MEMIC

FINANCIAL **STATEMENTS**

(Statutory Basis)

December 31, 2022 and 2021

Maine Employers' Mutual Insurance Company

Financial Statements (Statutory Basis)
December 31, 2022 and 2021

Maine Employers' Mutual Insurance Company
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December 31, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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, 2022, 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 27, 2023

Maine Employers’ Mutual Insurance Company
Statements of Admitted Assets, Liabilities and Capital and Surplus (Statutory Basis)
Years Ended December 31, 2022 and 2021

	2022	2021
Admitted Assets		
Invested assets		
Bonds, at carrying value (NAIC fair value: $535,794,123 and $594,386,991 at December 31, 2022 and 2021, respectively)	$ 607,351,361	$ 574,604,111
Common stocks, at NAIC fair value (cost: $88,597,596 and $87,038,585 at December 31, 2022 and 2021, respectively)	117,203,692	130,314,714
Common stocks of affiliates	211,531,455	233,288,314
Other invested assets	31,296,740	26,765,018
Cash, cash equivalents and short-term investments	19,911,515	36,952,505
Total cash and invested assets	987,294,763	1,001,924,662
Premium balances receivable	63,123,795	60,895,050
Investment income due and accrued	4,206,234	3,856,593
EDP equipment (net of accumulated depreciation of $8,687,801 and $6,376,229 in 2022 and 2021, respectively)	3,139,644	6,888,707
Reinsurance recoverable on paid loss and loss adjustment expenses	182,359	1,790,213
Net deferred tax asset	14,706,300	9,873,611
Due from affiliates	6,998,691	5,040,519
Total admitted assets	$ 1,079,651,786	$ 1,090,269,355
Liabilities		
Loss reserves	$ 376,900,089	$ 379,098,211
Loss adjustment expense reserves	43,388,771	42,262,498
Unearned premium reserves	85,784,892	84,643,715
Reinsurance premiums payable	636,724	386,106
Commissions payable	10,490,585	9,689,476
Advance premium	1,523,053	1,955,613
Premium taxes and assessments payable	1,580,049	1,279,043
Amounts withheld for others	1,370,301	1,778,999
Federal income taxes payable	3,650,147	11,618,219
Other liabilities	30,471,529	30,649,285
Total liabilities	555,796,140	563,361,165
Commitments and contingencies (Note 13)		
Capital and Surplus		
Capital contributions	-	3,035,756
Deferred gain	3,717	35,293
Unassigned surplus	523,851,929	523,837,141
Total capital and surplus	523,855,646	526,908,190
Total liabilities and capital and surplus	$ 1,079,651,786	$ 1,090,269,355

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

MEMIC

Maine Employers' Mutual Insurance Company
Statements of Income
(Statutory Basis)
Years Ended December 31, 2022 and 2021

	2022	2021
Underwriting income		
Premiums earned, net	$ 187,962,320	$ 168,371,487
Loss and underwriting expenses		
Losses incurred, net	85,604,249	92,334,385
Loss adjustment expenses incurred, net	21,569,645	20,115,666
Underwriting expenses		
Commissions	18,443,166	16,035,786
Premium taxes	3,549,815	3,245,037
Guarantee fund, rating bureau and other assessments	1,033,807	1,044,056
Supervision, acquisition and collection expense	12,733,692	9,946,839
Loss control expenses	5,142,938	5,166,135
General expenses	5,599,319	6,444,932
Total underwriting expenses	46,502,737	41,882,785
Total loss and underwriting expenses	153,676,631	154,332,836
Net underwriting income	34,285,689	14,038,651
Investment income		
Net investment income	18,575,661	16,944,074
Net realized capital gains (less capital gains tax of $479,996 and $15,352,887, respectively)	1,805,699	57,768,778
Total investment income	20,381,360	74,712,852
Other (expense) income		
Bad debt expense	(80,732)	(78,970)
Service fee income	149,049	152,957
Other expense	(1,438,736)	-
Net other (expense) income	(1,370,419)	73,987
Income before dividends and federal income taxes	53,296,630	88,825,490
Dividends to policyholders	17,009,345	17,000,000
Income after dividends, before federal income taxes	36,287,285	71,825,490
Provision for federal income taxes	9,108,913	2,830,876
Net income	$ 27,178,372	$ 68,994,614

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

MEMIC

Maine Employers' Mutual Insurance Company
Statements of Changes in Capital and Surplus
(Statutory Basis)
Years Ended December 31, 2022 and 2021

	2022	2021
Capital and surplus at beginning of year	$ 526,908,190	$ 487,745,434
Capital contributions returned	(28,827)	(82,307)
Net income	27,178,372	68,994,614
Change in net deferred income taxes	2,095,692	690,013
Change in nonadmitted assets	1,445,830	315,469
Change in deferred gain on capital contributions	(31,576)	(61,321)
Change in net unrealized appreciation of invested assets (net of deferred taxes of $(2,736,997) and $(7,161,264) as of December 31, 2022 and 2021, respectively)	(33,712,035)	(30,693,712)
	(3,052,544)	39,162,756
Capital and surplus at end of year	$ 523,855,646	$ 526,908,190

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, 2022 and 2021

	2022	2021
Cash from operations		
Premiums collected, net	$ 186,043,885	$ 172,556,607
Investment income received, net	20,119,972	19,426,380
Other (expense) income	(1,370,419)	73,988
Cash provided from operations	204,793,438	192,056,975
Benefit and loss related payments	(86,194,519)	(87,153,770)
Commissions and expenses paid	(64,234,821)	(59,336,884)
Dividends paid to policyholders	(17,009,345)	(17,000,000)
Federal income taxes paid	(17,556,980)	(5,733,261)
Cash used in operations	(184,995,665)	(169,223,915)
Net cash provided from operations	19,797,773	22,833,060
Cash from investing activities		
Proceeds from investments sold, matured or repaid		
Bonds	50,625,133	88,722,957
Common stocks	20,723,794	127,512,450
Other invested assets	354,297	-
Total investment proceeds	71,703,224	216,235,407
Costs of investments acquired		
Bonds	(85,420,107)	(200,773,309)
Common stocks	(23,784,082)	(37,733,420)
Other invested assets	(2,787,120)	(580,755)
Total cost of investments acquired	(111,991,309)	(239,087,484)
Net cash used in investments	(40,288,085)	(22,852,077)
Cash from financing and miscellaneous sources		
Other cash provided (applied)	3,449,322	(3,290,457)
Net cash provided from (used in) financing and miscellaneous sources	3,449,322	(3,290,457)
Net decrease in cash	(17,040,990)	(3,309,474)
Cash, cash equivalents and short-term investments		
Beginning of year	36,952,505	40,261,979
End of year	$ 19,911,515	$ 36,952,505

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 20 states. The Company writes its business primarily through independent agents and brokers. Approximately 94% of premium written during both 2022 and 2021 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. Since 2000, the Company capitalized MEMIC Indemnity with a $12,000,000 investment and supplemented its original investment by contributing an additional $117,000,000 of bonds and cash between 2001 and 2018. 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 $22,404 remains in capital and surplus as of December 31, 2022. There were no contributions during 2022 or 2021.

During 2007, the Company obtained approval from the Maine Bureau of Insurance ("MBOI") 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 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 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 $15,106,503 in CVH, CVHII and CVHIII. The Company records its membership interests in CVH in other invested assets in the accompanying Statements of Admitted Assets, Liabilities and Capital and Surplus.

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 45 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 $26,121 remains in capital and surplus as of December 31, 2022. There were no contributions during 2022 or 2021.

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 MBOI ("statutory accounting").

The MBOI 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.

The MBOI determined that according to Maine law 24-A MRS §1106, the admitted value of MEMIC's investment in MEMIC Indemnity is limited to 10% of total admitted assets. On July 27, 2022, the MBOI approved a permitted practice allowing MEMIC to admit the full investment in MEMIC Indemnity. The permitted practice is retroactive to January 1, 2012 and expires on December 31, 2023. 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 Maine.

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;

i. For statutory cash flow purposes, short-term investments, investments with remaining maturities greater than three months but under one year from purchase, are added to GAAP cash and cash equivalents; and

j. A reconciliation of cash flows to the GAAP indirect method is not allowed 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, non-marketable equity investments in two Insurtech companies 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 investments in two Insurtech companies was $3,166,869 as of December 31, 2022. 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 audited statutory surplus. 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 inforce 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 2022 or 2021.

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

Loss 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, 2022 and 2021:

	2022	2021
Premiums receivable over 90 days past due	$ 2,706,964	$ 2,056,838
Intercompany receivable	210,934	209,370
Fixed assets, net of accumulated amortization or depreciation	8,121,850	9,179,249
Prepaid assets and other miscellaneous receivables	4,117,389	5,157,510
Total nonadmitted assets	$ 15,157,137	$ 16,602,967

Depreciation and amortization expense on nonadmitted fixed assets was $2,239,111 and $1,991,216 in 2022 and 2021, respectively.

Federal Income Taxes

The Company files a consolidated income 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, 2022 and 2021, was $1,601,199 and $1,521,985, 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.

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 MBOI to return capital contributions to the extent authorized by the Board of Directors and the MBOI. The Company returned $28,827 and $82,307 in capital contributions in 2022 and 2021.

Effective December 31, 2022, the MBOI authorized the Company to conclude the return of capital contributions program. At December 31, 2022, the Company reclassified the remaining capital contribution balance of $3,006,929 from paid in capital to unassigned surplus according to the MBOI authorization. Cumulative capital contributions remaining were $3,035,756 as of December 31, 2021.

There are no advances to surplus not repaid or other surplus restrictions other than the 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 2022 and 2021 was $52,690,819 and $48,774,543, respectively. For the years ended 2022 and 2021, dividends to policyholders were $17,009,345 and $17,000,000, respectively. The 100% participating mutual dividend declared during 2022 of $17,009,345, was based on policy year 2019 for eligible policyholders.

5. Income Taxes

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

	December 31, 2022		
	1	2	3
	Ordinary	Capital	(Col 1+2) Total
a. Gross deferred tax assets	$ 25,114,779	$ 246,615	$ 25,361,394
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a-1b)	25,114,779	246,615	25,361,394
d. Deferred tax assets nonadmitted	-	-	-
e. Subtotal net admitted deferred tax asset (1c-1d)	25,114,779	246,615	25,361,394
f. Deferred tax liabilities	2,795,437	7,859,657	10,655,094
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	$ 22,319,342	$ (7,613,042)	$ 14,706,300

	December 31, 2021		
	4	5	6
	Ordinary	Capital	(Col 4+5) 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

	Change		
	7	8	9
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Gross deferred tax assets	$ 1,401,711	$ -	$ 1,401,711
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a-1b)	1,401,711	-	1,401,711
d. Deferred tax assets nonadmitted	-	-	-
e. Subtotal net admitted deferred tax asset (1c-1d)	1,401,711	-	1,401,711
f. Deferred tax liabilities	(693,981)	(2,736,997)	(3,430,978)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	$ 2,095,692	$ 2,736,997	$ 4,832,689

Admission Calculation Components:

	December 31, 2022		
	1	2	3
	Ordinary	Capital	(Col 1+2) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 11,405,889	$ 112,000	$ 11,517,889
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	3,427,979	33,661	3,461,640
2. Adjusted gross deferred tax assets allowed per limitation threshold			75,901,455
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	10,280,911	100,954	10,381,865
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 25,114,779	$ 246,615	$ 25,361,394

	December 31, 2021		
	4	5	6
	Ordinary	Capital	(Col 4+5) 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

	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	$ 2,155,116	$ 15,792	$ 2,170,908
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	989,906	8,305	998,211
2. Adjusted gross deferred tax assets allowed per limitation threshold			(620,426)
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	(1,743,311)	(24,097)	(1,767,408)
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 1,401,711	$ -	$ 1,401,711

Other admissibility criteria:

	2022	2021
a. Ratio percentage used to determine recovery period and threshold limitation amount	688%	755%
b. Amount of adjusted capital and surplus used to determine recovery period and threshhold limitation in 2(b)2 above	$ 506,009,702	$ 510,145,872

Tax planning strategies were not employed by the Company during 2022 or 2021, and therefore, had no impact upon the determination of adjusted gross and net admitted deferred tax assets.

