Statutory valuation allowance adjustment	-	-	-
g. Nonadmitted	-	-	-
h. Admitted capital deferred tax assets	-	-	-
i. Admitted deferred tax assets	$ 12,841,556	$ 13,955,829	$ (1,114,273)
Deferred Tax Liabilities			
a. Ordinary:			
Investments	$ 101,145	$ 74,165	$ 26,980
Legislative change in loss discounting	1,701,344	2,126,679	(425,335)
Fixed assets	418,473	503,979	(85,506)
Other	38,731	45,171	(6,440)
Subtotal	2,259,693	2,749,994	(490,301)
b. Capital:			
Investments	4,237,049	2,832,743	1,404,306
Subtotal	4,237,049	2,832,743	1,404,306
c. Deferred tax liabilities	6,496,742	5,582,737	914,005
Net Deferred Tax Assets/Liabilities	$ 6,344,814	$ 8,373,092	$ (2,028,278)

Change in net deferred income taxes

	2021	2020	Change
a. Adjusted gross deferred tax assets	$ 12,841,556	$ 13,955,829	$ (1,114,273)
b. Total deferred tax liabilities	6,496,742	5,582,737	914,005
c. Net deferred tax assets (liabilities)	$ 6,344,814	$ 8,373,092	$ (2,028,278)
d. Tax effect of change in unrealized gains (losses)			$ (1,404,306)
e. Total change in net deferred income tax			(623,972)
			$ (2,028,278)

There were no deferred tax liabilities that were not recognized.

Among the more significant book to tax adjustments in 2021 and 2020 are the following:

	2021	2020
Provision computed at statutory rate	$ (1,011,370)	$ 1,863,057
Permanent differences	(423,899)	(521,882)
Prior year true up (to deferred)	(110,607)	115,550
Prior year true up (to current)	109,092	(93,153)
Change in nonadmitted assets	(170,055)	57,786
Totals	(1,606,839)	1,421,358
Federal income taxes incurred	(4,622,612)	718,261
Realized capital gains tax	2,391,801	331,126
Change in net deferred income taxes	623,972	371,971
Total statutory income taxes	$ (1,606,839)	$ 1,421,358

6. Liabilities for Loss Reserves and Loss Adjustment Expense Reserves

Activity in the liabilities for loss reserves and loss adjustment expense reserves for the years ended December 31, 2021 and 2020, are summarized as follows:

	2021	2020
Net balances at January 1,	$ 316,067,637	$ 322,610,754
Incurred related to		
Current year	121,686,726	112,108,036
Prior year	(2,294,501)	1,451,376
Total incurred	119,392,225	113,559,412
Paid related to		
Current year	30,140,684	37,273,838
Prior year	87,375,538	82,828,691
Total paid	117,516,222	120,102,529
Net balances at December 31,	$ 317,943,640	$ 316,067,637

The liabilities for loss and loss adjustment expense reserves are based upon assumptions which consider the experience of the Company, industry experience and projections by independent actuaries. However, the reserve process is inherently subjective, and the ultimate loss and loss adjustment expense reserves may vary from the amounts recorded in the financial statements. The amounts billed and recoverable for admitted collateralized high deductible policies was $1,243,473 and $1,158,925 as of December 31, 2021 and 2020, respectively. These amounts are included as a net recovery to paid losses in the applicable accident years and included in premium balances receivable on the Statements of Admitted Assets, Liabilities and Capital and Surplus. In addition, the Company recorded a reserve credit for high deductible reserves outstanding of $9,313,013 and $7,533,188 as of December 31, 2021 and 2020, respectively. These 2021 and 2020 reserve credits are a reduction to outstanding loss and loss adjustment expenses incurred on the Statements of Income and a reduction in case loss and case loss adjustment expense reserves on the Statements of Admitted Assets, Liabilities and Capital and Surplus. See Note 16 for more information on high deductible policies. Original estimates are increased or decreased as additional information becomes known regarding individual claims. There was no impact on reserves or surplus as a result of development of retrospectively rated policies.

During 2021, the Company's incurred losses related to prior years decreased by $2,294,501 as a result of favorable loss development principally in the 2018 and 2015 accident years; the Company considers this development, which is <1% of prior year carried reserves, negligible. This favorable development is the result of ongoing analysis of recent loss development trends.

During 2020, the Company's incurred losses related to prior years increased by $1,451,376 as a result of unfavorable loss development principally in the 2019 accident year; the Company considers this development, which is <1% of prior year carried reserves, negligible. This unfavorable development is the result of ongoing analysis of recent loss development trends.

7. Reinsurance

The Company assumed risks from another insurance company through a 100% quota share reinsurance agreement which was terminated effective for the 2005 policy year and commuted in December 2020. The Company incurred $0 and $23,163, respectively, in loss and loss adjustment expenses during 2021 and 2020, and no reserves were outstanding as of both December 31, 2021 and 2020.

The Company cedes risk to another insurance company through a reinsurance agreement which has a 15% quota share for treaty year 2021 and a 20% quota-share for treaty years 2020 and 2019. In the event this quota share reinsurance treaty is cancelled, an immaterial amount of ceding commissions would be returned, net of the related underwriting expenses. The quota share treaty was not renewed in January 2022. The associated unearned premium will be earned on a runoff basis during 2022. The 2021 and 2020 quota share treaties include a funds withheld provision in lieu of a traditional remittance of premium and recovery of associated subject losses and loss adjustment expenses. As such, the net amount payable to the reinsurer is included in funds held by company under reinsurance treaties on the Statements of Admitted Assets, Liabilities and Capital and Surplus as of December 31, 2021. Amounts deducted from premiums, reserves and expenses for reinsurance ceded to other companies for these quota-share treaties are as follows:

	2021	2020
Premiums earned	$ 26,386,851	$ 35,612,981
Loss and loss adjustment expenses incurred	16,740,361	24,968,257
Unearned premiums	8,817,096	13,609,423
Loss and loss adjustment expense reserves	32,827,910	32,458,985
Ceding commissions	6,484,735	10,595,465
Funds held by company under reinsurance treaties	21,101,609	16,482,119
Premiums payable	(114,329)	-

As a condition of writing policies in several states, the Company is required to participate in the National Workers' Compensation Reinsurance Pool, the Massachusetts Reinsurance Pool, the Michigan Compensation Replacement Facility, the New Mexico Workers' Compensation Reinsurance Pool and the Tennessee Reinsurance Mechanism (the "Pools"). Participation requires that the Company share in the losses and expenses of the Pools. Pool results are accounted for on a gross basis whereby the Company's portion of premiums, losses, expenses and other operations of the Pools are recorded separately in the financial statements. The difference between discounted and undiscounted incurred but not reported loss and loss adjustment expense liabilities from NCCI are $1,030,933 and $1,023,895 for 2021 and 2020, respectively. All amounts are recorded as assumed business.

Amounts added to premiums, reserves and expenses for reinsurance assumed from pools are as follows:

	2021	2020
Premiums earned	$ 5,275,256	$ 7,664,379
Loss and loss adjustment expenses incurred	2,829,200	5,122,553
Unearned premiums	2,026,300	2,458,410
Loss and loss adjustment expense reserves	16,090,164	17,576,176
Premiums receivable	142,494	552,075
Underwriting expenses incurred	1,409,410	1,887,008

The Company reinsures portions of risks with other insurance companies through excess of loss reinsurance agreements. Such agreements serve to limit the Company's maximum loss on catastrophes and large losses. To the extent that the reinsurer might be unable to meet its obligations, the Company would be liable for such defaulted amounts. Under the Company's excess of loss agreements, the Company's net retention for losses on a per occurrence basis is $2,000,000 for both 2021 and 2020. For both 2021 and 2020, the Company also maintains additional coverage up to $100,000,000 on a per occurrence basis.

Amounts deducted from premiums, reserves and expenses for excess of loss reinsurance ceded and the balances payable are as follows:

	2021	2020
Premiums earned	$ 3,836,465	$ 4,263,952
Loss and loss adjustment expenses incurred	1,150,000	5,484,741
Loss and loss adjustment expense reserves	11,082,406	10,818,637
Premiums payable	41,334	142,406

The 2021 and 2020 ceded loss and loss adjustment expense case incurred and incurred but not reported reserves above are comprised of amounts with four and five reinsurance carriers, respectively, although the Company has contracts with other carriers. The Company had $22,534,000 and $30,954,000 in unsecured reinsurance recoverables from the reinsurer, Swiss Reinsurance American Corporation, that exceeded 3% of capital and surplus as of December 31, 2021 and 2020, respectively.

The Company has no reinsurance contracts that contain the following features (a) a contract term longer than two years and that is noncancelable by the Company during the contract term; (b) a limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer; (c) aggregate stop loss reinsurance coverage; (d) a unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party; (e) a provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or (f) payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. The Company has neither ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards to policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards to policyholders nor has the Company ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statements and accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles. Additionally, the Company has not ceded any risk under any reinsurance contract where (a) the written premiums ceded to the reinsurer represent 50% or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statements or (b) 25% or more of the written premium ceded to the reinsurer has been retroceded back to the Company in a separate reinsurance contract. Accordingly, the Company has not included the Supplemental Schedule of Reinsurance Disclosures.

There were no commutations during 2021 for the Company. In December 2020, the Company commuted excess of loss reinsurance contracts for treaty years 1993 through 2002 with General Reinsurance Corporation. Proceeds recorded by the Company on this commutation were $1,013,585. Prior to the commutation, loss and loss adjustment reserves associated with this contract were $1,013,585; therefore, there was no gain associated with these commutations.

8. Premiums Written and Earned

For the years ended December 31, 2021 and 2020, direct, assumed and ceded premiums are as follows:

	2021		2020	
	Written	Earned	Written	Earned
Direct	$ 148,785,790	$ 158,288,653	$ 171,469,850	$ 184,324,087
Assumed	4,843,147	5,275,256	7,536,503	7,664,379
Ceded	(25,430,989)	(30,223,316)	(37,374,780)	(39,876,933)
Net premiums	$ 128,197,948	$ 133,340,593	$ 141,631,573	$ 152,111,533

9. Restricted Assets

Various regulatory authorities require that securities be placed on deposit in conjunction with writing workers' compensation business. At December 31, 2021 and 2020, the Company had fixed income securities on deposit with a carrying value of $11,258,139 and $11,259,980, respectively, included in bonds on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

The Company joined the FHLB on March 18, 2019. The Agreement for Advances, Collateral Pledge and Security Agreement was executed in May 2019. On May 10, 2019, the Company made its initial full stock investment to secure Membership Class B stock, which is not eligible for redemption. The annual recalculation of bank stock requirement is performed each April. The April 2021 recalculation of the value of the membership stocks resulted in $75,800 in excess stock for the Company. In August 2021, the Company pledged securities with a fair value of $10,093,879 in anticipation of future borrowings which resulted in a reduction of additional membership stock of $70,500. The Company now holds $173,800 in Class B membership stock and $5,300 in excess stock. This common stock, all of which is admitted, is included on the Statements of Admitted Assets, Liabilities and Capital and Surplus. The agreement between the FHLB and the Company specifies Advances and Other Credit Products will be available subject to specified collateral arrangements. The Company has no activity stock, prepayment obligations or borrowings outstanding as of the reporting date. The maximum amount the Company can borrow, absent prior approval of the Board of Directors, is 5% of net admitted assets from the most recent statutory financial statements which is $30,682,116, as of December 31, 2021.

Certain high deductible policyholders have opted to provide cash in lieu of a letter of credit as collateral for future deductible obligations up to their stated policy limits on a per claim aggregate basis. Included in both cash, cash equivalents and short-term investments and deposits held for large deductible policyholders on the Statements of Admitted Assets, Liabilities and Capital and Surplus is $10,256,443 and $8,768,376 as of December 31, 2021 and 2020, respectively, for this collateral on deposit. See Note 16.

The following table discloses quantitative information about the Company's restricted assets by category of restricted asset as of December 31, 2021:

Restricted Asset Category	Total Current Year Admitted Restricted	Total Prior Year	Increase/ (Decrease)	Admitted Restricted to Total Admitted Assets	Gross Restricted to Total Assets
On deposit with state	$ 11,258,139	$ 11,259,980	$ (1,841)	1.83%	1.82%
Pledged as collateral to FHLB	9,906,708	-	9,906,708	1.61%	1.60%
FHLB capital stock	179,100	249,600	(70,500)	0.03%	0.03%
Deposits held for large deductible policyholders	10,256,443	8,768,376	1,488,067	1.67%	1.66%
Total restricted assets	$ 31,600,390	$ 20,277,956	$ 11,322,434	5.15%	5.12%

10. Investments

The carrying value and fair value of the Company's industrial surplus debenture, which is included in other invested assets and matures in 2047, has a carrying value of $1,996,098 and a fair value of $2,271,654 as of December 31, 2021, and a carrying value of $1,996,011 and a fair value of $2,376,024 as of December 31, 2020.