As of December 31, 2022 and 2021, 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 $9,852,695 and $18,315,326 for 2022 and 2021, respectively. There are no deposits admitted under Section 6603 of the Internal Revenue Code.

As of December 31, 2022 and 2021, 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:	2022	2021	Change
a. Federal	$ 9,372,699	$ 3,226,227	$ 6,146,472
b. Provision to return	(263,786)	(395,351)	131,565
e. Subtotal	9,108,913	2,830,876	6,278,037
f. Federal income tax on net capital gains	479,996	15,352,887	(14,872,891)
i. Federal income taxes incurred	$ 9,588,909	$ 18,183,763	$ (8,594,854)

Deferred Tax Assets	2022	2021	Change
a. Ordinary:			
Discounting of unpaid losses	$ 11,562,310	$ 12,017,950	$ (455,640)
Unearned premium reserves	3,666,934	3,637,172	29,762
Compensation and benefits accrual	4,309,088	4,571,323	(262,235)
Nonadmitted assets	3,182,999	3,486,623	(303,624)
Sec174 R&D Capitalization, net of amorization	2,393,448	-	2,393,448
Subtotal	25,114,779	23,713,068	1,401,711
b. Statutory valuation allowance adjustment	-	-	-
c. Nonadmitted	-	-	-
d. Admitted ordinary deferred tax assets	25,114,779	23,713,068	1,401,711
e. Capital:			
Investments	246,615	246,615	-
Subtotal	246,615	246,615	-
f. Statutory valuation allowance adjustment	-	-	-
g. Nonadmitted	-	-	-
h. Admitted capital deferred tax assets	246,615	246,615	-
i. Admitted deferred tax assets	$ 25,361,394	$ 23,959,683	$ 1,401,711
Deferred Tax Liabilities			
a. Ordinary:			
Investments	$ 239,013	$ 163,621	$ 75,392
Fixed assets	1,499,661	1,917,863	(418,202)
Legislative change in loss discounting	1,035,078	1,380,090	(345,012)
Additional acquisition costs	21,685	27,844	(6,159)
Subtotal	2,795,437	3,489,418	(693,981)
b. Capital:			
Investments	7,859,657	10,596,654	(2,736,997)
Subtotal	7,859,657	10,596,654	(2,736,997)
c. Deferred tax liabilities	10,655,094	14,086,072	(3,430,978)
Net Deferred Tax Assets/Liabilities	$ 14,706,300	$ 9,873,611	$ 4,832,689

Change in net deferred income taxes	2022	2021	Change
a. Adjusted gross deferred tax assets	$ 25,361,394	$ 23,959,683	$ 1,401,711
b. Total deferred tax liabilities	10,655,094	14,086,072	3,430,978
c. Net deferred tax assets	$ 14,706,300	$ 9,873,611	$ 4,832,689
d. Tax effect of change in unrealized gains			$ 2,736,997
e. Total change in net deferred income tax			2,095,692
			$ 4,832,689

There were no deferred tax liabilities that were not recognized.

Among the more significant book to tax adjustments in 2022 and 2021 were the following:

	2022	2021
Provision computed at statutory rate	$ 7,964,872	$ 18,526,355
Change in nonadmitted assets	303,624	66,249
Prior year true-up (to current)	(263,786)	(395,351)
Prior year true-up (to deferred)	(6,267)	(35,641)
Permanent differences	(505,226)	(667,862)
Totals	7,493,217	17,493,750
Federal income taxes incurred	9,108,913	2,830,876
Realized capital gains tax	479,996	15,352,887
Change in net deferred income taxes	(2,095,692)	(690,013)
Total statutory income taxes	$ 7,493,217	$ 17,493,750

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, 2022 and 2021 are as follows:

	2022	2021
Net balances at January 1,	$ 421,360,709	$ 414,790,483
Incurred related to		
Current year	149,832,212	139,858,695
Prior years	(42,658,318)	(27,408,644)
Total incurred	107,173,894	112,450,051
Paid related to		
Current year	39,150,349	35,559,087
Prior years	69,095,394	70,320,738
Total paid	108,245,743	105,879,825
Net balances at December 31,	$ 420,288,860	$ 421,360,709

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 2022 and 2021, 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 2022, the Company's incurred losses related to prior years decreased by $42,658,318 from favorable loss development across several accident years, primarily 2013-2021. This favorable development is the result of ongoing analysis of recent loss development trends.

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.

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 ("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 premium, 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 for NCCI are $59,526 and $57,316 for 2022 and 2021, respectively. All amounts are recorded as assumed business. Amounts added to premiums, reserves and expense for reinsurance assumed from pools are as follows:

	2022	2021
Premiums earned	$ 779,605	$ 664,033
Loss and loss adjustment expenses incurred	268,148	443,517
Unearned premiums	157,276	210,881
Loss and loss adjustment expense reserves	1,381,345	1,359,661
Underwriting expenses incurred	178,387	181,690

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 both 2022 and 2021. In addition, for 2022 and 2021, the Company maintains additional coverage up to $100,000,000 on a per occurrence basis.

In February 2022, the Company commuted an excess of loss reinsurance contract for treaty year 2014 with General Reinsurance Corporation. Proceeds recorded by the Company on this commutation were $507,443 and resulted in no recorded gain or loss.

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.

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

	2022	2021
Premiums earned	$ 3,610,692	$ 3,284,669
Loss and loss adjustment expenses incurred	(4,522)	(930,000)
Loss and loss adjustment expense reserves	1,078,406	1,459,575

The Company cedes risk to another insurance company through an 85% quota share reinsurance agreement for policy years starting in 2011, 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:

	2022	2021
Premiums earned	$ 2,808,355	$ 2,714,235
Loss and loss adjustment expenses incurred	640,640	1,679,598
Unearned premiums	1,280,710	1,259,358
Loss and loss adjustment expense reserves	2,202,720	2,014,648
Ceding commissions	370,692	359,062

Of the 2022 and 2021 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, 2022 or 2021.

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, 2022 and 2021, direct, assumed and ceded premiums were as follows:

	2022		2021	
	Written	Earned	Written	Earned
Direct	$ 194,817,896	$ 193,601,762	$ 179,859,284	$ 173,706,358
Assumed	726,000	779,605	626,496	664,033
Ceded	(6,440,399)	(6,419,047)	(6,025,596)	(5,998,904)
Net premiums	$ 189,103,497	$ 187,962,320	$ 174,460,184	$ 168,371,487

9. Restricted Assets

Various regulatory authorities require that securities be placed on deposit in conjunction with writing workers’ compensation business. At December 31, 2022 and 2021, the Company had fixed income securities on deposit with a carrying value of $4,587,456 and $4,605,417, respectively, included in bonds on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

The Company is a member of the FHLB. The Company has 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 an additional stock purchase of $249,900 during 2022. The Company now holds $545,200 in Class B membership 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 $53,982,589, as of December 31, 2022.

The following table discloses quantitative information about the Company’s restricted assets by category of restricted asset as of December 31, 2022:

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	$ 4,587,456	$ 4,605,417	$ (17,961)	0.42%	0.42%
FHLB capital stock	545,200	295,300	249,900	0.05%	0.05%
Total restricted assets	$ 5,132,656	$ 4,900,717	$ 231,939	0.47%	0.47%

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:

		Gross Unrealized		
	Cost	Gains	Losses	Fair Value
At December 31, 2022				
Common stocks	$ 88,597,596	$ 34,566,946	$ (5,960,850)	$ 117,203,692
At December 31, 2021				
Common stocks	$ 87,038,585	$ 45,654,986	$ (2,378,857)	$ 130,314,714

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, 2022				
Common stocks of affiliates	$ 168,657,480	$ 48,338,846	$ (5,464,871)	$ 211,531,455
At December 31, 2021				
Common stocks of affiliates	$ 168,657,480	$ 65,104,363	$ (473,529)	$ 233,288,314

The Company owns 100% of the common stock of MEMIC Indemnity at a cost of $129,000,000 as of December 31, 2022 and 2021, and the Company owns 100% of the common stock of MEMIC Casualty at a cost of $39,183,951 as of December 31, 2022 and 2021.

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

	2022	2021
Admitted assets	$ 783,474,130	$ 773,294,758
Liabilities	571,942,675	540,006,444
Capital and surplus	211,531,455	233,288,314
Statutory net loss	(17,834,003)	(8,073,545)

The Company owns 100% of the common stock of MEMIC Services, an unaudited subsidiary, at a cost of $473,259. The Company contributed $0 during both 2022 and 2021 to MEMIC Services and recorded a liability of $148,955 and $142,337 as of December 31, 2022, and 2021, 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 $499,047 and a fair value of $386,173 as of 2022 and a carrying value of $499,025 and a fair value of $567,914 as of 2021.

The carrying value and fair value of bonds as of December 31, 2022 and 2021*, are as follows:

	2022			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government & government agencies & authorities	$ 23,908,746	$ 35,561	$ (1,728,432)	$ 22,215,875
States, territories & possessions	15,057,186	4,009	(1,182,761)	13,878,434
Political subdivisions of states	32,627,608	62,168	(4,182,944)	28,506,832
U.S Special revenue & assessment obligations	115,276,698	244,116	(14,759,051)	100,761,763
Industrial & miscellaneous	190,628,303	161,880	(24,380,399)	166,409,784
Asset backed securities	229,852,820	132,200	(25,963,585)	204,021,435
Total bonds	$607,351,361	$ 639,934	$ (72,197,172)	$535,794,123

	2021			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government & government agencies & authorities	$ 18,991,813	$ 610,628	$ (164,472)	$ 19,437,969
States, territories & possessions	10,886,568	614,200	(19,415)	11,481,353
Political subdivisions of states	33,979,206	1,789,331	(307,395)	35,461,142
U.S Special revenue & assessment obligations	115,790,331	7,576,163	(428,796)	122,937,698
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

*The 2021 presentation has been modified to conform with the current year presentation.

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 securities.

The carrying value and fair value of bonds and short-term investments receiving bond treatment by contractual maturity as of December 31, 2022, are as follows:

Maturity	Carrying Value	Fair Value
One year or less	$ 14,706,690	$ 14,472,221
Over one year through five years	105,545,592	99,254,967
Over five years through ten years	108,297,006	95,040,462
Over ten years	381,752,731	329,958,035
	$ 610,302,019	$ 538,725,685

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, 2022 and 2021, are summarized as follows:

	2022		
	Proceeds From Sales	Gross Realized Gains	Gross Realized Losses
Bonds	$ 13,215,994	$ 350	$ (125,885)
Common stocks	20,489,771	4,429,393	(2,018,163)
	$ 33,705,765	$ 4,429,743	$ (2,144,048)

	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)

As of December 31, 2022 and 2021, 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 2022 or 2021.