The carrying value and fair value of bonds as of December 31, 2021 and 2020, are as follows:

	2021			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government & government agencies & authorities	$ 14,051,043	$ 598,925	$ (39,677)	$ 14,610,291
States, territories & possessions	40,535,180	2,748,335	(169,995)	43,113,520
Political subdivisions of states	67,989,481	4,377,020	(319,426)	72,047,075
Industrial & miscellaneous	186,110,610	13,764,149	(489,314)	199,385,445
Asset backed securities	135,717,225	2,401,131	(1,002,099)	137,116,257
Total bonds	$ 444,403,539	$ 23,889,560	$ (2,020,511)	$ 466,272,588

	2020			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government & government agencies & authorities	$ 11,912,665	$ 1,056,382	$ -	$ 12,969,047
States, territories & possessions	47,446,063	3,416,085	-	50,862,148
Political subdivisions of states	67,315,966	5,103,492	-	72,419,458
Industrial & miscellaneous	192,594,829	22,253,061	(235,906)	214,611,984
Asset backed securities	123,006,152	4,896,865	(384,321)	127,518,696
Total bonds	$ 442,275,675	$ 36,725,885	$ (620,227)	$ 478,381,333

The cost and fair value of equity securities are as follows:

2021	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common stocks	$ 73,121,889	$ 21,278,724	$ (1,091,330)	$ 93,309,283
2020				
Common stocks	$ 68,666,160	$ 15,087,918	$ (1,545,317)	$ 82,208,761

Bonds with a NAIC Securities Valuation Office ("SVO") rating of three to six have been recorded at the lower of cost or fair value in accordance with statutory accounting unless they are a residential mortgage-backed security or commercial mortgage-backed security ("RMBS/CMBS") with a SVO rating and independently modeled. The model determines the intrinsic price of the security and the price at which the percentage difference between the carrying price and the intrinsic price equals the midpoint between the risk-based capital charges for each NAIC designation. This is the maximum price point at which a security can be carried for each NAIC designation. These prices are referred to as break points. The Company utilizes the prospective adjustment methodology to value mortgage-backed bonds.

The carrying value and fair value of bonds by contractual maturity as of December 31, 2021, are as follows:

Maturity	Carrying Value	Fair Value
One year or less	$ 5,476,802	$ 5,521,057
Over one year through five years	103,099,510	108,664,331
Over five years through ten years	123,950,064	131,929,490
Over ten years	211,877,163	220,157,710
	$ 444,403,539	$ 466,272,588

Bonds subject to early or unscheduled prepayments have been included above based upon their contractual maturity dates. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Asset backed securities have been categorized based on the date when the issue is expected to be paid off and the principal is projected to be paid to investors.

Proceeds from sales of investments on debt and equity securities, excluding equity proceeds from spinoffs, calls and mergers, and the gross realized gains and losses on those sales for the years ended December 31, 2021 and 2020, are summarized as follows:

	2021		
	Proceeds From Sales	Gross Realized Gains	Losses
Bonds	$ 16,991,078	$ 272,035	$ (31,348)
Common stocks	44,296,037	12,004,878	(847,456)
	$ 61,287,115	$ 12,276,913	$ (878,804)

	2020		
	Proceeds From Sales	Gross Realized Gains	Losses
Bonds	$ 18,020,801	$ 431,023	$ (881,368)
Common stocks	33,293,568	5,434,548	(3,407,298)
	$ 51,314,369	$ 5,865,571	$ (4,288,666)

As of December 31, 2021 and 2020, the Company owned no securities that were in an unrealized loss position that management determined were other-than-temporary and given current market conditions would not recover. The Company did not record any OTTI during 2021 or 2020.

Unrealized losses on investment grade securities (NAIC 1-2) principally relate to changes in interest rates. The fair value and gross unrealized loss of investment securities and the amount of time the security has been in an unrealized loss position as of December 31, 2021 and 2020, are as follows:

	2021					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bonds and surplus debentures (NAIC 1–2):						
U.S. Government & government agencies & authorities	$ 2,216,563	$ (39,677)	$ -	$ -	$ 2,216,563	$ (39,677)
States, territories & possessions	5,626,355	(169,995)	-	-	5,626,355	(169,995)
Political subdivisions of states	5,619,049	(319,426)	-	-	5,619,049	(319,426)
Industrial & miscellaneous	15,754,755	(237,395)	4,018,660	(240,951)	19,773,415	(478,346)
Asset backed securities	58,609,954	(837,291)	4,574,643	(164,808)	63,184,597	(1,002,099)
Bonds (NAIC 3-6)	-	-	34,884	(10,968)	34,884	(10,968)
Common stocks - unaffiliated	10,440,177	(1,012,328)	1,314,534	(79,002)	11,754,711	(1,091,330)
	$ 98,266,853	$ (2,616,112)	$ 9,942,721	$ (495,729)	$ 108,209,574	$ (3,111,841)

	2020					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bonds and surplus debentures (NAIC 1–2):						
Industrial & miscellaneous	$ 3,890,652	$ (182,558)	$ -	$ -	$ 3,890,652	$ (182,558)
Asset backed securities	10,280,572	(358,534)	5,974,214	(25,787)	16,254,786	(384,321)
Bonds (NAIC 3–6):	379,181	(53,348)	-	-	379,181	(53,348)
Common stocks - unaffiliated	12,736,678	(1,155,480)	3,605,408	(389,837)	16,342,086	(1,545,317)
	$ 27,287,083	$ (1,749,920)	$ 9,579,622	$ (415,624)	$ 36,866,705	$ (2,165,544)

The major categories of net investment income for the years ended December 31, 2021 and 2020, are summarized as follows:

	2021	2020
Bonds	$ 14,005,273	$ 14,218,344
Common stocks	2,337,831	2,428,830
Cash, cash equivalents and short-term investments	2,128	48,815
Other investment (expense) income	(30)	531
Total investment income	16,345,202	16,696,520
Less: Investment expenses	(985,958)	(991,629)
Net investment income	$ 15,359,244	$ 15,704,891

11. Fair Value of Financial Instruments

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

Valuation techniques used to derive fair value of investment securities are based on observable or unobservable inputs. Observable inputs reflect market data obtained from independent resources such as active markets or nationally recognized pricing services. Unobservable inputs reflect comparable securities or valuations received from various broker or dealer quotes.

Items Measured and Reported at Fair Value by Levels 1, 2 and 3.

The Company has categorized its assets and liabilities that are reported on the Statements of Admitted Assets, Liabilities and Capital and Surplus at fair value into a three-level fair value hierarchy as reflected in the following table. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows:

Level 1 - Quoted Prices in Active Markets for Identical Assets and Liabilities: This category, for items measured at fair value on a recurring basis, includes exchange-traded common stocks. The estimated fair value of the equity securities within this category are based on quoted prices in active markets and are thus classified as Level 1.

Level 2 - Significant Other Observable Inputs: This category, for items measured at fair value on a recurring basis, includes bonds and FHLB common stock, which are not exchange-traded. The estimated fair values of some of these items were determined by independent pricing services using observable inputs. Others were based on quotes from markets which were not considered actively traded.

Level 3 - Significant Other Unobservable Inputs: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The Company has no assets or liabilities measured at fair value in this category. Transfers to and from Level 3 would be recognized when a purchase, sale or settlement increases or decreases an asset previously valued as a Level 3 or when an investment is purchased which is carried at fair market value and does not have an observable input for valuation. On May 19, 2021, the Company purchased a security for which market data was unavailable as of June 30, 2021. This Level 3 security was transferred out of Level 3 when market data became available in July 2021.

	2021			
	Level 1	Level 2	Level 3	Total
Assets on Statements of Admitted Assets, Liabilities and Capital and Surplus, at fair value:				
Common stocks				
Industrial & miscellaneous	$ 93,130,183	$ -	$ -	$ 93,130,183
Federal Home Loan Bank	-	179,100	-	179,100
Total common stocks	93,130,183	179,100	-	93,309,283
Total assets, measured at fair value	$ 93,130,183	$ 179,100	$ -	$ 93,309,283

	2020			
	Level 1	Level 2	Level 3	Total
Assets on Statements of Admitted Assets, Liabilities and Capital and Surplus, at fair value:				
Bonds				
Industrial & miscellaneous	$ -	$ 379,181	$ -	$ 379,181
Total bonds	-	379,181	-	379,181
Common stocks				
Industrial & miscellaneous	$ 81,959,161	$ -	$ -	$ 81,959,161
Federal Home Loan Bank	-	249,600	-	249,600
Total common stocks	81,959,161	249,600	-	82,208,761
Total assets, measured at fair value	$ 81,959,161	$ 628,781	$ -	$ 82,587,942

The Company has no derivative assets or liabilities or assets carried at fair value on a nonrecurring basis.

The table below reflects the fair values and admitted assets and liabilities that are financial instruments as of December 31, 2021 and 2020. The fair values are also categorized into the three-level fair value hierarchy as described above.

Type of Financial Instrument	2021 Aggregate Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Bonds and surplus debentures						
U.S. Government & government agencies & authorities	$ 14,610,291	$ 14,051,043	$ -	$ 14,610,291	$ -	$ -
States, territories & possessions	43,113,520	40,535,180	-	43,113,520	-	-
Political subdivisions of states	72,047,075	67,989,481	-	72,047,075	-	-
Industrial & miscellaneous	199,385,445	186,110,610	-	199,385,445	-	-
Asset backed securities	137,116,257	135,717,225	-	137,116,257	-	-
Common stocks	93,309,283	93,309,283	93,130,183	179,100	-	-
Cash, cash equivalents & short-term investments	11,787,917	11,787,917	11,787,917	-	-	-
Other invested assets	2,271,654	1,996,098	-	2,271,654	-	-
Total assets	$ 573,641,442	$ 551,496,837	$ 104,918,100	$ 468,723,342	$ -	$ -

Type of Financial Instrument	2020 Aggregate Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Bonds and surplus debentures						
U.S. Government & government agencies & authorities	$ 12,969,047	$ 11,912,665	$ -	$ 12,969,047	$ -	$ -
States, territories & possessions	50,862,148	47,446,063	-	50,862,148	-	-
Political subdivisions of states	72,419,458	67,315,966	-	72,419,458	-	-
Industrial & miscellaneous	214,611,984	192,594,829	-	214,611,984	-	-
Asset backed securities	127,518,696	123,006,152	-	127,518,696	-	-
Common stocks	82,208,761	82,208,761	81,959,161	249,600	-	-
Cash, cash equivalents & short-term investments	10,728,236	10,728,236	10,728,236	-	-	-
Total assets	$ 571,318,330	$ 535,212,672	$ 92,687,397	$ 478,630,933	$ -	$ -

12. Employee Benefit Plans

The Company's parent, MEMIC, has adopted a qualified defined contribution discretionary, 401(k) and profit sharing plan covering substantially all full-time employees who meet the plans' eligibility requirements. MEMIC has also adopted a non-qualified, deferred compensation plan for certain key executives and an Incentive Compensation Plan for certain members of senior management. The Company does not currently have any of its own employees. The salaries and employee benefit expenses that reside in the Company are a result of intercompany contracts for claims, underwriting, loss control, administration and management and not direct costs, therefore, the Company did not incur any direct expense for any employee benefit plans during 2021 or 2020.

The Company has no obligations to former employees for benefits after their employment but before their retirement.

13. Commitment and Contingent Liabilities

The Company leases office space and various office equipment under lease arrangements through 2030. Future minimum lease payments under operating leases as of December 31, 2021 are as follows:

2022	$ 867,316
2023	580,331
2024	573,204
2025	289,716
2026	216,155
Thereafter	926,149
Total future minimum lease payments	$ 3,452,871

Total rent and lease expense was $434,623 and $483,265 for the years ended December 31, 2021 and 2020, respectively.

The Company is involved in litigation with respect to claims arising in the ordinary course of business, which is considered in establishing loss and loss adjustment expense reserves. The Company periodically reviews its overall loss and loss adjustment expense reserve position as well as its provision for reinsurance. The Company's management believes the resolution of such litigation is not expected to have a material adverse effect on the financial position or the operating results of the Company. The Company also considers any other insurance or noninsurance related litigation which may have a material adverse effect on the financial position or operating results of the Company; there were no matters during 2021 or 2020 that required an accrual or disclosure.

The Company is subject to guaranty funds and other assessments by states in which it has written business. Guaranty fund assessments should be accrued at the time of insolvencies. Certain assessments that are unknown to the Company are accrued at the time of assessment. In the case of premium based assessments, the expense is accrued at the time the premiums are written, or, in the case of loss-based assessments, at the time the losses are incurred. The Company has recorded a (benefit) expense for guaranty fund and other assessments of $(198,252) and $1,157,138 at December 31, 2021 and 2020, respectively. The Company has recorded a liability for guaranty fund and other assessments of $3,951,496 and $5,870,835 and no related premium tax benefit asset at December 31, 2021 and 2020, respectively, on the Statements of Admitted Assets, Liabilities and Capital and Surplus or Statements of Income. This amount represents management's best estimate of its liability for guaranty fund and other rating and various state insurance related assessments based on information received from the state in which the Company writes business and may change due to many factors, including the Company's share of the ultimate cost of current insolvencies or market share.

14. Related Party Transactions

MEMIC charges management and other fees to the Company in the normal course of business and in accordance with the terms of certain cost sharing agreements. In 2021 and 2020, the Company was charged $39,759,831 and $41,578,415, respectively, for administrative and management services, underwriting, claims, managed care and investment management fees. Certain other direct costs are paid by MEMIC, charged back to the Company and settled within the terms of the written cost sharing agreements.