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, 2022 and 2021* are as follows:

	2022					
	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	$ 9,397,047	$ (464,207)	$ 10,509,516	$ (1,264,225)	$ 19,906,563	$ (1,728,432)
States, territories & possessions	9,094,809	(441,265)	2,222,620	(741,496)	11,317,429	(1,182,761)
Political subdivisions of states	11,963,867	(448,905)	11,465,734	(3,734,039)	23,429,601	(4,182,944)
U.S Special revenue & assessment obligations	50,347,344	(5,502,183)	28,260,431	(9,256,868)	78,607,775	(14,759,051)
Industrial & miscellaneous	86,731,520	(6,722,374)	74,955,077	(17,658,025)	161,686,597	(24,380,399)
Asset backed securities	99,750,693	(7,619,437)	94,734,421	(18,344,148)	194,485,114	(25,963,585)
Bonds (NAIC 3-6)	-	-	8,880	(5,298)	8,880	(5,298)
Common stocks - unaffiliated	29,198,302	(4,027,751)	5,720,472	(1,933,099)	34,918,774	(5,960,850)
	$ 296,483,582	$ (25,226,122)	$ 227,877,151	$ (52,937,198)	$ 524,360,733	$ (78,163,320)

	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	2,480,585	(19,415)	-	-	2,480,585	(19,415)
Political subdivisions of states	7,724,063	(283,305)	1,475,910	(24,090)	9,199,973	(307,395)
U.S Special revenue & assessment obligations	19,206,430	(428,796)	-	-	19,206,430	(428,796)
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)

*The 2021 presentation has been modified to conform with the current year presentation.

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, 2022 and 2021 are summarized as follows:

	2022	2021
Bonds	$ 16,789,814	$ 14,033,696
Common stocks	2,942,504	4,220,465
Cash, cash equivalents and short-term investments	170,579	6,493
Other investment expenses	(1)	(4)
Total investment income	19,902,896	18,260,650
Less: Investment expenses	(1,327,235)	(1,316,576)
Net investment income	$ 18,575,661	$ 16,944,074

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 FHLB 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.

	2022			
	Level 1	Level 2	Level 3	Total
Assets on Statements of Admitted Assets, Liabilities and Capital and Surplus, at fair value				
Bonds				
Asset backed	$ -	$ 8,880	$ -	$ 8,880
Total bonds	-	8,880	-	8,880
Common stocks				
Industrial & miscellaneous	104,332,675	-	-	104,332,675
Federal Home Loan Bank	-	545,200	-	545,200
Mutual funds	12,325,817	-	-	12,325,817
Total common stocks	116,658,492	545,200	-	117,203,692
Total assets, measured at fair value	$ 116,658,492	$ 554,080	$ -	$ 117,212,572

	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

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, 2022 and 2021*. The fair values are also categorized into the three-level fair value hierarchy as described above.

2022

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	$ 22,215,875	$ 23,908,746	$ -	$ 22,215,875	$ -	$ -
States, territories & possessions	13,878,434	15,057,186	-	13,878,434	-	-
Political subdivisions of states	28,506,832	32,627,608	-	28,506,832	-	-
U.S Special revenue & assessment obligations	100,761,763	115,276,698		100,761,763		
Industrial & miscellaneous	166,409,784	190,628,303	-	166,409,784	-	-
Asset backed securities	204,021,435	229,852,820	-	204,021,435	-	-
Common stocks	117,203,692	117,203,692	116,658,492	545,200	-	-
Cash, cash equivalents & short-term investments	19,892,420	19,911,515	16,960,857	2,931,563	-	-
Other invested assets	386,173	499,047	-	386,173	-	-
Total assets	$ 673,276,408	$ 744,965,615	$ 133,619,349	$ 539,657,059	$ -	$ -

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	$ 19,437,969	$ 18,991,813	$ -	$ 19,437,969	$ -	$ -
States, territories & possessions	11,481,353	10,886,568	-	11,481,353	-	-
Political subdivisions of states	35,461,142	33,979,206	-	35,461,142	-	-
U.S Special revenue & assessment obligations	122,937,698	115,790,331	-	122,937,698	-	-
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	$ -	$ -

*The 2021 presentation has been modified to conform with the current year presentation.

The Company held no structured notes as of December 31, 2022 or 2021.

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 in the Statements of Income for the discretionary portion for the Plan was $2,284,536 and $1,991,522 in 2022 and 2021, 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 $2,745,906 and $2,388,189 of expense, included in its Statements of Income, related to the tax deferred employer profit-sharing component of the Plan in 2022 and 2021, respectively.

In 2022 and 2021, 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 $2,071,570 and $1,874,823 of expense, included in its Statements of Income, related to the employer matching component of the Plan in 2022 and 2021, 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 $12,325,817 and $16,337,057 at December 31, 2022 and 2021, 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. Related to this Compensation Plan, the Company reversed previously recognized expense of $2,382,055 during 2022 and recognized expense of $1,992,087 during 2021, included in the Statements of Income.

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 upon by the Committee, for general expenses and unallocated loss adjustment expenses. The 2020, 2021 and 2022 Awards may range from 0% to 200% of the base award. Participants vest in each plan over three years, or a shorter period, under certain established conditions. The Company recorded LTIP expense of $2,063,394 during 2022 and reversed previously recognized expense of $399,972 during 2021, included in the Statements of Income.

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, 2022 are as follows:

2023	$	2,023,999
2024		59,766
2025		3,064
2026		-
2027		-
Total future minimum lease payments	$	2,086,829

Total rent and lease expense to all related and unrelated parties was $2,526,965 and $2,504,673 for the years ended December 31, 2022 and 2021, 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 2022 or 2021 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, included in its Statements of Income, for guaranty fund and other assessments of $1,254,832 and $1,124,178 as of December 31, 2022 and 2021, respectively. Of these amounts, the Company has accrued a net liability as of December 31, 2022 and 2021, of $485,965 and $361,353, 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, 2022 and 2021, the assessment was 2.48% and 2.66%, 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 $1,183,289 and $1,426,156 represents amounts due to the Board as of December 31, 2022 and 2021, 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 $41,269,617 and $39,759,831 for underwriting, claims, loss control, managed care and investment management fees during 2022 and 2021, 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 2022 and 2021. In addition, the Company leased office space from CVH and paid $816,514 and $795,056 for rent and parking during 2022 and 2021, respectively. The Company leased office space from CVHII and paid $1,183,606 and $1,147,444 for rent and parking during 2022 and 2021, respectively. The Company was also charged $64,800 and $59,400 for parking from CVHIII during 2022 and 2021, 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 $11,902,712 and $10,543,255 for underwriting, claims, loss control, managed care and investment management fees during 2022 and 2021, respectively. Certain other direct costs are paid by the Company and charged back to MEMIC Casualty.

The Company charged $6,000 to MEMIC Services for accounting and management services during both 2022 and 2021. MEMIC Services charged the Company $7,471 and $6,468 during 2022 and 2021, respectively, for agency services. Amounts due from MEMIC Services of $210,934 and $209,370 as of December 31, 2022 and 2021, respectively, are nonadmitted.

At December 31, 2022 and 2021, the Company reported a net receivable of $6,998,691 and $5,040,519, 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 affiliates as of December 31, 2022 and 2021 are as follows:

	2022	2021
MEMIC Indemnity Company	$ 5,396,916	$ 4,038,361
MEMIC Casualty Company	1,594,235	994,758
Casco View Holdings, LLC	7,540	7,400
Total due from affiliates	$ 6,998,691	$ 5,040,519

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.

	2022	2021
Aggregate amount of unrealized loss		
Less than twelve months	$ 7,619,437	$ 1,496,119
Twelve months or longer	18,349,446	393,249
Total	$ 25,968,883	$ 1,889,368
Aggregate fair value of securities with unrealized loss		
Less than twelve months	$ 99,750,693	$ 103,921,556
Twelve months or longer	94,743,301	11,913,760
Total	$ 194,493,994	$ 115,835,316

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, 2022 and 2021, are immaterial to the Company.

16. Subsequent Events

Subsequent events have been considered through March 27, 2023, for these statutory financial statements which are available to be issued on March 27, 2023.

SUMMARY INVESTMENT SCHEDULE

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1	2	3	4	5	6
Investment Categories	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	27,278,809	2.763	27,278,809	0	27,278,809	2.763
1.02 All other governments	2,184,624	0.221	2,184,624	0	2,184,624	0.221
1.03 U.S. states, territories and possessions, etc. guaranteed	15,057,186	1.525	15,057,186	0	15,057,186	1.525
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	32,627,610	3.305	32,627,608	0	32,627,608	3.305
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	216,915,877	21.971	216,915,880	0	216,915,880	21.971
1.06 Industrial and miscellaneous	312,287,255	31.631	312,287,254	0	312,287,254	31.631
1.07 Hybrid securities	1,000,000	0.101	1,000,000	0	1,000,000	0.101
1.08 Parent, subsidiaries and affiliates		0.000	0	0	0	0.000
1.09 SVO identified funds	0	0.000	0	0	0	0.000
1.10 Unaffiliated bank loans		0.000	0	0	0	0.000
1.11 Unaffiliated certificates of deposit	0	0.000	0	0	0	0.000
1.12 Total long-term bonds	607,351,361	61.517	607,351,361	0	607,351,361	61.517
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)		0.000	0	0	0	0.000
2.02 Parent, subsidiaries and affiliates		0.000	0	0	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)	104,291,759	10.563	104,291,759	0	104,291,759	10.563
3.02 Industrial and miscellaneous Other (Unaffiliated)	586,116	0.059	586,116	0	586,116	0.059
3.03 Parent, subsidiaries and affiliates Publicly traded	0	0.000	0	0	0	0.000
3.04 Parent, subsidiaries and affiliates Other	211,531,455	21.425	211,531,455	0	211,531,455	21.425
3.05 Mutual funds	12,325,817	1.248	12,325,817	0	12,325,817	1.248
3.06 Unit investment trusts		0.000	0	0	0	0.000
3.07 Closed-end funds		0.000	0	0	0	0.000
3.08 Exchange traded funds	0	0.000	0	0	0	0.000
3.09 Total common stocks	328,735,147	33.297	328,735,147	0	328,735,147	33.297
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages	0	0.000	0	0	0	0.000
4.02 Residential mortgages	0	0.000	0	0	0	0.000
4.03 Commercial mortgages	0	0.000	0	0	0	0.000
4.04 Mezzanine real estate loans	0	0.000	0	0	0	0.000
4.05 Total valuation allowance		0.000	0	0	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	0.000
5.02 Properties held for production of income		0.000	0	0	0	0.000
5.03 Properties held for sale		0.000	0	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)	12,486,973	1.265	12,486,973	0	12,486,973	1.265
6.02 Cash equivalents (Schedule E, Part 2)	4,473,884	0.453	4,473,884	0	4,473,884	0.453
6.03 Short-term investments (Schedule DA)	2,950,658	0.299	2,950,658	0	2,950,658	0.299
6.04 Total cash, cash equivalents and short-term investments	19,911,515	2.017	19,911,515	0	19,911,515	2.017
7. Contract loans	0	0.000	0	0	0	0.000
8. Derivatives (Schedule DB)	0	0.000	0	0	0	0.000
9. Other invested assets (Schedule BA)	31,296,740	3.170	31,296,740	0	31,296,740	3.170
10. Receivables for securities	0	0.000	0	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	0.000
13. Total invested assets	987,294,763	100.000	987,294,763	0	987,294,763	100.000

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SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2022
(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. $ 1,079,651,786

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	$ 177,338,846	16.4 %
2.02	MEMIC CASUALTY COMPANY	Common Stock Subsidiary	$ 34,192,609	3.2 %
2.03	BMARK	Long Term Bonds	$ 8,283,306	0.8 %
2.04	THE COMMONWEALTH OF MASSACHUSETTS	Long Term Bonds	$ 6,787,474	0.6 %
2.05	CITY OF ATLANTA	Long Term Bonds	$ 6,727,498	0.6 %
2.06	THE PENNSYLVANIA TURNPIKE COMMISSION	Long Term Bonds	$ 6,596,622	0.6 %
2.07	JPMT	Long Term Bonds	$ 6,448,581	0.6 %
2.08	BANK OF AMERICA CORPORATION	Long Term Bonds/Common Stock	$ 6,307,033	0.6 %
2.09	DUKE ENERGY FLORIDA LLC	Long Term Bonds/Common Stock	$ 6,281,554	0.6 %
2.10	MORGAN STANLEY	Long Term Bonds/Common Stock	$ 5,976,492	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	$ 526,153,012	48.7 %	3.07	NAIC 1	$	0.0 %
3.02	NAIC 2	$ 84,140,126	7.8 %	3.08	NAIC 2	$	0.0 %
3.03	NAIC 3	$ 0	0.0 %	3.09	NAIC 3	$	0.0 %
3.04	NAIC 4	$ 0	0.0 %	3.10	NAIC 4	$	0.0 %
3.05	NAIC 5	$ 8,880	0.0 %	3.11	NAIC 5	$	0.0 %
3.06	NAIC 6	$ 0	0.0 %	3.12	NAIC 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	$ 32,143,670	3.0 %
4.03	Foreign-currency-denominated investments	$ 0	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$ 0	0.0 %

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

			1	2
5.01	Countries designated NAIC-1	$	30,954,176	2.9 %
5.02	Countries designated NAIC-2	$	1,189,494	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	$	20,553,616	1.9 %
6.02	Country 2: France	$	2,510,502	0.2 %
	Countries designated NAIC - 2:			
6.03	Country 1: Peru	$	779,776	0.1 %
6.04	Country 2: Panama	$	409,717	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	INTNED	1	$	2,000,000	0.2 %
10.04	AIFP	1	$	1,930,452	0.2 %
10.05	AASET	1	$	1,591,114	0.1 %
10.06	DRSLF	1	$	1,500,000	0.1 %
10.07	MF1	1	$	1,500,000	0.1 %
10.08	BCC	1	$	1,476,009	0.1 %
10.09	BABSN	1	$	1,169,573	0.1 %
10.10	BALFOUR	1	$	1,000,000	0.1 %

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	$	177,338,846	16.4 %
13.03	MEMIC CASUALTY COMPANY	$	34,192,609	3.2 %
13.04	APPLE INC.	$	1,887,363	0.2 %
13.05	JOHNSON & JOHNSON	$	1,881,499	0.2 %
13.06	JPMORGAN CHASE & CO.	$	1,823,760	0.2 %
13.07	THE PROCTER & GAMBLE COMPANY	$	1,822,357	0.2 %
13.08	PFIZER INC.	$	1,738,163	0.2 %
13.09	THE HOME DEPOT INC.	$	1,719,858	0.2 %
13.10	BROADCOM INC.	$	1,717,088	0.2 %
13.11	ABBVIE INC.	$	1,709,834	0.2 %

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

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

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

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	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 %

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 %

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, 2022 and 2021

MEMIC Indemnity Company
Index
December 31, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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, 2022, 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 27, 2023

MEMIC Indemnity Company
Statements of Admitted Assets, Liabilities and Capital and Surplus (Statutory Basis)
December 31, 2022 and 2021

	2022	2021
Admitted Assets		
Invested assets		
Bonds, at carrying value (fair value: $399,205,453 and $466,272,588 at December 31, 2022 and 2021, respectively)	$ 446,809,867	$ 444,403,539
Common stocks, at fair value (cost: $79,770,603 and $73,121,889 at December 31, 2022 and 2021, respectively)	91,574,845	93,309,283
Other invested assets, at carrying value (fair value: $3,264,673 and $2,271,654 at December 31, 2022 and 2021, respectively)	3,716,172	1,996,098
Receivable for securities sold	30	29
Cash, cash equivalents and short-term investments	2,483,660	11,787,917
Total cash and invested assets	544,584,574	551,496,866
Premium balances receivable	49,217,161	48,402,299
Investment income due and accrued	3,772,157	3,543,372
EDP equipment (net of accumulated depreciation of $848,375 and $523,277 at December 31, 2022 and 2021, respectively)	380,837	705,934
Reinsurance recoverable on paid loss and loss adjustment expenses	2,750,818	918,230
Federal income taxes receivable	1,728,348	2,230,811
Net deferred tax asset	8,234,642	6,344,814
Total admitted assets	$ 610,668,537	$ 613,642,326
Liabilities		
Loss reserves	$ 273,831,388	$ 272,498,197
Loss adjustment expense reserves	51,778,961	45,445,443
Unearned premium reserves	64,451,474	54,184,970
Advance premium	402,841	470,471
Reinsurance premiums payable	195,223	(72,995)
Funds held by company under reinsurance treaties	11,802,166	21,101,609
Other liabilities	1,636,223	825,241
Deposits held for large deductible policyholders	10,922,665	10,256,443
Premium taxes and assessments payable	5,409,625	4,114,024
Amounts withheld for others	2,150,096	2,302,189
Commissions payable	5,352,113	4,796,880
Due to parent	5,396,916	4,038,361
Total liabilities	433,329,691	419,960,833
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	48,338,846	64,681,493
Total capital and surplus	177,338,846	193,681,493
Total liabilities and capital and surplus	$ 610,668,537	$ 613,642,326

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, 2022 and 2021

	2022	2021
Underwriting income		
Premiums earned, net	$ 145,843,282	$ 133,340,593
Loss and underwriting expenses		
Losses incurred, net	84,383,107	84,537,992
Loss adjustment expenses incurred, net	38,615,062	34,854,233
Underwriting expense (income)		
Commissions	14,274,682	5,483,870
Premium taxes	5,155,311	4,565,527
Guarantee fund, rating bureau and other assessments	388,173	(356,132)
Supervision, acquisition and collection expenses	21,421,359	18,035,266
Loss control	3,515,242	3,991,757
General expenses	1,564,349	3,483,886
Total underwriting expenses	46,319,116	35,204,174
Total loss and underwriting expenses	169,317,285	154,596,399
Net underwriting loss	(23,474,003)	(21,255,806)
Investment income		
Net investment income	15,338,110	15,359,244
Net realized capital gains (less capital gains tax of $685,398 and $2,391,801, respectively)	2,578,401	8,997,728
Total investment income	17,916,511	24,356,972
Other (expense) income		
Bad debt expense	(71,997)	(135,518)
Other expense	(2,165,163)	-
Service fee income	37,181	40,545
Net other expense	(2,199,979)	(94,973)
(Loss) income before dividends and federal income taxes	(7,757,471)	3,006,193
Dividends to policyholders	6,623,163	10,214,042
Loss after dividends, before federal income taxes	(14,380,634)	(7,207,849)
Benefit from federal income taxes	(2,413,746)	(4,622,612)
Net loss	$ (11,966,888)	$ (2,585,237)

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, 2022 and 2021

	2022	2021
Capital and surplus at beginning year	$ 193,681,493	$ 192,417,623
Net loss	(11,966,888)	(2,585,237)
Change in net deferred income taxes	872,871	(623,972)
Change in nonadmitted assets	1,686,146	(809,788)
Change in net unrealized appreciation of invested assets (net of deferred taxes of $(1,795,215) and $1,404,306 as of December 31, 2022 and 2021, respectively)	(6,934,776)	5,282,867
Change in capital and surplus	(16,342,647)	1,263,870
Capital and surplus at end of year	$ 177,338,846	$ 193,681,493

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, 2022 and 2021

	2022	2021
Cash from operations		
Premiums collected, net	$ 155,537,843	$ 143,202,942
Investment income received, net	16,679,609	18,000,960
Other expense	(2,199,981)	(94,973)
Cash provided from operations	170,017,471	161,108,929
Benefit and loss related payments	84,882,503	85,638,163
Commissions and expenses paid	75,938,905	70,112,028
Dividends paid to policyholders	6,623,163	10,214,042
Federal income taxes (recovered) paid	(2,230,811)	1,049,387
Cash used in operations	165,213,760	167,013,620
Net cash provided from (used in) operations	4,803,711	(5,904,691)
Cash from investing activities		
Proceeds from bonds sold, matured or repaid	44,421,101	94,101,147
Proceeds from common stocks sold	23,747,466	44,296,037
Proceeds from other invested assets	354,297	-
Cost of bonds acquired	(48,771,755)	(100,237,870)
Cost of stocks acquired	(26,924,936)	(37,594,345)
Cost of other invested assests	(2,255,623)	-
Net cash (used in) provided from investing activities	(9,429,450)	564,969
Cash from financing and miscellaneous sources		
Other cash		
Other sources	(4,678,518)	6,399,403
Net cash (used in) provided from financing and miscellaneous sources	(4,678,518)	6,399,403
Net (decrease) increase in cash	(9,304,257)	1,059,681
Cash, cash equivalents and short-term investments		
Beginning of year	11,787,917	10,728,236
End of year	$ 2,483,660	$ 11,787,917

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, domiciled in New Hampshire, 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. MEMIC also owns 100% of the common stock of MEMIC Casualty Company, a property and casualty insurance company also licensed to write workers' compensation insurance and 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 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 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 carried at fair value, and debt securities classified as held-to-maturity are carried at amortized cost;

e. For statutory purposes, unrealized gains and losses on investments in equity securities are generally recorded directly to surplus, net of the adjustment for deferred federal income taxes. Under GAAP, unrealized gains and losses on equity securities are reported 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, short-term investments, investments with remaining maturities greater than three months but under one year from purchase, are added to GAAP cash and cash equivalents; and

i. A reconciliation of cash flows to the GAAP indirect method is not allowed 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 further discussion of high deductible policies 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 for further information on the Company’s FHLB investment. The net unrealized gains and losses on these marketable securities, after deductions of applicable deferred income taxes, are recorded directly to unassigned surplus. 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. 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.

Other invested assets consist of the Company's investment in an Insurtech limited partnership and surplus debentures. The Company's Insurtech investment is carried at fair value based on the Company's proportionate interest in the partnerships net asset value. The remaining unfunded commitment to the Insurtech fund was $2,744,377 as of December 31, 2022. The investment grade surplus debenture included in other invested assets with the NAIC designation of 1 is stated at cost using the interest method.

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.

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 in runoff for the 2021 quota share treaty were earned on a monthly pro rata basis over the inforce period. 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 2022 or 2021.

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, 2022 and 2021:

	2022	2021
Premium balances receivable over 90 days past due	$ 560,982	$ 603,313
Deferred income taxes	778,258	-
Fixed assets, net of accumulated depreciation	807,799	1,430,457
Prepaid assets	105,117	1,904,532
Total nonadmitted assets	$ 2,252,156	$ 3,938,302

For the years ended December 31, 2022 and 2021, depreciation expense on nonadmitted fixed assets was $710,887 and $793,312, respectively.

Federal Income Taxes
The Company files a consolidated income 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, 2022 and 2021, was $32,654 and $48,820, 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.

3. Capital and Surplus

Total contributions from MEMIC were $129,000,000 as of December 31, 2022 and 2021. There were no contributions from MEMIC during 2022 and 2021.

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 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 $19,368,149 and $19,241,762 during 2022 and 2021, respectively. There were no stockholder dividends declared during 2022 or 2021.