15. Loan-Backed Securities

The Company has elected to use the prospective method of determining prepayment assumptions. Prepayment assumptions are derived primarily from projected cash flow information obtained from recognized external sources. Where projected cash flow information is not publicly available the information is obtained from external asset managers or by internal estimates. There have been no changes from the retrospective to the prospective adjustment methodology due to negative yield on specific securities.

The Company has no loan-backed securities that have a recognized OTTI where the Company either has the intent to sell or does not have the ability or intent to retain the investment for a period of time to recover any unadjusted amortized cost basis. Credit related declines in the fair value of loan-backed or structured securities would be reflected as a realized loss in the Statements of Income.

The fair value and gross unrealized losses of non-agency residential mortgage-backed securities investment securities and the amount of time the securities have been in an unrealized loss position as of December 31, 2021 and 2020 are as follows:

	2021	2020
Aggregate amount of unrealized loss		
Less than twelve months	$ 837,291	$ 423,325
Twelve months or longer	164,808	25,786
Total	$ 1,002,099	$ 449,111
Aggregate fair value of securities with unrealized loss		
Less than twelve months	$ 58,609,954	$ 12,063,991
Twelve months or longer	4,574,643	5,974,214
Total	$ 63,184,597	$ 18,038,205

The Company has no repurchase agreements and/or securities lending transactions, no investments in real estate or low-income housing tax credits in the current year or prior year.

16. High Deductible Policies

The Company writes high deductible policies in several states. The Company defines high deductible policies based on the large deductible definitions by state for aggregate financial reporting purposes as outlined in the following table:

Coverage State	High Deductible Limit Per Claim/Occurrence	or	High Deductible Aggregate per policy
Massachusetts, Oregon	$ 75,000		$ 75,000
New York	25,000		25,000
Texas	25,000		100,000
All Other States & District of Columbia	100,000		100,000

In most cases, the Company requires high deductible policyholders to provide an evergreen, irrevocable, clean letter of credit to secure obligations up to the deductible limits. In other cases, the Company will accept a cash deposit in lieu of a letter of credit which remains in the custody of the Company and is included in cash, cash equivalents and short-term investments and deposits held for large deductible policyholders on the Statements of Admitted Assets, Liabilities and Capital and Surplus. These letter of credit and cash in lieu of letter of credit requirements are reviewed periodically, as necessary, or annually in conjunction with the policy renewal to determine appropriate increases or decreases.

Premiums receivable includes amounts billed to policyholders under high deductible policies. Deductible amounts billed to policyholders reduce paid losses and loss adjustment expenses recognized by the Company. Management believes all high deductible amounts outstanding are recoverable based on the policyholders' payment practices and collateral held in the form of cash or irrevocable letters of credit. As of December 31, 2021 and 2020, the Company recorded a net admitted deductible recovery accrual of $1,243,473 and $1,158,925, respectively, for amounts billed in January 2022 and 2021, respectively, under secured high deductible policies included in premium balances receivable in the accompanying Statements of Admitted Assets, Liabilities and Capital and Surplus.

The Company recorded a reserve credit for high deductible reserves outstanding of $9,313,013 and $7,533,188 as of December 31, 2021 and 2020, respectively. This 2021 reserve credit does not include the component of unsecured reserve credit liabilities that are in excess of collateral included on or off balance sheet, therefore there is no nonadmitted component of the reserve credit. The reserve credit is a reduction to outstanding loss and loss adjustment expenses on the Statements of Income and a reduction in case loss and case loss adjustment expense reserves on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

Counter Party Exposure Recorded on Unpaid Claims and Billed Recoverables on Paid Claims as of December 31, 2021:

Annual Statement Line of Business	Gross (of High Deductible) Loss Reserves	Reserve Credit for High Deductibles	Billed Recoverables on Paid Claims	Total High Deductibles and Billed Recoverables
Workers' Compensation	$ 25,333,180	$ 9,313,013	$ 1,243,473	$ 10,556,486

Unsecured amounts on high deductible policies:

Total high deductibles and billed recoverables on paid claims	$ 10,556,486
Collateral on balance sheet	10,256,443
Collateral off balance sheet	13,280,000
Total unsecured deductibles and billed recoverables on paid claims	$ -
Percentage unsecured	0.00%
Amount of overdue nonadmitted (either due to aging or collateral)	$ 159,440
Total over 90 days overdue admitted	-
Total overdue	$ 159,440

There are two counterparty high deductible policyholders with unsecured reserves as of December 31, 2021. These unsecured reserves were not included in the reserve credit for high deductibles above, therefore there is no nonadmitted component or percentage noted as unsecured. Collateral on and off balance sheet, in the aggregate, remains in excess of the established reserve credit and billed recoverables on paid claims. There are no unsecured high deductible recoverables for individual obligors or that of a group under the same management or control which are greater than 1% of Capital and Surplus.

Counterparty Ranking	Top Unsecured High Deductible Amounts
Counterparty 1	$ 155,156
Counterparty 2	4,284

17. Subsequent Events

Subsequent events have been considered through March 28, 2022, for these statutory financial statements which are available to be issued on March 28, 2022.

MEMIC

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE MEMIC Indemnity Company

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1	2	3	4	5	6
	Amount	Percentage of Column 1 Line 13	Amount	Securities Lending Reinvested Collateral Amount	Total (Col. 3 + 4) Amount	Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments	15,084,614	2.735	15,084,615	0	15,084,615	2.735
1.02 All other governments	3,887,917	0.705	3,887,917	0	3,887,917	0.705
1.03 U.S. states, territories and possessions, etc. guaranteed	13,722,441	2.488	13,722,441	0	13,722,441	2.488
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	37,372,916	6.777	37,372,916	0	37,372,916	6.777
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	123,193,882	22.338	123,193,885	0	123,193,885	22.338
1.06 Industrial and miscellaneous	248,144,837	44.995	248,144,832	0	248,144,832	44.995
1.07 Hybrid securities	2,996,932	0.543	2,996,933	0	2,996,933	0.543
1.08 Parent, subsidiaries and affiliates		0.000			0	0.000
1.09 SVO identified funds		0.000			0	0.000
1.10 Unaffiliated Bank loans		0.000			0	0.000
1.11 Total long-term bonds	444,403,539	80.581	444,403,539	0	444,403,539	80.581
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)	0	0.000			0	0.000
2.02 Parent, subsidiaries and affiliates	0	0.000			0	0.000
2.03 Total preferred stocks	0	0.000	0	0	0	0.000
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	93,130,183	16.887	93,130,183	0	93,130,183	16.887
3.02 Industrial and miscellaneous Other (Unaffiliated)	179,100	0.032	179,100	0	179,100	0.032
3.03 Parent, subsidiaries and affiliates Publicly traded		0.000			0	0.000
3.04 Parent, subsidiaries and affiliates Other		0.000			0	0.000
3.05 Mutual funds		0.000			0	0.000
3.06 Unit investment trusts		0.000			0	0.000
3.07 Closed-end funds		0.000			0	0.000
3.08 Total common stocks	93,309,283	16.919	93,309,283	0	93,309,283	16.919
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages	0	0.000			0	0.000
4.02 Residential mortgages	0	0.000			0	0.000
4.03 Commercial mortgages	0	0.000			0	0.000
4.04 Mezzanine real estate loans	0	0.000			0	0.000
4.05 Total valuation allowance		0.000			0	0.000
4.06 Total mortgage loans	0	0.000	0	0	0	0.000
5. Real estate (Schedule A):						
5.01 Properties occupied by company		0.000	0		0	0.000
5.02 Properties held for production of income		0.000	0		0	0.000
5.03 Properties held for sale		0.000	0		0	0.000
5.04 Total real estate	0	0.000	0	0	0	0.000
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	11,338,204	2.056	11,338,204		11,338,204	2.056
6.02 Cash equivalents (Schedule E, Part 2)	449,713	0.082	449,713		449,713	0.082
6.03 Short-term investments (Schedule DA)		0.000	0		0	0.000
6.04 Total cash, cash equivalents and short-term investments	11,787,917	2.137	11,787,917	0	11,787,917	2.137
7. Contract loans	0	0.000	0		0	0.000
8. Derivatives (Schedule DB)	0	0.000	0		0	0.000
9. Other invested assets (Schedule BA)	1,996,098	0.362	1,996,098		1,996,098	0.362
10. Receivables for securities	29	0.000	29		29	0.000
11. Securities Lending (Schedule DL, Part 1)	0	0.000	0	XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)	0	0.000	0		0	0.000
13. Total invested assets	551,496,866	100.000	551,496,866	0	551,496,866	100.000

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2021
(To Be Filed by April 1)

Of The MEMIC Indemnity Company

ADDRESS (City, State and Zip Code) Manchester , NH 03101

NAIC Group Code 1332 NAIC Company Code 11030 Federal Employer's Identification Number (FEIN) 02-0515329

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

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

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 613,642,326

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

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	JPMMT	Long Term Bonds	$ 10,364,230	1.7 %
2.02	BANK OF AMERICA CORP	Bonds/Common Stock	$ 4,828,530	0.8 %
2.03	CLARK CNTY NV SCH DIST	Long Term Bonds	$ 4,478,841	0.7 %
2.04	BMARK	Long Term Bonds	$ 4,370,720	0.7 %
2.05	INTEL CORP	Bonds/Common Stock	$ 3,962,271	0.6 %
2.06	BANK OF MONTREAL	Long Term Bonds	$ 3,722,360	0.6 %
2.07	PFMT	Long Term Bonds	$ 3,594,816	0.6 %
2.08	MCDONALDS CORP	Bonds/Common Stock	$ 3,528,029	0.6 %
2.09	CITIGROUP INC	Long Term Bonds	$ 3,478,946	0.6 %
2.10	RAYTHEON TECHNOLOGIES CORP	Bonds/Common Stock	$ 3,472,619	0.6 %

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

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC-1	$ 353,403,117	57.6 %	3.07	P/RP-1	$	0.0 %
3.02	NAIC-2	$ 88,718,260	14.5 %	3.08	P/RP-2	$	0.0 %
3.03	NAIC-3	$ 893,108	0.1 %	3.09	P/RP-3	$	0.0 %
3.04	NAIC-4	$ 0	0.0 %	3.10	P/RP-4	$	0.0 %
3.05	NAIC-5	$ 0	0.0 %	3.11	P/RP-5	$	0.0 %
3.06	NAIC-6	$ 1,389,055	0.2 %	3.12	P/RP-6	$	0.0 %

4. Assets held in foreign investments:

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

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

4.02	Total admitted assets held in foreign investments	$ 42,687,241	7.0 %
4.03	Foreign-currency-denominated investments	$	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$	0.0 %

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

		1	2
5.01	Countries designated NAIC-1	$ 41,002,820	6.7 %
5.02	Countries designated NAIC-2	$ 1,684,421	0.3 %
5.03	Countries designated NAIC-3 or below	$	0.0 %

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

		1	2
	Countries designated NAIC - 1:		
6.01	Country 1: Cayman Islands	$ 13,002,952	2.1 %
6.02	Country 2: United Kingdom	$ 8,131,172	1.3 %
	Countries designated NAIC - 2:		
6.03	Country 1: Peru	$ 1,274,737	0.2 %
6.04	Country 2: Panama	$ 409,684	0.1 %
	Countries designated NAIC - 3 or below:		
6.05	Country 1:	$	0.0 %
6.06	Country 2:	$	0.0 %

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

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

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

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

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

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

	1 Issuer	2 NAIC Designation	3	4
10.01	BNP	1	$ 2,999,467	0.5 %
10.02	MDPK	1	$ 2,425,000	0.4 %
10.03	APID	1	$ 2,000,000	0.3 %
10.04	OCTLF	1	$ 2,000,000	0.3 %
10.05	SUMIBK	1	$ 2,000,000	0.3 %
10.06	AIA	1	$ 1,996,932	0.3 %
10.07	RNR	1	$ 1,978,768	0.3 %
10.08	AUSPAC	2	$ 1,900,000	0.3 %
10.09	IVZ	2	$ 1,627,708	0.3 %
10.10	AZN	2	$ 1,504,279	0.2 %

SUPPLEMENT FOR THE YEAR 2021 OF THE MEMIC Indemnity Company

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

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

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

		1	2
11.02	Total admitted assets held in Canadian investments	$	0.0 %
11.03	Canadian-currency-denominated investments	$	0.0 %
11.04	Canadian-denominated insurance liabilities	$	0.0 %
11.05	Unhedged Canadian currency exposure	$	0.0 %

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

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

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

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$	0.0 %
	Largest three investments with contractual sales restrictions:		
12.03		$	0.0 %
12.04		$	0.0 %
12.05		$	0.0 %

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

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

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

	1 Issuer	2	3
13.02	AVGO	$ 2,220,473	0.4 %
13.03	CI	$ 2,211,337	0.4 %
13.04	BMY	$ 2,148,581	0.4 %
13.05	CSCO	$ 2,135,569	0.3 %
13.06	CL	$ 2,102,351	0.3 %
13.07	PG	$ 2,090,880	0.3 %
13.08	AMGN	$ 2,090,421	0.3 %
13.09	KO	$ 2,086,324	0.3 %
13.10	MDLZ	$ 2,079,216	0.3 %
13.11	ABT	$ 2,068,034	0.3 %