5. Income Taxes

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

		December 31, 2022		
		1 Ordinary	2 Capital	(Col 1+2) Total
a.	Gross deferred tax assets	$ 13,123,228	$ -	$ 13,123,228
b.	Statutory valuation allowance adjustment	-	-	-
c.	Adjusted gross deferred taxes (1a - 1b)	13,123,228	-	13,123,228
d.	Deferred tax assets nonadmitted	778,258	-	778,258
e.	Subtotal net admitted deferred tax asset (1c - 1d)	12,344,970	-	12,344,970
f.	Deferred tax liabilities	1,668,494	2,441,834	4,110,328
g.	Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 10,676,476	$ (2,441,834)	$ 8,234,642

		December 31, 2021		
		4 Ordinary	5 Capital	(Col 4+5) 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

		Change		
		7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a.	Gross deferred tax assets	$ 281,672	$ -	$ 281,672
b.	Statutory valuation allowance adjustment	-	-	-
c.	Adjusted gross deferred taxes (1a - 1b)	281,672	-	281,672
d.	Deferred tax assets nonadmitted	778,258	-	778,258
e.	Subtotal net admitted deferred tax asset (1c - 1d)	(496,586)	-	(496,586)
f.	Deferred tax liabilities	(591,199)	(1,795,215)	(2,386,414)
g.	Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 94,613	$ 1,795,215	$ 1,889,828

Admission calculation components:

	December 31, 2022		
	1 Ordinary	2 Capital	(Col 1+2) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 1,598,019	$ -	$ 1,598,019
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	6,636,623	-	6,636,623
2. Adjusted gross deferred tax assets allowed per limitation threshold			25,308,505
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	4,110,328	-	4,110,328
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 12,344,970	$ -	$ 12,344,970

	December 31, 2021		
	4 Ordinary	5 Capital	(Col 4+5) 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

	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	$ 346,387	$ -	$ 346,387
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	96,689	-	96,689
2. Adjusted gross deferred tax assets allowed per limitation threshold			(2,686,107)
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	(939,662)	-	(939,662)
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ (496,586)	$ -	$ (496,586)

Other admissibility criteria:

	2022	2021
a. Ratio percentage used to determine recovery period and threshold limitation amount	559%	691%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	$ 168,723,367	$ 186,630,745

Tax planning strategies were not employed by the Company during 2022 or 2021, and therefore, had no impact upon the determination of adjusted gross and net admitted DTAs.

As of December 31, 2022 and 2021, 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 for both 2022 and 2021, respectively. There are no deposits admitted under Section 6603 of the Internal Revenue Code.

As of December 31, 2022 and 2021, 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:	2022	2021	Change
a. Federal	$ (3,155,630)	$ (4,731,704)	$ 1,576,074
b. Provision to return	741,884	109,092	632,792
e. Subtotal	(2,413,746)	(4,622,612)	2,208,866
f. Federal income tax on net capital gains	685,398	2,391,801	(1,706,403)
i. Federal income taxes incurred	$ (1,728,348)	$ (2,230,811)	$ 502,463

Deferred Tax Assets		2022		2021		Change
a. Ordinary:						
Discounting of unpaid losses	$	9,403,217	$	8,763,745	$	639,472
Unearned premium reserves		2,723,881		2,295,528		428,353
Accrued expenses		686,610		955,239		(268,629)
Other (including items < 5% of total ordinary tax assets)		309,520		827,044		(517,524)
Subtotal		13,123,228		12,841,556		281,672
b. Statutory valuation allowance adjustment		-		-		-
c. Nonadmitted		778,258		-		778,258
d. Admitted ordinary deferred tax assets		12,344,970		12,841,556		(496,586)
e. Capital:						
Investments		-		-		-
Subtotal		-		-		-
f. Statutory valuation allowance adjustment		-		-		-
g. Nonadmitted		-		-		-
h. Admitted capital deferred tax assets		-		-		-
i. Admitted deferred tax assets	$	12,344,970	$	12,841,556	$	(496,586)
Deferred Tax Liabilities						
a. Ordinary:						
Investments	$	116,705	$	101,145	$	15,560
Legislative change in loss discounting		1,276,008		1,701,344		(425,336)
Fixed assets		228,238		418,473		(190,235)
Other		47,543		38,731		8,812
Subtotal		1,668,494		2,259,693		(591,199)
b. Capital:						
Investments		2,441,834		4,237,049		(1,795,215)
Subtotal		2,441,834		4,237,049		(1,795,215)
c. Deferred tax liabilities		4,110,328		6,496,742		(2,386,414)
Net Deferred Tax Assets/Liabilities	$	8,234,642	$	6,344,814	$	1,889,828

Change in net deferred income taxes

		2022		2021		Change
a. Adjusted gross deferred tax assets	$	13,123,228	$	12,841,556	$	281,672
b. Total deferred tax liabilities		4,110,328		6,496,742		(2,386,414)
c. Net deferred tax assets	$	9,012,900	$	6,344,814	$	2,668,086
d. Tax effect of change in unrealized gains (losses)					$	1,795,215
e. Total change in net deferred income tax						872,871
					$	2,668,086

There were no deferred tax liabilities that were not recognized.

Among the more significant book to tax adjustments in 2022 and 2021 are the following:

	2022	2021
Provision computed at statutory rate	$ (2,876,000)	$ (1,011,370)
Permanent differences	(269,097)	(423,899)
Prior year true up (to deferred)	(715,529)	(110,607)
Prior year true up (to current)	741,884	109,092
Change in nonadmitted assets	517,523	(170,055)
Totals	(2,601,219)	(1,606,839)
Federal income taxes incurred	(2,413,746)	(4,622,612)
Realized capital gains tax	685,398	2,391,801
Change in net deferred income taxes	(872,871)	623,972
Total statutory income taxes	$ (2,601,219)	$ (1,606,839)

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, 2022 and 2021, are summarized as follows:

	2022	2021
Net balances at January 1,	$ 317,943,640	$ 316,067,637
Incurred related to		
Current year	129,857,203	121,686,726
Prior year	(6,859,034)	(2,294,501)
Total incurred	122,998,169	119,392,225
Paid related to		
Current year	35,768,932	30,140,684
Prior year	79,562,528	87,375,538
Total paid	115,331,460	117,516,222
Net balances at December 31,	$ 325,610,349	$ 317,943,640

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. The reserving 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 $1,257,279 and $1,243,473 as of December 31, 2022 and 2021, 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 $10,383,965 and $9,313,013 as of December 31, 2022 and 2021, respectively. These 2022 and 2021 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 2022, the Company's incurred losses related to prior years decreased by $6,859,034 as a result of favorable loss development principally in the 2021 and 2018 accident years. This favorable development is the result of ongoing analysis of recent loss development trends, including favorable development related to COVID-19 claims.

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.

7. Reinsurance

The Company ceded risk to another insurance company through a 15% quota share reinsurance agreement for treaty year 2021 and a 20% quota share reinsurance agreement for treaty years 2020 and 2019. The 2021 and 2020 quota share treaties included 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, 2022 and 2021. Amounts deducted from premiums, reserves and expenses for reinsurance ceded to other companies for these quota-share treaties are as follows:

	2022	2021
Premiums earned	$ 6,622,515	$ 26,386,851
Loss and loss adjustment expenses incurred	2,018,559	16,740,361
Unearned premiums	-	8,817,096
Loss and loss adjustment expense reserves	25,060,907	32,827,910
Ceding commissions	(961,114)	6,484,735
Funds held by company under reinsurance treaties	11,802,166	21,101,609
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 $1,018,928 and $1,030,933 for 2022 and 2021, respectively. All amounts are recorded as assumed business.

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

	2022	2021
Premiums earned	$ 5,393,208	$ 5,275,256
Loss and loss adjustment expenses incurred	3,249,235	2,829,200
Unearned premiums	1,673,383	2,026,300
Loss and loss adjustment expense reserves	15,508,665	16,090,164
Premiums receivable	745,407	142,494
Underwriting expenses incurred	1,335,507	1,409,410

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 2022 and 2021. For both 2022 and 2021, 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:

	2022	2021
Premiums earned	$ 3,652,088	$ 3,836,465
Loss and loss adjustment expenses incurred	-	1,150,000
Loss and loss adjustment expense reserves	9,533,582	11,082,406
Premiums payable	195,223	41,334

The 2022 and 2021 ceded loss and loss adjustment expense case incurred and incurred but not reported reserves above are comprised of amounts with three and four reinsurance carriers, respectively, although the Company has contracts with other carriers. The Company had $15,290,000 and $22,534,000 in unsecured reinsurance recoverables from the reinsurer, Swiss Reinsurance American Corporation, that exceeded 3% of capital and surplus as of December 31, 2022 and 2021, 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.

The Company had no commutations during 2022 and 2021.

8. Premiums Written and Earned

For the years ended December 31, 2022 and 2021, direct, assumed and ceded premiums are as follows:

	2022		2021	
	Written	Earned	Written	Earned
Direct	$ 152,527,002	$ 150,724,677	$ 148,785,790	$ 158,288,653
Assumed	5,040,290	5,393,208	4,843,147	5,275,256
Ceded	(1,377,408)	(10,274,603)	(25,430,989)	(30,223,316)
Net premiums	$ 156,189,884	$ 145,843,282	$ 128,197,948	$ 133,340,593

9. Restricted Assets

Various regulatory authorities require that securities be placed on deposit in conjunction with writing workers' compensation business. As of December 31, 2022 and 2021, the Company had fixed income securities on deposit with a carrying value of $11,313,540 and $11,258,139, respectively, included in bonds on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

The Company is a member of the FHLB. The Company has Membership Class B stock, which is not eligible for redemption, and excess stock. An annual recalculation of the Company's bank stock requirement is performed each April. The April 2022 recalculation required an additional stock purchase of $127,800. The Company now holds $306,900 in Class B membership stock and $3,000 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 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 $30,533,427, as of December 31, 2022.

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 $10,922,665 and $10,256,443 as of December 31, 2022 and 2021, 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, 2022:

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	$ 11,313,540	$ 11,258,139	$ 55,401	1.85%	1.85%
Pledged as collateral to FHLB	6,497,378	9,906,708	(3,409,330)	1.06%	1.06%
FHLB capital stock	309,900	179,100	130,800	0.05%	0.05%
Deposits held for large deductible policyholders	10,922,665	10,256,443	666,222	1.79%	1.78%
Total restricted assets	$ 29,043,483	$ 31,600,390	$ (2,556,907)	4.75%	4.74%

10. Investments

The carrying value and fair value of bonds as of December 31, 2022 and 2021*, are as follows:

2022

	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government & government agencies & authorities	$ 14,722,393	$ 47,961	$ (1,584,291)	$ 13,186,063
States, territories & possessions	10,002,097	5,032	(613,059)	9,394,070
Political subdivisions of states	36,341,467	885	(2,215,109)	34,127,243
U.S Special Revenue & Assessment obligations	57,293,822	50,867	(5,830,488)	51,514,201
Industrial & miscellaneous	188,987,956	29,814	(19,080,480)	169,937,290
Asset backed securities	139,462,132	67,835	(18,483,381)	121,046,586
Total bonds	$ 446,809,867	$ 202,394	$ (47,806,808)	$ 399,205,453

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	13,722,441	683,326	(122,382)	14,283,385
Political subdivisions of states	37,372,916	2,816,459	(168,103)	40,021,272
U.S Special Revenue & Assessment obligations	57,429,304	3,625,570	(198,936)	60,855,938
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

*The 2021 presentation has been modified to conform with the current year presentation.

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 $1,996,189 and a fair value of $1,544,690 as of December 31, 2022, and a carrying value of $1,996,098 and a fair value of $2,271,654 as of December 31, 2021.

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

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2022				
Common stocks	$ 79,770,603	$ 16,575,149	$ (4,770,907)	$ 91,574,845
2021				
Common stocks	$ 73,121,889	$ 21,278,724	$ (1,091,330)	$ 93,309,283

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, 2022, are as follows:

Maturity	Carrying Value	Fair Value
One year or less	$ 14,259,467	$ 14,186,682
Over one year through five years	98,947,157	95,563,997
Over five years through ten years	111,738,589	104,319,951
Over ten years	221,864,654	185,134,823
	$ 446,809,867	$ 399,205,453

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, 2022 and 2021, are summarized as follows:

	2022		
	Proceeds From Sales	Gross Realized Gains	Losses
Bonds	$ 16,277,702	$ 101,645	$ (309,089)
Common stocks	23,747,466	5,144,792	(1,673,549)
	$ 40,025,168	$ 5,246,437	$ (1,982,638)

	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)

As of December 31, 2022 and 2021, 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 2022 or 2021.

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, 2022 and 2021*, are as follows:

	2022					
	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	$ 9,531,813	$ (677,461)	$ 2,665,516	$ (906,830)	$ 12,197,329	$ (1,584,291)
States, territories & possessions	5,599,530	(222,772)	1,112,790	(390,287)	6,712,320	(613,059)
Political subdivisions of states	30,177,561	(920,153)	2,910,361	(1,294,956)	33,087,922	(2,215,109)
U.S Special Revenue & Assessment obligations	42,783,489	(3,120,363)	5,931,122	(2,710,125)	48,714,611	(5,830,488)
Industrial & miscellaneous	140,463,060	(11,436,254)	25,266,199	(7,644,226)	165,729,259	(19,080,480)
Asset backed securities	60,757,241	(4,607,126)	55,207,562	(13,876,255)	115,964,803	(18,483,381)
Bonds (NAIC 3-6)	2,524,860	(176,464)	-	-	2,524,860	(176,464)
Common stocks - unaffiliated	18,975,518	(3,045,047)	5,802,172	(1,725,860)	24,777,690	(4,770,907)
	$ 310,813,072	$ (24,205,640)	$ 98,895,722	$ (28,548,539)	$ 409,708,794	$ (52,754,179)

	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	$ 2,216,563	$ (39,677)	$ -	$ -	$ 2,216,563	$ (39,677)
States, territories & possessions	3,455,890	(122,382)	-	-	3,455,890	(122,382)
Political subdivisions of states	1,740,413	(168,103)	-	-	1,740,413	(168,103)
U.S Special Revenue & Assessment obligations	6,049,101	(198,936)	-	-	6,049,101	(198,936)
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)

*The 2021 presentation has been modified to conform with the current year presentation.

The major categories of net investment income for the years ended December 31, 2022 and 2021, are summarized as follows:

	2022	2021
Bonds	$ 14,233,694	$ 14,005,273
Common stocks	2,541,697	2,337,831
Cash, cash equivalents and short-term investments	52,534	2,128
Other investment expense	(2)	(30)
Total investment income	16,827,923	16,345,202
Less: Investment expenses	(1,489,813)	(985,958)
Net investment income	$ 15,338,110	$ 15,359,244

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. 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.

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets on Statements of Admitted Assets, Liabilities and Capital and Surplus, at fair value:				
Bonds				
Industrial & miscellaneous	$ -	$ 2,524,860	$ -	$ 2,524,860
Total bonds	-	2,524,860	-	2,524,860
Common stocks				
Industrial & miscellaneous	$ 90,655,000	$ -	$ 609,945	$ 91,264,945
Federal Home Loan Bank	-	309,900	-	309,900
Total common stocks	90,655,000	309,900	609,945	91,574,845
Total assets, measured at fair value	$ 90,655,000	$ 2,834,760	$ 609,945	$ 94,099,705

	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

The Company's Level 3 asset consists of a privately held stock valued by a broker. The stock was purchased in 2022 for $587,316 and has an unrealized gain of $22,629 recorded in surplus.

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, 2022 and 2021*. The fair values are also categorized into the three-level fair value hierarchy as described above.

	2022					
Type of Financial Instrument	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	$ 13,186,063	$ 14,722,393	$ -	$ 13,186,063	$ -	$ -
States, territories & possessions	9,394,070	10,002,097	-	9,394,070	-	-
Political subdivisions of states	34,127,243	36,341,467	-	34,127,243	-	-
U.S Special Revenue & Assessment obligations	51,514,201	57,293,822		51,514,201		
Industrial & miscellaneous	169,937,290	188,987,956	-	169,937,290	-	-
Asset backed securities	121,046,586	139,462,132	-	121,046,586	-	-
Common stocks	91,574,845	91,574,845	90,655,000	309,900	609,945	-
Cash, cash equivalents & short-term investments	2,483,660	2,483,660	2,483,660	-	-	-
Other invested assets	1,544,690	1,996,098	-	1,544,690	-	-
Total assets	$ 494,808,648	$ 542,864,470	$ 93,138,660	$ 401,060,043	$ 609,945	$ -

	2021					
Type of Financial Instrument	**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	14,283,385	13,722,441	-	14,283,385	-	-
Political subdivisions of states	40,021,272	37,372,916	-	40,021,272	-	-
U.S Special Revenue & Assessment obligations	60,855,938	57,429,304		60,855,938	-	-
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	$ -	$ -

*The 2021 presentation has been modified to conform with the current year presentation.

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 2022 or 2021.

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, 2022 are as follows:

2023	580,331
2024	573,204
2025	289,716
2026	216,155
2027	222,896
Thereafter	703,253
Total future minimum lease payments	$ 2,585,555

Total rent and lease expense was $401,365 and $434,623 for the years ended December 31, 2022 and 2021, 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 2022 or 2021 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 are accrued at the time of insolvencies. Certain assessments that are unknown to the Company are accrued at the time of assessment. Premium based assessments are accrued at the time the premiums are written and loss-based assessments are accrued at the time the losses are incurred. The Company has recorded a benefit for guaranty fund and other assessments of $98,640 and $198,252 at December 31, 2022 and 2021, respectively, in guarantee fund, rating bureau and other assessments in its Statements of Income. The Company has recorded a liability for guaranty fund and other assessments of $2,408,221 and $3,951,496 and no related premium tax benefit asset at December 31, 2022 and 2021, 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 2022 and 2021, the Company was charged $41,269,617 and $39,759,831, 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, 2022 and 2021 are as follows:

	2022	2021
Aggregate amount of unrealized loss		
Less than twelve months	$ 4,607,126	$ 837,291
Twelve months or longer	13,876,255	164,808
Total	$ 18,483,381	$ 1,002,099
Aggregate fair value of securities with unrealized loss		
Less than twelve months	$ 60,757,241	$ 58,609,954
Twelve months or longer	55,207,562	4,574,643
Total	$ 115,964,803	$ 63,184,597

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, 2022 and 2021, the Company recorded a net admitted deductible recovery accrual of $1,257,279 and $1,243,473, respectively, for amounts billed in January 2023 and 2022, 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 $10,383,965 and $9,313,013 as of December 31, 2022 and 2021, respectively. This 2022 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, 2022:

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	$ 29,018,386	$ 10,383,965	$ 1,257,279	$ 11,641,244

Unsecured amounts on high deductible policies:

Total high deductibles and billed recoverables on paid claims	$ 11,641,244
Collateral on balance sheet	10,922,665
Collateral off balance sheet	14,099,000
Total unsecured deductibles and billed recoverables on paid claims	$ -
Percentage unsecured	0.00%
Amount of overdue nonadmitted (either due to aging or collateral)	$ 368,877
Total over 90 days overdue admitted	-
Total overdue	$ 368,877

There are five counterparty high deductible policyholders with unsecured reserves as of December 31, 2022. 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	$ 513,450
Counterparty 2	57,424
Counterparty 3	31,970
Counterparty 4	19,783
Counterparty 5	18,691

17. Subsequent Events

Subsequent events have been considered through March 27, 2023, for these statutory financial statements which are available to be issued on March 27, 2023.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage of Column 1 Line 13	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	15,312,108	2.812	15,312,107	0	15,312,107	2.812
1.02 All other governments	3,305,585	0.607	3,305,585	0	3,305,585	0.607
1.03 U.S. states, territories and possessions, etc. guaranteed	10,002,096	1.837	10,002,096	0	10,002,096	1.837
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	36,341,465	6.673	36,341,467	0	36,341,467	6.673
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	121,819,307	22.369	121,819,309	0	121,819,309	22.369
1.06 Industrial and miscellaneous	257,032,252	47.198	257,032,249	0	257,032,249	47.198
1.07 Hybrid securities	2,997,054	0.550	2,997,054	0	2,997,054	0.550
1.08 Parent, subsidiaries and affiliates		0.000	0	0	0	0.000
1.09 SVO identified funds	0	0.000	0	0	0	0.000
1.10 Unaffiliated bank loans		0.000	0	0	0	0.000
1.11 Unaffiliated certificates of deposit	0	0.000	0	0	0	0.000
1.12 Total long-term bonds	446,809,867	82.046	446,809,867	0	446,809,867	82.046
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)		0.000	0	0	0	0.000
2.02 Parent, subsidiaries and affiliates		0.000	0	0	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)	90,655,000	16.647	90,655,000	0	90,655,000	16.647
3.02 Industrial and miscellaneous Other (Unaffiliated)	919,845	0.169	919,845	0	919,845	0.169
3.03 Parent, subsidiaries and affiliates Publicly traded		0.000	0	0	0	0.000
3.04 Parent, subsidiaries and affiliates Other		0.000	0	0	0	0.000
3.05 Mutual funds		0.000	0	0	0	0.000
3.06 Unit investment trusts		0.000	0	0	0	0.000
3.07 Closed-end funds		0.000	0	0	0	0.000
3.08 Exchange traded funds		0.000	0	0	0	0.000
3.09 Total common stocks	91,574,845	16.816	91,574,845	0	91,574,845	16.816
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages	0	0.000	0	0	0	0.000
4.02 Residential mortgages	0	0.000	0	0	0	0.000
4.03 Commercial mortgages	0	0.000	0	0	0	0.000
4.04 Mezzanine real estate loans	0	0.000	0	0	0	0.000
4.05 Total valuation allowance		0.000	0	0	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	0.000
5.02 Properties held for production of income		0.000	0	0	0	0.000
5.03 Properties held for sale		0.000	0	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)	2,229,988	0.409	2,229,988	0	2,229,988	0.409
6.02 Cash equivalents (Schedule E, Part 2)	253,675	0.047	253,675	0	253,675	0.047
6.03 Short-term investments (Schedule DA)		0.000	0	0	0	0.000
6.04 Total cash, cash equivalents and short-term investments	2,483,663	0.456	2,483,663	0	2,483,663	0.456
7. Contract loans	0	0.000	0	0	0	0.000
8. Derivatives (Schedule DB)	0	0.000	0	0	0	0.000
9. Other invested assets (Schedule BA)	3,716,172	0.682	3,716,172	0	3,716,172	0.682
10. Receivables for securities	27	0.000	27	0	27	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	0.000
13. Total invested assets	544,584,574	100.000	544,584,574	0	544,584,574	100.000