SUPPLEMENT FOR THE YEAR 2021 OF THE MEMIC Indemnity Company

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

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

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

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	0.0 %
14.04		$	0.0 %
14.05		$	0.0 %

Ten largest fund managers:

	1 Fund Manager	2 Total Invested	3 Diversified	4 Nondiversified
14.06		$ 0	$	$
14.07		$ 0	$	$
14.08		$ 0	$	$
14.09		$ 0	$	$
14.10		$ 0	$	$
14.11		$ 0	$	$
14.12		$ 0	$	$
14.13		$ 0	$	$
14.14		$ 0	$	$
14.15		$ 0	$	$

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

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

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

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	0.0 %
	Largest three investments in general partnership interests:		
15.03		$	0.0 %
15.04		$	0.0 %
15.05		$	0.0 %

SUPPLEMENT FOR THE YEAR 2021 OF THE MEMIC Indemnity Company

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

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

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

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$	0.0 %
16.03		$	0.0 %
16.04		$	0.0 %
16.05		$	0.0 %
16.06		$	0.0 %
16.07		$	0.0 %
16.08		$	0.0 %
16.09		$	0.0 %
16.10		$	0.0 %
16.11		$	0.0 %

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

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

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

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

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

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

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

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

	Description 1	2	3
18.02		$	0.0 %
18.03		$	0.0 %
18.04		$	0.0 %
18.05		$	0.0 %
18.06		$	0.0 %

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

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

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

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$	0.0 %
	Largest three investments held in mezzanine real estate loans:		
19.03		$	0.0 %
19.04		$	0.0 %
19.05		$	0.0 %

SUPPLEMENT FOR THE YEAR 2021 OF THE MEMIC Indemnity Company

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

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

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

		Owned		Written	
		1	2	3	4
21.01	Hedging	$	0.0 %	$	0.0 %
21.02	Income generation	$	0.0 %	$	0.0 %
21.03	Other	$	0.0 %	$	0.0 %

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

		At Year End		At End of Each Quarter		
				1st Quarter	2nd Quarter	3rd Quarter
		1	2	3	4	5
22.01	Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
22.02	Income generation	$ 0	0.0 %	$ 0	$ 0	$ 0
22.03	Replications	$ 0	0.0 %	$ 0	$ 0	$ 0
22.04	Other	$ 0	0.0 %	$ 0	$ 0	$ 0

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

		At Year End		At End of Each Quarter		
				1st Quarter	2nd Quarter	3rd Quarter
		1	2	3	4	5
23.01	Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
23.02	Income generation	$	0.0 %	$	$	$
23.03	Replications	$	0.0 %	$	$	$
23.04	Other	$	0.0 %	$	$	$

MEMIC Casualty Company

Financial Statements
(Statutory Basis)
December 31, 2021 and 2020

MEMIC Casualty Company
Index
(Statutory Basis)
December 31, 2021 and 2020

Report of Independent Auditors

Board of Directors
MEMIC Casualty Company

Opinions

We have audited the statutory financial statements of MEMIC Casualty Company (the Company), which comprise the statutory statements of admitted assets, liabilities, and capital and surplus as of December 31, 2021 and 2020, and the related statutory statements of income, changes in capital and surplus, and cash flows for the years then ended, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in accordance with the basis of accounting described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2021 and 2020, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 to the financial statements, the Company prepared these financial statements using accounting practices prescribed or permitted by the New Hampshire Insurance Department, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices prescribed or permitted by the New Hampshire Insurance Department. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

In performing an audit in accordance with GAAS, we

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

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

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Summary Investment Schedule and Supplemental Investment Risks Interrogatories of the Company as of December 31, 2021, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the New Hampshire Insurance Department. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Johnson Lambert LLP

Atlanta, Georgia
March 28, 2022

MEMIC Casualty Company
Statements of Admitted Assets, Liabilities and Capital and Surplus (Statutory Basis)
December 31, 2021 and 2020

	2021	2020
Admitted Assets		
Invested assets		
Bonds, at carrying value (fair value: $124,622,597 and $106,124,580 at December 31, 2021 and 2020, respectively)	$ 121,625,842	$ 99,982,235
Common stocks, at fair value (cost: $50,600 and $49,100 at December 31, 2021 and 2020, respectively)	50,600	49,100
Cash, cash equivalents and short-term investments	12,034,045	12,097,561
Total cash and invested assets	133,710,487	112,128,896
Premium balances receivable	21,250,951	23,704,141
Reinsurance recoverable on paid loss and loss adjustment expenses	602,596	316,757
Due from parent	-	634,050
Investment income due and accrued	703,092	630,608
Federal income tax receivable	697,618	-
Net deferred tax asset	2,543,221	2,055,067
EDP equipment (net of accumulated depreciation of $42,292 and $12,244 at December 31, 2021 and 2020, respectively)	144,467	75,367
Total admitted assets	$ 159,652,432	$ 139,544,886
Liabilities		
Loss reserves	$ 68,475,959	$ 49,635,602
Loss adjustment expense reserves	12,122,817	8,621,696
Unearned premium reserves	22,716,273	21,816,980
Advance premium	4,367	628,019
Reinsurance premiums payable	29,420	67,477
Funds held by company under reinsurance treaties	9,514,532	6,560,033
Other liabilities	402,632	464,322
Deposits held for large deductible policyholders	1,226,733	989,699
Premium taxes and assessments payable	1,196,839	1,420,794
Amounts withheld for others	1,304,402	1,349,731
Due to parent	994,758	-
Commissions payable	2,056,879	2,236,524
Federal income tax payable	-	1,222,966
Total liabilities	120,045,611	95,013,843
Commitments and contingencies (Note 12)		
Capital and Surplus		
Common stock, 1,000,000 shares authorized,100,000 shares issued and outstanding, par value $30	3,000,000	3,000,000
Gross paid-in and contributed surplus	36,183,951	36,183,951
Unassigned surplus	422,870	5,347,092
Total capital and surplus	39,606,821	44,531,043
Total liabilities and capital and surplus	$ 159,652,432	$ 139,544,886

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

MEMIC Casualty Company
Statements of Income
(Statutory Basis)
Years Ended December 31, 2021 and 2020

	2021	2020
Underwriting income		
Premiums earned, net	$ 52,931,582	$ 40,325,542
Loss and underwriting expenses		
Losses incurred, net	38,460,262	22,678,673
Loss adjustment expenses incurred, net	9,526,011	7,123,240
Underwriting expenses		
Commissions	2,040,838	1,118,981
Premium taxes	1,337,759	1,372,558
Guarantee fund, rating bureau and other assessments	382,561	605,775
Supervision, acquisition and collection expenses	6,915,863	5,066,848
Loss control	1,610,300	1,499,323
General expenses	554,539	513,016
Total underwriting expenses	12,841,860	10,176,501
Total loss and underwriting expenses	60,828,133	39,978,414
Net underwriting (loss) income	(7,896,551)	347,128
Investment income		
Net investment income	2,486,987	2,351,006
Net realized capital gains (less capital gains tax of $1,808 and $53,174, December 31, 2021 and 2020, respectively)	6,803	200,035
Total investment income	2,493,790	2,551,041
Other income (expense)		
Bad debt expense	(5,407)	(43,805)
Finance charges	10,279	9,313
Net other income (expense)	4,872	(34,492)
(Loss) income before dividends and federal income taxes	(5,397,889)	2,863,677
Dividends to policyholders	789,845	420,990
(Loss) income after dividends, before federal income taxes	(6,187,734)	2,442,687
(Benefit from) provision for federal income taxes	(699,426)	1,169,792
Net (loss) income	$ (5,488,308)	$ 1,272,895

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

MEMIC Casualty Company
Statements of Changes in Capital and Surplus
(Statutory Basis)
Years Ended December 31, 2021 and 2020

	2021	2020
Capital and surplus at beginning year	$ 44,531,043	$ 42,566,752
Net (loss) income	(5,488,308)	1,272,895
Change in net deferred income taxes	648,638	787,840
Change in net unrealized depreciation of invested assets (net of deferred taxes of $(1,984) and $1,984 as of December 31, 2021 and 2020, respectively)	7,465	(7,461)
Change in nonadmitted assets	(92,017)	(88,983)
Change in capital and surplus	(4,924,222)	1,964,291
Capital and surplus at end of year	$ 39,606,821	$ 44,531,043

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

MEMIC Casualty Company
Statements of Cash Flows
(Statutory Basis)
Years Ended December 31, 2021 and 2020

	2021	2020
Cash from operations		
Premiums collected, net	$ 55,621,515	$ 37,301,572
Investment income received, net	2,974,121	2,716,360
Other income (expense)	4,873	(34,491)
Cash provided from operations	58,600,509	39,983,441
Benefit and loss related payments	19,905,744	11,808,688
Commissions and expenses paid	19,332,040	12,719,429
Dividends paid to policyholders	789,845	420,990
Federal income taxes paid	1,222,966	973,582
Cash used in operations	41,250,595	25,922,689
Net cash provided from operations	17,349,914	14,060,752
Cash from investing activities		
Proceeds from bonds sold, matured or repaid	16,331,933	15,824,036
Cost of bonds acquired	(38,517,098)	(33,472,806)
Cost of stocks acquired	(1,500)	(200)
Net cash used in investing activities	(22,186,665)	(17,648,970)
Cash from financing and miscellaneous sources		
Other cash		
Other cash provided	4,773,235	6,183,453
Net cash provided from financing and miscellaneous sources	4,773,235	6,183,453
Net (decrease) increase in cash	(63,516)	2,595,235
Cash, cash equivalents and short-term investments		
Beginning of year	12,097,561	9,502,326
End of year	$ 12,034,045	$ 12,097,561

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

1. Organization

All outstanding shares of MEMIC Casualty Company (the “Company”) are owned by Maine Employers’ Mutual Insurance Company (“MEMIC”), a property and casualty insurance company domiciled in the State of Maine. The Vermont Department of Financial Regulation, acting as rehabilitator, converted the former Granite Manufacturers’ Mutual Indemnity Company (“GMMIC”), a property and casualty insurance carrier domiciled in the State of Vermont to write workers’ compensation, to a stock company and on December 12, 2011, MEMIC purchased the Company. In conjunction with the transaction, GMMIC was renamed to MEMIC Casualty Company. There are no outstanding liabilities associated with this former incorporation as of December 31, 2021 or 2020. At the date of conversion, the Company acquired the residual assets and liabilities of GMMIC. The Company changed its state of domicile from Vermont to New Hampshire effective January 1, 2015. Since 2011, MEMIC has contributed $39,183,951 to capitalize the Company. The Company is licensed to write workers’ compensation insurance in 44 states and commenced writing policies in May 2012. MEMIC also owns 100% of the common stock of MEMIC Indemnity Company, a property/insurance company licensed to write workers’ compensation insurance which is also domiciled in New Hampshire.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Company are prepared in conformity with statutory accounting practices of the National Association of Insurance Commissioners (“NAIC”) as prescribed or permitted by the New Hampshire Insurance Department (“statutory accounting”).

The New Hampshire Insurance Department (“Insurance Department”) recognizes only statutory accounting practices prescribed or permitted by the State of New Hampshire for determining and reporting the financial condition and results of operations of an insurance company, and for determining its solvency under New Hampshire Insurance Law. The NAIC Accounting Practices and Procedures Manual (“NAIC SAP“) has been adopted as a component of prescribed or permitted practices by the State of New Hampshire. There are no differences between the Company’s net income, capital and surplus as recognized under NAIC SAP and the practices prescribed or permitted by the State of New Hampshire.

Statutory accounting practices differ in certain respects from accounting principles generally accepted in the United States of America (“GAAP”). The effects of such differences on the accompanying financial statements, which could be significant, have not been determined. The most significant differences generally include the following:

a. Statutory accounting requires that policy acquisition costs such as commissions, premium taxes and other items directly related to placing or renewing business would be charged to current operations as incurred. Under GAAP, policy acquisition costs would be deferred and then amortized ratably over the periods covered by the policies;

b. The statutory provision for federal income taxes represents estimated amounts currently payable based on taxable income or loss reported in the current accounting period. Deferred income taxes are provided in accordance with SSAP No. 101, *Income Taxes.* SSAP No. 101 provides requirements for tax loss contingencies and the calculation and admissibility of deferred tax assets (“DTAs”). The realization of any resulting DTA is limited based on certain criteria in accordance with SSAP No. 101. The GAAP provision would include a provision for taxes currently payable, as well as deferred taxes, both of which would be recorded in the Statements of Income;

c. Under statutory accounting, certain assets designated as “nonadmitted assets” (principally premium receivable balances over 90 days past due, a portion of DTAs, prepaid assets, non-operating system software and office furniture and equipment) are charged directly to unassigned surplus. GAAP would require the Company to maintain a reserve for doubtful accounts based on amounts deemed to be uncollectible or to expense prepaid assets over the term of the related benefit. Office furniture and equipment and non-operating system software are capitalized and depreciated over their estimated useful lives;

d. Under statutory accounting, investments in debt securities are generally carried at amortized cost. Under GAAP, debt securities classified as trading or available for sale are valued at fair value, and debt securities classified as held-to-maturity are valued at amortized cost;

e. For statutory purposes, unrealized gains and losses on investments in equity securities are generally recorded as a direct credit or charge to surplus, net of the adjustment for deferred federal income taxes. Under GAAP, unrealized gains and losses on equity securities are reported directly in net income;

f. Reinsurance balances relating to unpaid loss and loss adjustment expenses and unearned premium are presented as offsets to reserves; under GAAP, such amounts would be presented as reinsurance recoverable; moreover, under statutory accounting, a liability is established for recoverable balances from reinsurers which are not authorized and for overdue paid loss recoverables;

g. Under GAAP, the inclusion of a Statement of Comprehensive Income, detailing the income effects of unrealized gains and losses on fixed income securities classified as available for sale is required;

h. For statutory cash flow purposes, included as cash and cash equivalents are short-term investments which mature within one year as opposed to three months; and

i. A reconciliation of cash flows to the indirect method is not provided under statutory accounting.