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

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

Of The MEMIC Indemnity Company

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

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. $ 610,668,537

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	JPMT	Long Term Bonds	$ 10,434,535	1.7 %
2.02	GSMBS	Long Term Bonds	$ 4,956,764	0.8 %
2.03	BANK OF AMERICA CORPORATION	Long Term Bonds/Common Stock	$ 4,620,514	0.8 %
2.04	CLARK COUNTY SCHOOL DISTRICT	Long Term Bonds	$ 4,395,973	0.7 %
2.05	BMARK	Long Term Bonds	$ 4,358,852	0.7 %
2.06	RAYTHEON TECHNOLOGIES CORPORATION	Long Term Bonds/Common Stock	$ 4,307,100	0.7 %
2.07	CMLT	Long Term Bonds	$ 3,910,432	0.6 %
2.08	HAMILTON COUNTY OHIO	Long Term Bonds	$ 3,841,204	0.6 %
2.09	INTEL CORPORATION	Long Term Bonds/Common Stock	$ 3,623,906	0.6 %
2.10	CITIGROUP INC.	Long Term Bonds	$ 3,481,874	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	$ 356,342,780	58.4 %	3.07	NAIC 1	$	0.0 %
3.02	NAIC 2	$ 87,942,227	14.4 %	3.08	NAIC 2	$	0.0 %
3.03	NAIC 3	$ 1,701,016	0.3 %	3.09	NAIC 3	$	0.0 %
3.04	NAIC 4	$ 823,844	0.1 %	3.10	NAIC 4	$	0.0 %
3.05	NAIC 5	$ 0	0.0 %	3.11	NAIC 5	$	0.0 %
3.06	NAIC 6	$ 0	0.0 %	3.12	NAIC 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	$ 41,367,968	6.8 %
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	$ 38,506,775	6.3 %
5.02	Countries designated NAIC-2	$ 2,861,194	0.5 %
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	$ 11,718,322	1.9 %
6.02	Country 2: United Kingdom	$ 6,628,079	1.1 %
	Countries designated NAIC - 2:		
6.03	Country 1: Peru	$ 1,274,780	0.2 %
6.04	Country 2: Mexico	$ 1,176,696	0.2 %
	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	$ 2,999,923	0.5 %
10.02	APID	1	$ 2,000,000	0.3 %
10.03	OCTLF	1	$ 2,000,000	0.3 %
10.04	SUMIBK	1	$ 2,000,000	0.3 %
10.05	AIA	1	$ 1,997,054	0.3 %
10.06	RNR	1	$ 1,981,353	0.3 %
10.07	AUSTRALI	1	$ 1,900,000	0.3 %
10.08	IVZ	1	$ 1,623,521	0.3 %
10.09	AZN	1	$ 1,503,224	0.2 %
10.10	MUFG	1	$ 1,493,420	0.2 %

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	BROADCOM INC.	$	1,845,129	0.3 %
13.03	ABBOTT LABORATORIES	$	1,813,182	0.3 %
13.04	CATERPILLAR INC.	$	1,810,834	0.3 %
13.05	CIGNA CORPORATION	$	1,807,460	0.3 %
13.06	COLGATE-PALMOLIVE COMPANY	$	1,799,248	0.3 %
13.07	PFIZER INC.	$	1,796,679	0.3 %
13.08	THE PROCTER & GAMBLE COMPANY	$	1,796,289	0.3 %
13.09	RAYTHEON TECHNOLOGIES CORPORATION	$	1,783,458	0.3 %
13.10	AFLAC INCORPORATED	$	1,775,191	0.3 %
13.11	BLACKROCK INC.	$	1,773,701	0.3 %

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

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

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

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

Ten largest fund managers:

	1 Fund Manager	2 Total Invested	3 Diversified	4 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 %

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 %

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 %	$	$	$

MEMIC

MEMIC Casualty Company

Financial Statements
(Statutory Basis)
December 31, 2022 and 2021

MEMIC Casualty Company
Index
(Statutory Basis)
December 31, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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, 2022, 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 27, 2023

MEMIC Casualty Company
Statements of Admitted Assets, Liabilities and Capital and Surplus (Statutory Basis)
December 31, 2022 and 2021

	2022	2021
Admitted Assets		
Invested assets		
Bonds, at carrying value (fair value: $123,661,019 and $124,622,597 at December 31, 2022 and 2021, respectively)	$ 139,650,391	$ 121,625,842
Common stocks, at fair value (cost: $79,900 and $50,600 at December 31, 2022 and 2021, respectively)	79,900	50,600
Cash, cash equivalents and short-term investments	6,365,388	12,034,045
Total cash and invested assets	146,095,679	133,710,487
Premium balances receivable	21,526,041	21,250,951
Reinsurance recoverable on paid loss and loss adjustment expenses	345,174	602,596
Investment income due and accrued	893,503	703,092
Federal income tax receivable	934,607	697,618
Net deferred tax asset	2,926,466	2,543,221
EDP equipment (net of accumulated depreciation of $102,636 and $42,292 at December 31, 2022 and 2021, respectively)	84,123	144,467
Total admitted assets	$ 172,805,593	$ 159,652,432
Liabilities		
Loss reserves	$ 86,530,168	$ 68,475,959
Loss adjustment expense reserves	12,623,785	12,122,817
Unearned premium reserves	25,338,778	22,716,273
Advance premium	17,799	4,367
Reinsurance premiums payable	66,282	29,420
Funds held by company under reinsurance treaties	6,195,503	9,514,532
Other liabilities	277,281	402,632
Deposits held for large deductible policyholders	1,429,962	1,226,733
Premium taxes and assessments payable	1,038,291	1,196,839
Amounts withheld for others	1,259,854	1,304,402
Due to parent	1,594,235	994,758
Commissions payable	2,241,046	2,056,879
Total liabilities	138,612,984	120,045,611
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 (deficit) surplus	(4,991,342)	422,870
Total capital and surplus	34,192,609	39,606,821
Total liabilities and capital and surplus	$ 172,805,593	$ 159,652,432

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, 2022 and 2021

	2022	2021
Underwriting income		
Premiums earned, net	$ 55,268,039	$ 52,931,582
Loss and underwriting expenses		
Losses incurred, net	39,533,624	38,460,262
Loss adjustment expenses incurred, net	8,466,872	9,526,011
Underwriting expenses		
Commissions	4,704,664	2,040,838
Premium taxes	987,205	1,337,759
Guarantee fund, rating bureau and other assessments	492,138	382,561
Supervision, acquisition and collection expenses	7,479,440	6,915,863
Loss control	1,497,626	1,610,300
General expenses	537,584	554,539
Total underwriting expenses	15,698,657	12,841,860
Total loss and underwriting expenses	63,699,153	60,828,133
Net underwriting loss	(8,431,114)	(7,896,551)
Investment income		
Net investment income	3,170,692	2,486,987
Net realized capital (losses) gains (less capital gains tax of $(8,436) and $1,808, December 31, 2022 and 2021, respectively)	(31,734)	6,803
Total investment income	3,138,958	2,493,790
Other (expense) income		
Bad debt expense	(33,877)	(5,407)
Finance charges	9,716	10,279
Other (expense) income	(828,928)	-
Net other (expense) income	(853,089)	4,872
Loss before dividends and federal income taxes	(6,145,245)	(5,397,889)
Dividends to policyholders	648,041	789,845
Loss after dividends, before federal income taxes	(6,793,286)	(6,187,734)
Benefit from federal income taxes	(926,171)	(699,426)
Net loss	$ (5,867,115)	$ (5,488,308)

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, 2022 and 2021

	2022	2021
Capital and surplus at beginning year	$ 39,606,821	$ 44,531,043
Net loss	(5,867,115)	(5,488,308)
Change in net deferred income taxes	554,171	648,638
Change in net unrealized depreciation of invested assets (net of deferred taxes of $0 and $(1,984) as of December 31, 2022 and 2021, respectively)	-	7,465
Change in nonadmitted assets	(101,268)	(92,017)
Change in capital and surplus	(5,414,212)	(4,924,222)
Capital and surplus at end of year	$ 34,192,609	$ 39,606,821

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, 2022 and 2021

	2022	2021
Cash from operations		
Premiums collected, net	$ 57,561,422	$ 55,621,515
Investment income received, net	3,398,428	2,974,121
Other (expense) income	(853,089)	4,873
Cash provided from operations	60,106,761	58,600,509
Benefit and loss related payments	21,221,992	19,905,744
Commissions and expenses paid	23,777,367	19,332,040
Dividends paid to policyholders	648,041	789,845
Federal income taxes (recovered) paid	(697,619)	1,222,966
Cash used in operations	44,949,781	41,250,595
Net cash provided from operations	15,156,980	17,349,914
Cash from investing activities		
Proceeds from bonds sold, matured or repaid	14,863,635	16,331,933
Cost of bonds acquired	(33,346,502)	(38,517,098)
Cost of stocks acquired	(29,300)	(1,500)
Net cash used in investing activities	(18,512,167)	(22,186,665)
Cash from financing and miscellaneous sources		
Other cash		
Other cash (used in) provided	(2,313,470)	4,773,235
Net cash (used in) provided from financing and miscellaneous sources	(2,313,470)	4,773,235
Net decrease in cash	(5,668,657)	(63,516)
Cash, cash equivalents and short-term investments		
Beginning of year	12,034,045	12,097,561
End of year	$ 6,365,388	$ 12,034,045

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

1. Organization

MEMIC Casualty Company (the "Company") is a property and casualty insurance company, domiciled in the State of New Hampshire, licensed to write workers' compensation insurance in 45 states and territories. All outstanding shares of the Company are owned by Maine Employers' Mutual Insurance Company ("MEMIC"), a property and casualty insurance company domiciled in the State of Maine. Since 2011, MEMIC has contributed $39,183,951 to capitalize the Company. MEMIC also owns 100% of the common stock of MEMIC Indemnity Company ("MEMIC Indemnity"), a property and casualty insurance company licensed to write workers' compensation insurance, which is also domiciled in New Hampshire.

The Company was created when 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. At the date of conversion, the Company acquired the residual assets and liabilities of GMMIC. There are no outstanding liabilities associated with this former incorporation as of December 31, 2022 or 2021.

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, 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 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 are not exchange-traded, are stated at 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 in runoff for the 2021 quota share treaty were earned on a monthly pro rata basis over the inforce period. 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 anticipates investment income when evaluating the need for any premium deficiency reserve. There was no premium deficiency reserve recorded for 2022 or 2021.

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, 2022 and 2021:

	2022	2021
Premium balances receivable over 90 days past due	$ 85,132	$ 77,195
Net deferred tax asset	861,712	690,786
Fixed assets, net of accumulated depreciation	107,234	160,353
Prepaid assets	-	24,476
Total nonadmitted assets	$ 1,054,078	$ 952,810

Depreciation expense on nonadmitted fixed assets was $99,085 and $87,447 as of December 31, 2022 and 2021, respectively.

Federal Income Taxes

The Company files a consolidated tax return with MEMIC and three affiliates, 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 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. For the years ended December 31, 2022 and 2021, depreciation expense was $2,864. 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.

3. Capital and Surplus

To date, total contributions from MEMIC are $39,183,951. There were no contributions from MEMIC during 2022 or 2021.

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 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 $3,960,682 and $4,453,104 during 2022 and 2021, respectively. There were no stockholder dividends declared during 2022 or 2021.