Management Estimates
The preparation of financial statements in conformity with statutory accounting practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Invested Assets
Invested assets are valued in accordance with the statutory basis of valuation prescribed by the NAIC. Cash includes cash and cash equivalents, which are short-term investments and mature within one year; the carrying value of these investments approximates fair value. The Company's cash is held at major commercial banks. At times, cash balances at financial institutions may exceed federally insurable amounts. The Company believes it mitigates its risks by depositing cash in or investing through major financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Only investments with original maturities of three months or less qualify under this definition. Included in cash and cash equivalents are policyholder deposits for high deductible policies that have opted to provide cash in lieu of a letter of credit. See discussion of high deductibles in Note 16.

Investment grade non-loan backed bonds with NAIC designation 1 or 2 are stated at amortized value using the interest method. Non-investment grade non-loan backed bonds with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. U.S. government agency loan-backed and structured securities are valued at amortized value. Other loan-backed and structured securities are valued at either amortized value or fair value, depending on many factors including: the type of underlying collateral, whether modeled by an NAIC vendor, whether rated (by either NAIC approved rating organization or NAIC Securities Valuation Office), and relationship of amortized value to par value and amortized value to fair value.

Common stocks, which includes Federal Home Loan Bank ("FHLB") common stock, which is not exchange traded, are generally stated at the fair value. Where declines in the value of marketable securities are deemed other-than-temporary, the loss is reported as a component of net realized capital gains and losses. The net unrealized gains and losses on these marketable securities, after deductions of applicable deferred income taxes, are credited or charged directly to unassigned surplus.

Investment income is recorded on an accrual basis. Realized capital gains and losses are reported, net of tax, in operating results based on the specific identification of investments sold. Unrealized capital gains and losses from the valuation of investments at fair value are credited or charged directly to unassigned surplus, net of federal income taxes, unless determined to be other-than-temporary and included as a component of net realized capital (losses) gains. Specific impairments are determined based on a continual review of investment portfolio valuations. Bi-annually, the Company performs a by-cusip, by lot, review of bonds with a fair value to carrying value less than 75% to determine if other-than-temporary impairment ("OTTI") has occurred and whether an impairment should be recognized.

Premiums and Unearned Premium Reserves

Direct and assumed premiums are earned on a monthly pro rata basis over the inforce period and ceded premiums are written and earned concurrently for the workers' compensation line of business. Ceded premiums for the 2020 quota share treaty are earned on a monthly pro rata basis over the inforce period. Accordingly, unearned premium reserves are established for the pro rata portion of direct and assumed premiums written for workers' compensation direct and ceded premium related to the 2021 quota share treaty which are applicable to the unexpired terms of the policies inforce, net of reinsurance. Premium adjustments resulting from retrospective rating plans and/or audits are recorded as written and earned premiums once such amounts can be reasonably estimated. When the anticipated losses, loss adjustment expenses, commissions and other acquisition and maintenance costs exceed the recorded unearned premium reserve, and any future installment premiums on existing policies, a premium deficiency reserve is recognized by recording an additional liability for the deficiency, with a corresponding charge to operations. The Company does anticipate investment income when evaluating the need for any premium deficiency reserve. There was no premium deficiency reserve recorded for 2021 or 2020.

Involuntary Pooling Arrangements

The Company is required to participate in involuntary pools in the states where it writes workers' compensation business. The Company participates in underwriting results, including premiums, losses, expenses and other operations of these involuntary pools, based on the Company's proportionate share of similar business written in those states. The National Council on Compensation Insurance ("NCCI") services the involuntary pools in several states where the Company writes business. The loss reserves that are reported to NCCI by the servicing carriers are gross of loss discounting. By application of incurred loss development and tail development factors, any discount included in the case reserves reported by servicing carriers is factored out (or unwound). NCCI also provides each participating company with an estimate of its share of discounted liabilities. The discounting assumptions include a 3.5% discount rate on incurred but not reported loss and loss adjustment expense reserves based on the 2007 U.S. Life mortality table. Underwriting results are accounted for on a gross basis whereby the Company's portion of premiums, losses, expenses and other operations of the pool are recorded separately in the financial statements rather than netted against each other. Premiums receivable on involuntary pool business are recorded in premium balances receivable on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

Loss and Loss Adjustment Expense Reserves

Loss and loss adjustment expenses are recorded as incurred to initially match such costs and premiums over the contract periods. Loss reserves are established for losses and loss adjustment expenses based upon claim evaluations and include an estimated provision for both reported and unreported claims incurred and related expenses. The assumptions used in determining loss and loss adjustment expense reserves have been developed after considering the experience of the Company, industry experience and projections by independent actuaries. The ultimate loss and loss adjustment expense reserves may vary from the amounts reflected in the accompanying financial statements. The methods utilized in estimating and establishing the reserves are continually reviewed and updated and any adjustments are reflected in current operating results. Allowances for subrogation recoveries are included in the Company's estimate of loss reserves. See the summary of reserves in Note 6.

Nonadmitted Assets
The following nonadmitted assets were excluded from the Statements of Admitted Assets, Liabilities and Capital and Surplus as of December 31, 2021 and 2020:

	2021	2020
Premium balances receivable over 90 days past due	$ 77,195	$ 76,353
Net deferred tax asset	690,786	532,287
Fixed assets, net of accumulated depreciation	160,353	220,616
Prepaid assets	24,476	31,537
Total nonadmitted assets	$ 952,810	$ 860,793

Depreciation expense on nonadmitted fixed assets was $87,447 and $80,207 as of December 31, 2021 and 2020, respectively.

Federal Income Taxes
The Company files a consolidated tax return with MEMIC and three affiliates, MEMIC Indemnity Company ("MEMIC Indemnity"), MEMIC Services, Inc. ("MEMIC Services") and Casco View Holdings, LLC ("CVH"). In accordance with a tax sharing agreement, the provision for federal income taxes is recorded based upon amounts expected to be reported as if the Company filed a separate federal income tax return. Additionally, under this agreement, the Company will be reimbursed for the utilization of tax operating losses, tax credits and capital loss carryforwards, to the extent the Company would have utilized these tax attributes on a separate return basis.

The provision for federal income taxes includes amounts currently payable or recoverable and deferred income taxes, computed under the asset/liability method, which results from temporary differences between the tax basis and book basis of assets and liabilities. SSAP No. 101, outlines the statutory accounting principles for current and deferred federal and foreign income taxes and current state income taxes. SSAP No. 101, (1) restricts the ability to use the 3 years/15 percent of surplus admission rule to those entities that meet a new modified risk based capital ratio threshold; (2) outlines the recognition threshold for recording tax contingency reserves from a probable liability standard to a more-likely-than-not liability standard; (3) requires the disclosure of tax planning strategies that relate to reinsurance; and, (4) requires consideration of reversal patterns of DTAs and deferred tax liabilities ("DTLs") in determining the extent to which DTLs could offset DTAs on the federal income tax return. Uncertain tax positions, as applicable are considered in these statutory financial statements.

In the event of uncertain tax positions, amounts would need to be evaluated and disclosed or accrued. Liabilities would be reflected on the Statements of Admitted Assets, Liabilities, and Capital and Surplus and the related interest and penalties would be included on the Statements of Income as underwriting expenses.

EDP Equipment
EDP equipment is stated at cost, net of accumulated depreciation. Depreciation is computed principally by use of the straight-line method based on the estimated useful lives of assets, which is generally three years. Depreciation expense for the years ended December 31, 2021 and 2020, was $2,864 and $3,361, respectively. Expenditures for maintenance and repairs relating to EDP equipment and certain fixed assets which are nonadmitted are charged to expense as incurred. When property is sold or retired, the cost of the property and the related accumulated depreciation are removed from the Statements of Admitted Assets, Liabilities and Capital and Surplus and any gain or loss on the transaction is reflected on the Statements of Income

Risks and Uncertainties
The ongoing coronavirus pandemic ("COVID-19") continues to have a global impact creating uncertainty, volatility and disruption across economies and financial markets. The Company's operational and financial performance will depend on certain developments, including the duration and spread of future outbreaks and their impact on the Company, its policyholders, employees and vendors. As such, COVID-19 could have a material adverse effect on

the Company's financial position in the future including impact on future premiums, compensability of claims and/or fair value of the Company's investments. Through December 31, 2021, direct written premium remained stable for the Company. The Company continues to monitor assumptions around compensability of claims. The Company has insured exposure in healthcare and long-term care. This exposure has resulted in a number of COVID-19 claims, some of which have been accepted by the Company and some of which are noted as report only. The ultimate duration and impact of the COVID-19 outbreak on the Company's financial position cannot be reasonably estimated at this time.

3. Capital and Surplus

To date, total contributions from MEMIC are $39,183,951. There were no contributions from MEMIC during 2021 or 2020.

4. Dividend Restrictions

The Company may declare a stockholder dividend without the Insurance Department's approval so long as such dividend is not considered extraordinary. In the case of extraordinary dividends, prior approval is required. An extraordinary dividend or distribution includes any dividend or distribution of cash or other property, whose fair market value together with that of other dividends or distributions made within the preceding 12 months, exceeds 10% of such insurer's capital and surplus as of December 31, limited to the prior year-end's unassigned surplus. The maximum value of dividends which could be paid by the Company to stockholders without prior approval of the Commissioner of Insurance was $4,453,104 and $4,256,675 during 2021 and 2020, respectively. There were no stockholder dividends declared during 2021 or 2020.

5. Income Taxes

The components of the net deferred tax asset (liability) as of December 31 were as follows:

	December 31, 2021		
	1	2	3
			(Col 1+2)
	Ordinary	Capital	Total
a. Gross deferred tax assets	$ 3,469,419	$ -	$ 3,469,419
b. Statutory valuation allowance adjustment		-	-
c. Adjusted gross deferred taxes (1a - 1b)	3,469,419	-	3,469,419
d. Deferred tax assets nonadmitted	690,786	-	690,786
e. Subtotal net admitted deferred tax asset (1c - 1d)	2,778,633	-	2,778,633
f. Deferred tax liabilities	235,412	-	235,412
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 2,543,221	$ -	$ 2,543,221

	December 31, 2020		
	4	5	6
			(Col 4+5)
	Ordinary	Capital	Total
a. Gross deferred tax assets	$ 2,854,908	$ 1,984	$ 2,856,892
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a - 1b)	2,854,908	1,984	2,856,892
d. Deferred tax assets nonadmitted	532,286	-	532,286
e. Subtotal net admitted deferred tax asset (1c - 1d)	2,322,622	1,984	2,324,606
f. Deferred tax liabilities	269,539	-	269,539
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 2,053,083	$ 1,984	$ 2,055,067

	Change		
	7	8	9
	(Col 1-4)	(Col 2-5)	(Col 7+8)
	Ordinary	Capital	Total
a. Gross deferred tax assets	$ 614,511	$ (1,984)	$ 612,527
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a - 1b)	614,511	(1,984)	612,527
d. Deferred tax assets nonadmitted	158,500	-	158,500
e. Subtotal net admitted deferred tax asset (1c - 1d)	456,011	(1,984)	454,027
f. Deferred tax liabilities	(34,127)	-	(34,127)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 490,138	$ (1,984)	$ 488,154

Admission Calculation Components:

	December 31, 2021		
	1	**2**	**(Col 1+2)**
	Ordinary	**Capital**	**Total**
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 1,296,633	$ -	$ 1,296,633
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	1,246,588	-	1,246,588
2. Adjusted gross deferred tax assets allowed per limitation threshold			5,537,870
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	235,412	-	235,412
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 2,778,633	$ -	$ 2,778,633

	December 31, 2020		
	4	**5**	**(Col 4+5)**
	Ordinary	**Capital**	**Total**
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 1,739,009	$ 1,984	$ 1,740,993
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	314,074	-	314,074
2. Adjusted gross deferred tax assets allowed per limitation threshold			6,360,091
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	269,539	-	269,539
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 2,322,622	$ 1,984	$ 2,324,606

	Change		
	7	**8**	**9**
	Ordinary	**Capital**	**Total**
	(Col 1-4)	**(Col 2-5)**	**(Col 7+8)**
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ (442,376)	$ (1,984)	$ (444,360)
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	932,514	-	932,514
2. Adjusted gross deferred tax assets allowed per limitation threshold			(822,221)
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	(34,127)	-	(34,127)
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 456,011	$ (1,984)	$ 454,027

Other Admissibility Criteria	2021	2020
a. Ratio percentage used to determine recovery period and threshold limitation amount	559%	997%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	$ 36,919,133	$ 42,400,609

Tax planning strategies were not employed by the Company during 2021 or 2020, and therefore, had no impact upon the determination of adjusted gross and net admitted deferred tax assets.

As of December 31, 2021 and 2020, the Company does not have any investment tax credits, net operating loss or capital loss carryforwards available to offset against future taxable income. The amount of federal income taxes incurred in the current year and each proceeding year available for recoupment in the event of future net losses is $0 and $1,296,633 for 2021 and 2020, respectively. There are no deposits admitted under Section 6603 of the Internal Revenue Code.

As of December 31, 2021 and 2020, the Company does not have any uncertain tax positions requiring disclosure in these financial statements or any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date. The Company has a tax sharing agreement which sets forth the manner in which the total combined federal income tax is allocated to each entity which is a party to the consolidation. Pursuant to this agreement, the Company has a right to recoup federal income taxes paid in prior years in the event of future net losses, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

Current and deferred income taxes:

Current income tax:

	2021	2020	Change
a. Federal	$ (748,447)	$ 1,194,438	$ (1,942,885)
b. Provision to return	49,021	(24,646)	73,667
d. Subtotal	(699,426)	1,169,792	(1,869,218)
e. Federal income tax on net capital gains (losses)	1,808	53,174	(51,366)
h. Federal income taxes incurred	$ (697,618)	$ 1,222,966	$ (1,920,584)

Deferred Tax Assets

	2021	2020	Change
a. Ordinary:			
Discounting of unpaid losses	$ 2,257,172	$ 1,675,061	$ 582,111
Unearned premium reserves	954,267	942,690	11,577
Accrued expenses	202,954	168,171	34,783
Other (including items < 5% of total ordinary tax assets)	55,026	68,986	(13,960)
Subtotal	3,469,419	2,854,908	614,511
b. Statutory valuation allowance adjustment	-	-	-
c. Nonadmitted	690,786	532,286	158,500
d. Admitted ordinary deferred tax assets	2,778,633	2,322,622	456,011
e. Capital:			
Investments	-	1,984	(1,984)
Subtotal	-	1,984	(1,984)
f. Statutory valuation allowance adjustment	-	-	-
g. Nonadmitted	-	-	-
h. Admitted capital deferred tax assets	-	1,984	(1,984)
i. Admitted deferred tax assets	2,778,633	2,324,606	454,027

Deferred Tax Liabilities

a. Ordinary:			
Investments	35,838	26,178	9,660
Fixed assets	64,012	62,156	1,856
Legislative change in loss discounting	135,479	169,348	(33,869)
Additional acquisition costs	83	11,857	(11,774)
Subtotal	235,412	269,539	(34,127)
b. Capital:			
Investments	-	-	-
Subtotal	-	-	-
c. Deferred tax liabilities	235,412	269,539	(34,127)
Net Deferred Tax Assets/Liabilities	$ 2,543,221	$ 2,055,067	$ 488,154

Change in net deferred income taxes

	2021	2020	Change
a. Adjusted gross deferred tax assets	$ 3,469,419	$ 2,856,892	$ 612,527
b. Total deferred tax liabilities	235,412	269,539	(34,127)
c. Net deferred tax assets	3,234,007	2,587,353	646,654
d. Tax effect of change in unrealized gains (losses)			(1,984)
e. Total change in net deferred income tax			648,638
			$ 646,654

There were no deferred tax liabilities that were not recognized.

Among the more significant book to tax adjustments in 2021 and 2020 were the following:

	2021	2020
Provision computed at statutory rate	$ (1,291,753)	$ 524,131
PY true up (to deferred)	(49,079)	24,596
PY true up (to current)	49,021	(24,646)
Change in nonadmitted assets	13,961	(25,800)
Legislative change in loss discounting	161,283	169,348
Other permanent differences	(229,689)	(232,503)
Totals	(1,346,256)	435,126
Federal income taxes incurred	(699,426)	1,169,792
Realized capital gains tax	1,808	53,174
Change in net deferred income taxes	(648,638)	(787,840)
Total statutory income taxes	$ (1,346,256)	$ 435,126

6. Liabilities for Loss Reserves and Loss Adjustment Expense Reserves

Activity in the liabilities for loss reserves and loss adjustment expense reserves for the years ended December 31, 2021 and 2020 are summarized as follows:

	2021	2020
Net balances at January 1,	$ 58,257,298	$ 44,323,354
Incurred related to		
Current year	47,917,891	35,184,908
Prior year	68,382	(5,382,995)
Total incurred	47,986,273	29,801,913
Paid related to		
Current year	9,058,005	6,046,698
Prior year	16,586,790	9,821,271
Total paid	25,644,795	15,867,969
Net balances at December 31,	$ 80,598,776	$ 58,257,298

The liabilities for loss and loss adjustment expense reserves are based upon assumptions which consider the experience of the Company, industry experience and projections by independent actuaries. However, the reserve process is inherently subjective, and the ultimate loss and loss adjustment expense reserves may vary from the amounts recorded in the financial statements. The amounts billed and recoverable for admitted collateralized high deductible policies were $56,821 and $75,168 as of December 31, 2021 and 2020, respectively. These amounts are included as a net recovery to paid losses in the applicable accident years and included in premium balances receivable on the Statements of Admitted Assets, Liabilities and Capital and Surplus. In addition, the Company recorded a reserve credit for high deductible reserves outstanding of $829,291 and $666,162 as of December 31, 2021 and 2020, respectively. These 2021 and 2020 reserve credits are a reduction to incurred loss and loss adjustment expenses on the Statements of Income and a reduction in case loss and case loss adjustment expense reserves on the Statements of Admitted Assets, Liabilities and Capital and Surplus, see Note 16. Original estimates are increased or decreased as additional information becomes known regarding individual claims. There was no impact on reserves or surplus as a result of development of retrospectively rated policies.

During 2021, the Company's incurred losses related to prior years increased by $68,382 as a result of unfavorable loss development principally in the 2020 accident year. This unfavorable development is the result of ongoing analysis of recent loss development trends.

During 2020, the Company's incurred losses related to prior years decreased by $5,382,995 as a result of favorable loss development principally in the 2018 and 2019 accident years. This favorable development is the result of ongoing analysis of recent loss development trends.

7. Reinsurance

As a condition of writing policies in the states in which it has workers' compensation business, the Company is required to participate in the National Workers' Compensation Reinsurance Pool and the Massachusetts Reinsurance Pool (the "Pools"). Participation requires that the Company share in the losses and expenses of the Pools. The Pools results are accounted for on a gross basis whereby the Company's portion of premiums, losses, expenses and other operations of the Pools are recorded separately in the financial statements. The difference between discounted and undiscounted incurred but not reported loss and loss adjustment expense liabilities from NCCI are $84,347 and $46,493 for 2021 and 2020, respectively. All amounts are recorded as assumed business. Amounts added to premiums, reserves and expenses for reinsurance assumed from pools are as follows:

	2021	2020
Premiums earned	$ 2,966,608	$ 1,602,210
Loss and loss adjustment expenses incurred	2,379,558	1,298,802
Unearned premiums	1,038,252	476,487
Loss and loss adjustment expense reserves	2,824,414	1,498,683
Premiums receivable	407,258	248,717
Underwriting expenses incurred	813,382	405,000

The Company reinsures portions of risks with other insurance companies through excess of loss reinsurance agreements. Such agreements serve to limit the Company's maximum loss on catastrophes and large losses. To the extent that the reinsurer might be unable to meet its obligations, the Company would be liable for such defaulted amounts. Under the Company's excess of loss agreements, the Company's net retention for losses on a per occurrence basis is $2,000,000 for both 2021 and 2020. In addition, for 2021 and 2020, the Company maintains additional coverage up to $100,000,000 on a per occurrence basis.

Amounts deducted from premiums, reserves and expenses for reinsurance ceded for excess of loss agreements were as follows:

	2021	2020
Premiums earned	$ 1,491,273	$ 1,130,087
Loss and loss adjustment expense reserves	642,029	634,640
Premiums payable	76,936	67,477

The Company cedes risk to another insurance company through a 15% and 20% quota share reinsurance agreement for treaty years 2021 and 2020, respectively. Should these quota share reinsurance treaties be cancelled, ceding commissions would be returned, net of the related underwriting expenses. The Company recorded a liability of $150,000 and $200,000 as of December 31, 2021 and 2020, respectively, related to the ceding commission that would be returned. This liability is included in commissions payable on the Statements of Admitted Assets, Liabilities and Capital and Surplus and in Commissions on the Statements of Income for 2021. The 2021 and 2020 quota share treaty includes a funds withheld provision in lieu of a traditional remittance of premium and recovery of associated subject losses and loss adjustment expenses. As such, the net amount payable to the reinsurer is included in funds held by company under reinsurance treaties on the Statements of Admitted Assets, Liabilities and Capital and Surplus as of December 31, 2021 and 2020. Amounts deducted from premiums, reserves and expenses for reinsurance ceded to other companies for these quota share treaties are as follows:

	2021	2020
Premiums earned	$ 10,085,210	$ 9,542,748
Loss and loss adjustment expenses incurred	5,497,124	6,389,895
Unearned premiums	3,664,533	5,107,014
Loss and loss adjustment expense reserves	10,040,673	9,494,032
Ceding commissions	2,635,144	3,567,134
Funds held by company under reinsurance treaties	9,514,532	6,560,034
Premiums recoverable	47,516	-

The 2021 and 2020, ceded loss and loss adjustment expense, case incurred and incurred but not reported reserves above are comprised of amounts with two reinsurance carriers although the Company has contracts with other carriers. The Company had $4,447,000 and $7,284,000 in unsecured reinsurance recoverables from the reinsurer, Swiss Reinsurance American Corporation, that exceeded 3% of capital and surplus as of December 31, 2021 and 2020, respectively.

The Company has no reinsurance contracts that contain the following features (a) a contract term longer than two years and that is noncancelable by the Company during the contract term; (b) a limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer; (c) aggregate stop loss reinsurance coverage; (d) a unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party; (e) a provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or (f) payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. The Company has neither ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards to policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards to policyholders nor has the Company ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement and accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles. Additionally, the Company has not ceded any risk under any reinsurance contract where (a) the written premiums ceded to the reinsurer represents 50% or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statements or (b) 25% or more of the written premium ceded to the reinsurer has been retroceded back to the Company in a separate reinsurance contract. Accordingly, the Company has not included the Supplemental Schedule of Reinsurance Disclosures.

8. Premiums Written and Earned

During the years ended December 31, 2021 and 2020, direct, assumed and ceded premiums were as follows:

	2021		2020	
	Written	Earned	Written	Earned
Direct	$ 60,436,505	$ 61,541,457	$ 57,728,088	$ 49,396,167
Assumed	3,528,373	2,966,608	1,866,640	1,602,210
Ceded	(10,134,003)	(11,576,483)	(12,277,382)	(10,672,835)
Net premiums	$ 53,830,875	$ 52,931,582	$ 47,317,346	$ 40,325,542

9. Restricted Assets

Various regulatory authorities require that securities be placed on deposit in conjunction with writing workers' compensation business. At December 31, 2021 and 2020, the Company had fixed income securities on deposit with a carrying value of $4,564,325 and $4,471,528, respectively, included in bonds on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

The Company joined the FHLB in 2019 and signed an Agreement for Advances, Collateral Pledge and Security Agreement and made its initial full stock requirement payment of $48,900 to secure Membership Class B stock, which is not eligible for redemption. An annual recalculation of the Company's FHLB stock requirement is performed each year and required additional stock purchases of $1,500 and $200, respectively, during 2021 and 2020. The current membership stock balance is $50,600. This common stock, all of which is admitted, is included on the Statements of Admitted Assets, Liabilities and Capital and Surplus. The agreement between the FHLB and the Company specifies Advances and Other Credit Products will be available subject to specified collateral arrangements. The Company has no outstanding collateral pledged, activity stock, excess stock, prepayment obligations or borrowings outstanding as of the reporting date. The maximum amount the Company can borrow, absent prior approval of the Board of Directors, is 5% of net admitted assets from the most recent statutory financial statements which is $7,871,622, as of December 31, 2021.

Certain high deductible policyholders have opted to provide cash in lieu of a letter of credit as collateral for future deductible obligations up to their stated policy limits on a per claim aggregate basis. Included in both cash, cash equivalents and short-term investments and deposits held for large deductible policyholders on the Statements of Admitted Assets, Liabilities and Capital and Surplus is $1,226,733 and $989,699 as of 2021 and 2020, respectively, see Note 16.

The following table discloses quantitative information about the Company's restricted assets by category of restricted assets as of December 31, 2021:

Restricted Asset Category	Total Current Year Admitted Restricted	Total Prior Year	Increase/ (Decrease)	Admitted Restricted to Total Admitted Assets	Gross Restricted to Total Assets
On deposit with state	$ 4,564,325	$ 4,471,528	$ 92,797	2.86%	2.84%
FHLB capital stock	50,600	49,100	1,500	0.03%	0.03%
Deposits held for large deductible policyholders	1,226,733	989,699	237,034	0.77%	0.76%
Total restricted assets	$ 5,841,658	$ 5,510,327	$ 331,331	3.66%	3.63%

10. Investments

The cost and fair value of investments in equity securities with the FHLB are $50,600 and $49,100 as of December 31, 2021 and 2020, respectively.

The carrying value and fair value of bonds as of December 31, 2021 and 2020, are as follows:

	2021			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government & government agencies & authorities	$ 3,180,817	$ 110,741	$ (23,318)	$ 3,268,240
States, territories & possessions	15,767,662	855,040	(41,329)	16,581,373
Political subdivisions of states	22,737,702	895,422	(150,980)	23,482,144
Industrial & miscellaneous	39,559,803	1,712,783	(373,698)	40,898,888
Asset backed securities	40,379,858	338,036	(325,942)	40,391,952
Total bonds	$ 121,625,842	$ 3,912,022	$ (915,267)	$ 124,622,597

	2020			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government & government agencies & authorities	$ 3,186,239	$ 230,126	$ (891)	$ 3,415,474
States, territories & possessions	12,693,955	1,036,301	-	13,730,256
Political subdivisions of states	15,128,125	913,529	(15,947)	16,025,707
Industrial & miscellaneous	35,437,434	3,171,535	(28,720)	38,580,249
Asset backed securities	33,536,482	858,069	(21,657)	34,372,894
Total bonds	$ 99,982,235	$ 6,209,560	$ (67,215)	$ 106,124,580

The carrying value and fair value of bonds as of December 31, 2021, by contractual maturity are as follows:

Maturity	Carrying Value	Fair Value
One year or less	$ 2,694,115	$ 2,731,597
Over one year through five years	26,388,227	27,218,625
Over five years through ten years	24,276,430	24,305,725
Over ten years	68,267,070	70,366,650
	$ 121,625,842	$ 124,622,597

Bonds subject to early or unscheduled prepayments have been included above based upon their contractual maturity dates. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Asset backed securities have been categorized based on the date when the issue is expected to be paid off and the principal is projected to be paid to investors. As of December 31, 2021 and 2020, the Company did not own any securities that were in an unrealized loss position that management determined were other-than-temporary and given current market conditions would not recover. The Company did not record any OTTI on any securities during 2021 or 2020. As of December 31, 2020, the Company held a single security with an NAIC rating of 3 that was carried at fair value and included in Bonds (NAIC 3-6) noted below.

The fair value and gross unrealized loss of bonds and the amount of time these bonds have been in an unrealized loss position as of December 31, 2021 and 2020, are as follows:

	2021					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bonds (NAIC 1–2)						
U.S. Government & government agencies & authorities	$ 147,141	$ (2,962)	$ 529,000	$ (20,356)	$ 676,141	$ (23,318)
States, territories & possessions	2,067,633	(41,329)	-	-	2,067,633	(41,329)
Political subdivisions of states	5,822,724	(138,355)	487,375	(12,625)	6,310,099	(150,980)
Industrial & miscellaneous	9,031,558	(177,878)	4,204,615	(195,820)	13,236,173	(373,698)
Asset backed securities	25,373,988	(303,352)	481,625	(22,590)	25,855,613	(325,942)
	$ 42,443,044	$ (663,876)	$ 5,702,615	$ (251,391)	$ 48,145,659	$ (915,267)

	2020					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bonds (NAIC 1–2)						
U.S. Government & government agencies & authorities	$ 548,344	$ (891)	$ -	$ -	$ 548,344	$ (891)
Political subdivisions of states	483,208	(15,947)	-	-	483,208	(15,947)
Industrial & miscellaneous	1,257,948	(19,271)	-	-	1,257,948	(19,271)
Asset backed securities	257,568	(1,807)	3,230,149	(19,850)	3,487,717	(21,657)
Bonds (NAIC 3–6)	240,313	(9,449)	-	-	240,313	(9,449)
	$ 2,787,381	$ (47,365)	$ 3,230,149	$ (19,850)	$ 6,017,530	$ (67,215)

Unrealized losses on investment grade securities (NAIC 1-2) principally relate to changes in interest rates.

During 2021, there were no proceeds from sales of investments on debt securities or gross realized gains. The information for the year ended December 31, 2020 is summarized as follows:

	2020		
	Proceeds	Gross Realized	
	From Sales	Gains	Losses
Bonds, total	$ 4,974,757	$ 253,166	$ -
Total	$ 4,974,757	$ 253,166	$ -

The major categories of net investment income for the years ended December 31, 2021 and 2020 are summarized as follows:

	2021	2020
Bonds	$ 2,712,890	$ 2,510,718
Common stocks	836	2,255
Cash, cash equivalents and short-term investments	1,429	35,746
Other investment income	35	212
Total investment income	2,715,190	2,548,931
Less: Investment expenses	(228,203)	(197,925)
Net investment income	$ 2,486,987	$ 2,351,006

The Company held no structured notes as of December 31, 2021 or 2020.

11. Fair Value of Financial Instruments

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

Valuation techniques used to derive fair value of investment securities are based on observable or unobservable inputs. Observable inputs reflect market data obtained from independent resources such as active markets or nationally recognized pricing services. Unobservable inputs reflect comparable securities or valuations received from various broker or dealer quotes.

Items Measured and Reported at Fair Value by Levels 1, 2 and 3.

The Company has categorized its assets and liabilities that are reported on the Statements of Admitted Assets, Liabilities and Capital and Surplus at fair value into a three-level fair value hierarchy as reflected in the following narrative. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows:

Level 1 - Quoted Prices in Active Markets for Identical Assets and Liabilities: This category, for items measured at fair value on a recurring basis, includes exchange-traded common stocks. The estimated fair value of the equity securities within this category are based on quoted prices in active markets and are thus classified as Level 1.

Level 2 - Significant Other Observable Inputs: This category, for items measured at fair value on a recurring basis, includes bonds and FHLB common stock, which are not exchange-traded. The estimated fair values of some of these items were determined by independent pricing services using observable inputs. Others were based on quotes from markets which were not considered actively traded.

Level 3 - Significant Other Unobservable Inputs: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In June 2021, the Company purchased a single security that was not rated until July 2021. The security was transferred out of Level 3 into Level 2 in July 2021 when market data pricing became available. In September 2020, the Company purchased a single security that was not rated until October 2020. The security was transferred out of Level 3 into Level 2 in October 2020 when market data pricing became available.

	2021			
	Level 1	Level 2	Level 3	Total
Assets on Statements of Admitted Assets, Liabilities and Capital and Surplus, at fair value				
Common stocks				
Federal Home Loan Bank	$ -	$ 50,600	$ -	$ 50,600
Total common stocks	-	50,600	-	50,600
Total assets, measured at fair value	$ -	$ 50,600	$ -	$ 50,600

	2020			
	Level 1	Level 2	Level 3	Total
Assets on Statements of Admitted Assets, Liabilities and Capital and Surplus, at fair value				
Bonds				
Industrial & miscellaneous	$ -	$ 240,313	$ -	$ 240,313
Total bonds	-	240,313	-	240,313
Common stocks				
Federal Home Loan Bank	-	49,100	$ -	49,100
Total common stocks	-	49,100	-	49,100
Total assets, measured at fair value	$ -	$ 289,413	$ -	$ 289,413

The Company has no derivative assets or liabilities, or assets carried at fair value on a nonrecurring basis.

The table below reflects the fair values and admitted assets and liabilities that are financial as of December 31, 2021 and 2020. The fair values are also categorized into the three-level fair value hierarchy as described above.

	2021					
Type of Financial Instrument	**Aggregate Fair Value**	**Admitted Value**	**Level 1**	**Level 2**	**Level 3**	**Not Practicable (Carrying Value)**
Bonds						
U.S. Government & government agencies & authorities	$ 3,268,240	$ 3,180,817	$ -	$ 3,268,240	$ -	$ -
States, territories & possessions	16,581,373	15,767,662	-	16,581,373	-	-
Political subdivisions of states	23,482,144	22,737,702	-	23,482,144	-	-
Industrial & miscellaneous	40,898,888	39,559,803	-	40,898,888	-	-
Asset backed securities	40,391,952	40,379,858	-	40,391,952	-	-
Common stocks	50,600	50,600	-	50,600	-	-
Cash, cash equivalents & short-term investments	12,034,045	12,034,045	12,034,045	-	-	-
Total assets	$ 136,707,242	$ 133,710,487	$ 12,034,045	$124,673,197	$ -	$ -

	2020					
Type of Financial Instrument	Aggregate Fair Value	Admitted Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Bonds						
U.S. Government & government						
agencies & authorities	$ 3,415,474	$ 3,186,239	$ -	$ 3,415,474	$ -	$ -
States, territories & possessions	13,730,256	12,693,955	-	13,730,256	-	-
Political subdivisions of states	16,025,707	15,128,125	-	16,025,707	-	-
Industrial & miscellaneous	38,580,249	35,437,434	-	38,580,249	-	-
Asset backed securities	34,372,894	33,536,482	-	34,372,894	-	-
Common stocks	49,100	49,100	-	49,100	-	-
Cash, cash equivalents &						
short-term investments	12,097,561	12,097,561	12,097,561	-	-	-
Total assets	$ 118,271,241	$ 112,128,896	$ 12,097,561	$106,173,680	$ -	$ -

12. Commitment and Contingent Liabilities

The Company is involved in litigation with respect to claims arising in the ordinary course of business, which is considered in establishing loss and loss adjustment expense reserves. The Company periodically reviews its overall loss and loss adjustment expense reserve position as well as its provision for reinsurance. The Company's management believes the resolution of such litigation is not expected to have a material adverse effect on the financial position or the operating results of the Company. The Company also considers any other insurance or noninsurance related litigation which may have a material adverse effect on the financial position or operating results of the Company; there were no matters during 2021 or 2020 requiring an accrual or disclosure.

The Company is subject to guaranty funds and other assessments in several states where it has written business. Guaranty fund assessments should be accrued at the time of insolvencies. Certain assessments that are unknown to the Company are accrued at the time of assessment. In the case of premium based assessments, the expense is accrued at the time the premiums are written, or, in the case of loss-based assessments, at the time the losses are incurred.

The Company has recorded an expense for guaranty funds as well as other assessments of $479,323 and $735,986 as of December 31, 2021 and 2020, respectively. Of these amounts, the Company has accrued a net liability as of December 31, 2021 and 2020 of $949,997 and $1,023,893, respectively, which is included in premium taxes and other assessments on the Statements of Admitted Assets, Liabilities and Capital and Surplus. This amount represents management's best estimate of its liability for guaranty fund and other rating and various state insurance related assessments based on information received from the state in which the Company writes business and may change due to many factors, including the Company's share of the ultimate cost of current insolvencies or market share. There is no related premium tax benefit asset recorded from guaranty funds on the Statements of Admitted Assets, Liabilities and Capital and Surplus or Statements of Income.

13. Employee Benefit Plans

The Company's parent, MEMIC, has adopted a qualified defined contribution discretionary, 401(k) and profit-sharing plan covering substantially all full-time employees who meet the plans' eligibility requirements. MEMIC has also adopted a non-qualified, deferred compensation plan for certain key executives and an Incentive Compensation Plan for certain members of senior management. The Company does not currently have any of its own employees. The salaries and employee benefit expenses that reside in the Company are a result of intercompany contracts for claims, underwriting, loss control, administration and management and not direct costs therefore, the Company did not incur any direct expense for any employee benefit plans during 2021 or 2020.

The Company has no obligations to former employees for benefits after their employment but before their retirement or earned vacation pay.

14. Related Party Transactions

MEMIC charges management fees and other services to the Company in the normal course of business and in accordance with the terms of certain cost sharing agreements. In 2021 and 2020, $10,543,255 and $8,024,264, respectively, in administrative and management services, underwriting, claims, managed care and investment management fees were charged from MEMIC to the Company. Certain other direct costs are paid by MEMIC, charged back to the Company and settled within the terms of the cost sharing agreements.

15. Loan-Backed Securities

The Company has elected to use the prospective method of determining prepayment assumptions. Prepayment assumptions are derived primarily from projected cash flow information obtained from recognized external sources. Where projected cash flow information is not publicly available the information is obtained from external asset managers or by internal estimates. There have been no changes from the retrospective to the prospective adjustment methodology due to negative yield on specific securities.

The Company has no loan-backed securities that have a recognized OTTI where the Company either has the intent to sell or does not have the ability or intent to retain the investment for a period of time to recover any unadjusted amortized cost basis. Credit related declines in the fair value of loan-backed or structured securities would be reflected as a realized loss in the Statements of Income.

The fair value and gross unrealized losses of non-agency residential mortgage-backed investment securities and the amount of time the securities have been in an unrealized loss position as of December 31, 2021 and 2020, are as follows:

	2021	2020
Aggregate amount of unrealized loss		
Less than twelve months	$ 303,352	$ 1,807
Twelve months or longer	22,590	19,850
Total	$ 325,942	$ 21,657
Aggregate fair value of securities with unrealized loss		
Less than twelve months	$ 25,373,988	$ 257,568
Twelve months or longer	481,625	3,230,149
Total	$ 25,855,613	$ 3,487,717

The Company has neither repurchase agreements and/or securities lending transactions nor investments in real estate or low-income housing tax credits in the current year or prior year.

16. High Deductible Policies

The Company writes high deductible policies in several states. The Company defines high deductible policies based on the large deductible definitions by state for aggregate financial reporting purposes as outlined in the following table:

Coverage State	High Deductible Limit Per Claim/Occurrence	or	High Deductible Aggregate per policy
Massachusetts, Oregon	$ 75,000		$ 75,000
New York	25,000		25,000
Texas	25,000		100,000
All Other States & District of Columbia	100,000		100,000

In most cases, the Company requires high deductible policyholders to provide an evergreen, irrevocable, clean letter of credit to secure obligations up to the deductible limits. In other cases, the Company will accept a cash deposit in lieu of a letter of credit which remains in the custody of the Company and is included in cash, cash equivalents and short-term investments and deposits held for large deductible policyholders on the Statements of Admitted Assets, Liabilities and Capital and Surplus. These letters of credit and cash in lieu of letter of credit requirements are reviewed periodically, as necessary, or annually in conjunction with the policy renewal to determine appropriate increases or decreases.

Premiums receivable includes amounts billed to policyholders under high deductible policies. Deductible amounts billed to policyholders reduce paid losses and loss adjustment expenses recognized by the Company. Management believes all high deductible amounts outstanding are recoverable based on the policyholders' payment practices and collateral held in the form of cash or irrevocable letters of credit. As of December 31, 2021 and 2020, the Company recorded a net admitted deductible recovery accrual of $56,821 and $75,169, respectively, for amounts billed in January 2022 and 2021, respectively, under secured high deductible policies included in premium balances receivable in the Statements of Admitted Assets, Liabilities and Capital and Surplus.

The Company recorded a reserve credit for high deductible reserves outstanding of $829,291 and $666,162 as of December 31, 2021 and 2020, respectively. These 2021 and 2020 reserve credits are a reduction to outstanding loss and loss adjustment expenses on the Statements of Income and a reduction in case loss and case loss adjustment expense reserves on the Statements of Admitted Assets, Liabilities and Capital and Surplus. There are no high deductible recoverable amounts overdue or nonadmitted as of December 31, 2021 and 2020.

Counter Party Exposure Recorded on Unpaid Claims and Billed Recoverables on Paid Claims as of December 31, 2021:

Annual Statement Line of Business	Gross (of High Deductible) Loss Reserves	Reserve Credit for High Deductibles	Billed Recoverables on Paid Claims	Total High Deductibles and Billed Recoverables
Workers' Compensation	$ 2,476,365	$ 829,291	$ 56,821	$ 886,112

Unsecured amounts on high deductible policies:

Total high deductibles and billed recoverables on paid claims	$ 886,112
Collateral on balance sheet	1,226,733
Collateral off balance sheet	500,000
Total unsecured deductibles and billed recoverables on paid claims	-
Percentage unsecured	0.00%

There are no unsecured high deductible recoverables for individual obligors or that of a group under the same management or control which are greater than 1% of Capital and Surplus as of December 31, 2021 or 2020.

17. Subsequent Events

Subsequent events have been considered through March 28, 2022, for these statutory financial statements which are available to be issued on March 28, 2022.

ANNUAL STATEMENT FOR THE YEAR 2021 OF THE MEMIC Casualty Company

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage of Column 1 Line 13	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments	7,586,055	5.673	7,586,054	0	7,586,054	5.673
1.02 All other governments		0.000			0	0.000
1.03 U.S. states, territories and possessions, etc. guaranteed	1,206,888	0.903	1,206,888	0	1,206,888	0.903
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	8,058,436	6.027	8,058,437	0	8,058,437	6.027
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	48,340,513	36.153	48,340,506	0	48,340,506	36.153
1.06 Industrial and miscellaneous	56,433,950	42.206	56,433,957	0	56,433,957	42.206
1.07 Hybrid securities		0.000			0	0.000
1.08 Parent, subsidiaries and affiliates		0.000			0	0.000
1.09 SVO identified funds		0.000			0	0.000
1.10 Unaffiliated Bank loans		0.000			0	0.000
1.11 Total long-term bonds	121,625,842	90.962	121,625,842	0	121,625,842	90.962
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)	0	0.000			0	0.000
2.02 Parent, subsidiaries and affiliates	0	0.000			0	0.000
2.03 Total preferred stocks	0	0.000	0	0	0	0.000
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)		0.000			0	0.000
3.02 Industrial and miscellaneous Other (Unaffiliated)	50,600	0.038	50,600	0	50,600	0.038
3.03 Parent, subsidiaries and affiliates Publicly traded		0.000			0	0.000
3.04 Parent, subsidiaries and affiliates Other		0.000			0	0.000
3.05 Mutual funds		0.000			0	0.000
3.06 Unit investment trusts		0.000			0	0.000
3.07 Closed-end funds		0.000			0	0.000
3.08 Total common stocks	50,600	0.038	50,600	0	50,600	0.038
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages	0	0.000			0	0.000
4.02 Residential mortgages	0	0.000			0	0.000
4.03 Commercial mortgages	0	0.000			0	0.000
4.04 Mezzanine real estate loans	0	0.000			0	0.000
4.05 Total valuation allowance		0.000			0	0.000
4.06 Total mortgage loans	0	0.000	0	0	0	0.000
5. Real estate (Schedule A):						
5.01 Properties occupied by company		0.000	0		0	0.000
5.02 Properties held for production of income		0.000	0		0	0.000
5.03 Properties held for sale		0.000	0		0	0.000
5.04 Total real estate	0	0.000	0	0	0	0.000
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	4,976,585	3.722	4,976,585		4,976,585	3.722
6.02 Cash equivalents (Schedule E, Part 2)	7,057,460	5.278	7,057,460		7,057,460	5.278
6.03 Short-term investments (Schedule DA)		0.000	0		0	0.000
6.04 Total cash, cash equivalents and short-term investments	12,034,045	9.000	12,034,045	0	12,034,045	9.000
7. Contract loans	0	0.000	0		0	0.000
8. Derivatives (Schedule DB)	0	0.000	0		0	0.000
9. Other invested assets (Schedule BA)	0	0.000	0		0	0.000
10. Receivables for securities	0	0.000	0		0	0.000
11. Securities Lending (Schedule DL, Part 1)	0	0.000	0	XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)	0	0.000	0		0	0.000
13. Total invested assets	133,710,487	100.000	133,710,487	0	133,710,487	100.000

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2021
(To Be Filed by April 1)

Of The MEMIC Casualty Company

ADDRESS (City, State and Zip Code) Manchester , NH 03101

NAIC Group Code 1332 NAIC Company Code 14164 Federal Employer's Identification Number (FEIN) 03-6009096

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

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

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 159,652,432

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

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	AMERICAN EXPRESS CREDIT	Long Term Bonds	$ 1,281,679	0.8 %
2.02	MORGAN STANLEY	Long Term Bonds	$ 1,257,590	0.8 %
2.03	CIFC	Long Term Bonds	$ 1,250,000	0.8 %
2.04	GALXY	Long Term Bonds	$ 1,250,000	0.8 %
2.05	JPMORGAN CHASE & CO	Long Term Bonds	$ 1,250,000	0.8 %
2.06	NESTLE HOLDINGS INC	Long Term Bonds	$ 1,249,415	0.8 %
2.07	IBM CORP	Long Term Bonds	$ 1,039,960	0.7 %
2.08	DUKE ENERGY INDIANA LLC	Long Term Bonds	$ 1,036,799	0.6 %
2.09	PPL ELECTRIC UTILITIES	Long Term Bonds	$ 1,018,906	0.6 %
2.10	GOLDMAN SACHS GROUP INC	Long Term Bonds	$ 1,016,798	0.6 %

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

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC-1	$ 109,971,781	68.9 %	3.07	P/RP-1	$	0.0 %
3.02	NAIC-2	$ 11,654,061	7.3 %	3.08	P/RP-2	$	0.0 %
3.03	NAIC-3	$ 0	0.0 %	3.09	P/RP-3	$	0.0 %
3.04	NAIC-4	$ 0	0.0 %	3.10	P/RP-4	$	0.0 %
3.05	NAIC-5	$ 0	0.0 %	3.11	P/RP-5	$	0.0 %
3.06	NAIC-6	$ 0	0.0 %	3.12	P/RP-6	$	0.0 %

4. Assets held in foreign investments:

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

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

4.02	Total admitted assets held in foreign investments	$ 8,990,571	5.6 %
4.03	Foreign-currency-denominated investments	$	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$	0.0 %

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

		1	2
5.01	Countries designated NAIC-1	$ 8,990,571	5.6 %
5.02	Countries designated NAIC-2	$	0.0 %
5.03	Countries designated NAIC-3 or below	$	0.0 %

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

		1	2
	Countries designated NAIC - 1:		
6.01	Country 1: Cayman Islands	$ 5,497,341	3.4 %
6.02	Country 2: United Kingdom	$ 2,245,297	1.4 %
	Countries designated NAIC - 2:		
6.03	Country 1:	$	0.0 %
6.04	Country 2:	$	0.0 %
	Countries designated NAIC - 3 or below:		
6.05	Country 1:	$	0.0 %
6.06	Country 2:	$	0.0 %

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

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

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

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

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

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

	1 Issuer	2 NAIC Designation	3	4
10.01	CIFC	1	$ 1,250,000	0.8 %
10.02	GALXY	1	$ 1,250,000	0.8 %
10.03	BACR	1	$ 1,000,331	0.6 %
10.04	RDSALN	1	$ 748,763	0.5 %
10.05	MDPK	1	$ 747,341	0.5 %
10.06	ALLEG	1	$ 500,000	0.3 %
10.07	CGMS	1	$ 500,000	0.3 %
10.08	DRSLF	1	$ 500,000	0.3 %
10.09	TACHEM	2	$ 499,171	0.3 %
10.10	HSBC	1	$ 497,868	0.3 %

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

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

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

		1	2
11.02	Total admitted assets held in Canadian investments	$	0.0 %
11.03	Canadian-currency-denominated investments	$	0.0 %
11.04	Canadian-denominated insurance liabilities	$	0.0 %
11.05	Unhedged Canadian currency exposure	$	0.0 %

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

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

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

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$	0.0 %
	Largest three investments with contractual sales restrictions:		
12.03		$	0.0 %
12.04		$	0.0 %
12.05		$	0.0 %

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

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

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

	1 Issuer	2	3
13.02		$	0.0 %
13.03		$	0.0 %
13.04		$	0.0 %
13.05		$	0.0 %
13.06		$	0.0 %
13.07		$	0.0 %
13.08		$	0.0 %
13.09		$	0.0 %
13.10		$	0.0 %
13.11		$	0.0 %

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

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

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

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	0.0 %
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	0.0 %
14.04		$	0.0 %
14.05		$	0.0 %

Ten largest fund managers:

	1 Fund Manager	2 Total Invested	3 Diversified	4 Nondiversified
14.06		$ 0	$	$
14.07		$ 0	$	$
14.08		$ 0	$	$
14.09		$ 0	$	$
14.10		$ 0	$	$
14.11		$ 0	$	$
14.12		$ 0	$	$
14.13		$ 0	$	$
14.14		$ 0	$	$
14.15		$ 0	$	$

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

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

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

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	0.0 %
	Largest three investments in general partnership interests:		
15.03		$	0.0 %
15.04		$	0.0 %
15.05		$	0.0 %

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

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

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

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$	0.0 %
16.03		$	0.0 %
16.04		$	0.0 %
16.05		$	0.0 %
16.06		$	0.0 %
16.07		$	0.0 %
16.08		$	0.0 %
16.09		$	0.0 %
16.10		$	0.0 %
16.11		$	0.0 %

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

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

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

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

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

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

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

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

	Description 1	2	3
18.02		$	0.0 %
18.03		$	0.0 %
18.04		$	0.0 %
18.05		$	0.0 %
18.06		$	0.0 %

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

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

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

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$	0.0 %
	Largest three investments held in mezzanine real estate loans:		
19.03		$	0.0 %
19.04		$	0.0 %
19.05		$	0.0 %

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

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

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

	Owned 1	Owned 2	Written 3	Written 4
21.01 Hedging	$	0.0 %	$	0.0 %
21.02 Income generation	$	0.0 %	$	0.0 %
21.03 Other	$	0.0 %	$	0.0 %

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

	At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
22.01 Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
22.02 Income generation	$ 0	0.0 %	$ 0	$ 0	$ 0
22.03 Replications	$ 0	0.0 %	$ 0	$ 0	$ 0
22.04 Other	$ 0	0.0 %	$ 0	$ 0	$ 0

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

	At Year End 1	At Year End 2	At End of Each Quarter 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
23.01 Hedging	$ 0	0.0 %	$ 0	$ 0	$ 0
23.02 Income generation	$	0.0 %	$	$	$
23.03 Replications	$	0.0 %	$	$	$
23.04 Other	$	0.0 %	$	$	$