5. Income Taxes

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

	December 31, 2022		
	1	2	3
			(Col 1+2)
	Ordinary	Capital	Total
a. Gross deferred tax assets	$ 3,970,456	$ -	$ 3,970,456
b. Statutory valuation allowance adjustment		-	-
c. Adjusted gross deferred taxes (1a - 1b)	3,970,456	-	3,970,456
d. Deferred tax assets nonadmitted	861,712	-	861,712
e. Subtotal net admitted deferred tax asset (1c - 1d)	3,108,744	-	3,108,744
f. Deferred tax liabilities	182,278	-	182,278
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 2,926,466	$ -	$ 2,926,466

	December 31, 2021		
	4	5	6
			(Col 4+5)
	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

	Change		
	7	8	9
	(Col 1-4)	(Col 2-5)	(Col 7+8)
	Ordinary	Capital	Total
a. Gross deferred tax assets	$ 501,037	$ -	$ 501,037
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a - 1b)	501,037	-	501,037
d. Deferred tax assets nonadmitted	170,926	-	170,926
e. Subtotal net admitted deferred tax asset (1c - 1d)	330,111	-	330,111
f. Deferred tax liabilities	(53,134)	-	(53,134)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 383,245	$ -	$ 383,245

Admission Calculation Components:

	December 31, 2022		
	1 Ordinary	2 Capital	(Col 1+2) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 753,838	$ -	$ 753,838
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	2,172,628	-	2,172,628
2. Adjusted gross deferred tax assets allowed per limitation threshold			4,677,303
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	182,278	-	182,278
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 3,108,744	$ -	$ 3,108,744

	December 31, 2021		
	4 Ordinary	5 Capital	(Col 4+5) 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

	Change		
	7 Ordinary (Col 1-4)	8 Capital (Col 2-5)	9 Total (Col 7+8)
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ (542,795)	$ -	$ (542,795)
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	926,040	-	926,040
2. Adjusted gross deferred tax assets allowed per limitation threshold			(860,567)
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	(53,134)	-	(53,134)
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 330,111	$ -	$ 330,111

Other Admissibility Criteria	2022	2021
a. Ratio percentage used to determine recovery period and threshold limitation amount	360%	559%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	$ 31,182,020	$ 36,919,133

Tax planning strategies were not employed by the Company during 2022 or 2021, and therefore, had no impact upon the determination of adjusted gross and net admitted deferred tax assets.

As of December 31, 2022 and 2021, 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 for both 2022 and 2021. There are no deposits admitted under Section 6603 of the Internal Revenue Code.

As of December 31, 2022 and 2021, 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:

	2022	2021	Change
a. Federal	$ (918,973)	$ (748,447)	$ (170,526)
b. Provision to return	(7,198)	49,021	(56,219)
d. Subtotal	(926,171)	(699,426)	(226,745)
e. Federal income tax on net capital (losses) gains	(8,436)	1,808	(10,244)
h. Federal income taxes incurred	$ (934,607)	$ (697,618)	$ (236,989)

Deferred Tax Assets

	2022	2021	Change
a. Ordinary:			
Discounting of unpaid losses	$ 2,673,093	$ 2,257,172	$ 415,921
Unearned premium reserves	1,064,975	954,267	110,708
Accrued expenses	191,991	202,954	(10,963)
Other (including items < 5% of total ordinary tax assets)	40,397	55,026	(14,629)
Subtotal	3,970,456	3,469,419	501,037
b. Statutory valuation allowance adjustment	-	-	-
c. Nonadmitted	861,712	690,786	170,926
d. Admitted ordinary deferred tax assets	3,108,744	2,778,633	330,111
e. Capital:			
Investments	-	-	-
Subtotal	-	-	-
f. Statutory valuation allowance adjustment	-	-	-
g. Nonadmitted	-	-	-
h. Admitted capital deferred tax assets	-	-	-
i. Admitted deferred tax assets	3,108,744	2,778,633	330,111
Deferred Tax Liabilities			
a. Ordinary:			
Investments	40,149	35,838	4,311
Fixed assets	40,185	64,012	(23,827)
Legislative change in loss discounting	101,609	135,479	(33,870)
Additional acquisition costs	335	83	252
Subtotal	182,278	235,412	(53,134)
b. Capital:			
Investments	-	-	-
Subtotal	-	-	-
c. Deferred tax liabilities	182,278	235,412	(53,134)
Net Deferred Tax Assets/Liabilities	$ 2,926,466	$ 2,543,221	$ 383,245

Change in net deferred income taxes

	2022	2021	Change
a. Adjusted gross deferred tax assets	$ 3,970,456	$ 3,469,419	$ 501,037
b. Total deferred tax liabilities	182,278	235,412	(53,134)
c. Net deferred tax assets	3,788,178	3,234,007	554,171
d. Tax effect of change in unrealized gains (losses)			-
e. Total change in net deferred income tax			554,171
			$ 554,171

There were no deferred tax liabilities that were not recognized.

Among the more significant book to tax adjustments in 2022 and 2021 were the following:

	2022	2021
Provision computed at statutory rate	$ (1,428,362)	$ (1,291,753)
PY true up (to deferred)	(209)	(49,079)
PY true up (to current)	(7,199)	49,021
Change in nonadmitted assets	14,630	13,961
Legislative change in loss discounting	161,283	161,283
Other permanent differences	(228,921)	(229,689)
Totals	(1,488,778)	(1,346,256)
Federal income taxes incurred	(926,171)	(699,426)
Realized capital gains tax	(8,436)	1,808
Change in net deferred income taxes	(554,171)	(648,638)
Total statutory income taxes	$ (1,488,778)	$ (1,346,256)

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, 2022 and 2021 are summarized as follows:

	2022	2021
Net balances at January 1,	$ 80,598,776	$ 58,257,298
Incurred related to		
Current year	50,197,200	47,917,891
Prior year	(2,196,704)	68,382
Total incurred	48,000,496	47,986,273
Paid related to		
Current year	10,304,765	9,058,005
Prior year	19,140,554	16,586,790
Total paid	29,445,319	25,644,795
Net balances at December 31,	$ 99,153,953	$ 80,598,776

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 $169,781 and $56,821 as of December 31, 2022 and 2021, 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 $590,909 and $829,291 as of December 31, 2022 and 2021, respectively. These 2022 and 2021 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 2022, the Company's incurred losses related to prior years decreased by $2,196,704 as a result of favorable loss development principally in the 2021 accident year. This unfavorable development is the result of ongoing analysis of recent loss development trends.

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.

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 $115,949 and $84,347 for 2022 and 2021, respectively. All amounts are recorded as assumed business. Amounts added to premiums, reserves and expenses for reinsurance assumed from pools are as follows:

	2022	2021
Premiums earned	$ 3,790,894	$ 2,966,608
Loss and loss adjustment expenses incurred	2,975,583	2,379,558
Unearned premiums	1,041,057	1,038,252
Loss and loss adjustment expense reserves	4,465,034	2,824,414
Premiums receivable	924,343	407,258
Underwriting expenses incurred	868,629	813,382

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 2022 and 2021. In addition, for 2022 and 2021, 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:

	2022	2021
Premiums earned	$ 1,335,256	$ 1,491,273
Loss and loss adjustment expenses incurred	-	450,000
Loss and loss adjustment expense reserves	617,896	642,029
Premiums payable	66,282	76,936

The Company ceded risk to another insurance company through a 15% quota share reinsurance agreement for treaty year 2021 and a 20% quota share reinsurance agreement for treaty years 2020 and 2019. The 2021 and 2020 quota share treaties included 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, 2022 and 2021. Amounts deducted from premiums, reserves and expenses for reinsurance ceded to other companies for these quota share treaties are as follows:

	2022	2021
Premiums earned	$ 2,379,424	$ 10,085,210
Loss and loss adjustment expenses incurred	1,926,990	5,497,124
Unearned premiums	-	3,664,533
Loss and loss adjustment expense reserves	8,964,983	10,040,673
Ceding commissions	(301,144)	2,635,144
Funds held by company under reinsurance treaties	6,195,503	9,514,532
Premiums recoverable	-	47,516

The 2022 and 2021, 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. As of December 31, 2022 and 2021, the Company had unsecured reinsurance recoverables of $3,115,000 and $4,447,000, respectively, from Swiss Reinsurance American Corporation, that exceeded 3% of capital and surplus.

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, 2022 and 2021, direct, assumed and ceded premiums were as follows:

	2022		2021	
	Written	Earned	Written	Earned
Direct	$ 54,146,991	$ 55,191,825	$ 60,436,505	$ 61,541,457
Assumed	3,793,699	3,790,894	3,528,373	2,966,608
Ceded	(146,535)	(3,714,680)	(10,134,003)	(11,576,483)
Net premiums	$ 57,794,155	$ 55,268,039	$ 53,830,875	$ 52,931,582

9. Restricted Assets

Various regulatory authorities require that securities be placed on deposit in conjunction with writing workers' compensation business. As of December 31, 2022 and 2021, the Company had fixed income securities on deposit with a carrying value of $5,374,565 and $4,564,325, respectively, included in bonds on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

The Company is a member of the Federal Home Loan Bank ("FHLB"). The Company has 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 $29,300 and $1,500, respectively, during 2022 and 2021. As of December 31, 2022, the membership stock balance is $79,900. 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, as of December 31, 2022, is $8,640,280.

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 $1,429,962 and $1,226,733 as of 2022 and 2021, 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, 2022:

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	$ 5,374,565	$ 4,564,325	$ 810,240	3.11%	3.09%
FHLB capital stock	79,900	50,600	29,300	0.05%	0.05%
Deposits held for large deductible policyholders	1,429,962	1,226,733	203,229	0.83%	0.82%
Total restricted assets	$ 6,884,427	$ 5,841,658	$ 1,042,769	3.98%	3.96%

10. Investments

As of December 31, 2022 and 2021, the cost and fair value of the Company's FHLB stock was $79,900 and $50,600, respectively.

The carrying value and fair value of bonds as of December 31, 2022 and 2021*, are as follows:

	2022			
	Carrying Value	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
U.S. Government & government agencies & authorities	$ 4,063,845	$ 21,319	$ (206,840)	$ 3,878,324
States, territories & possessions	1,984,463	572	(181,645)	1,803,390
Political subdivisions of states	8,466,164	7,665	(1,231,031)	7,242,798
U.S Special Revenue & Assessment obligations	30,591,490	3,774	(4,845,576)	25,749,688
Industrial & miscellaneous	36,969,616	-	(4,481,855)	32,487,761
Asset backed securities	57,574,813	61,887	(5,137,642)	52,499,058
Total bonds	$ 139,650,391	$ 95,217	$ (16,084,589)	$ 123,661,019

	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	2,255,342	178,028	(4,338)	2,429,032
Political subdivisions of states	7,009,982	171,829	(82,858)	7,098,953
U.S Special Revenue & Assessment obligations	29,240,040	1,400,605	(105,113)	30,535,532
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

*The 2021 presentation has been modified to conform with the current year presentation.

The carrying value and fair value of bonds as of December 31, 2022, by contractual maturity are as follows:

Maturity	**Carrying Value**	**Fair Value**
One year or less	$ 460,080	$ 459,065
Over one year through five years	28,140,576	26,420,106
Over five years through ten years	25,036,751	22,183,427
Over ten years	86,012,984	74,598,421
	$ 139,650,391	$ 123,661,019

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, 2022 and 2021, 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 2022 or 2021.

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, 2022 and 2021*, are as follows:

	2022					
	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	$ 1,394,144	$ (65,120)	$ 1,056,945	$ (141,720)	$ 2,451,089	$ (206,840)
States, territories & possessions	1,365,193	(108,668)	177,023	(72,977)	1,542,216	(181,645)
Political subdivisions of states	2,683,528	(99,437)	4,043,896	(1,131,594)	6,727,424	(1,231,031)
U.S Special Revenue &						
Assessment obligations	15,579,373	(1,435,595)	9,640,153	(3,409,981)	25,219,526	(4,845,576)
Industrial & miscellaneous	18,319,653	(1,540,373)	14,168,108	(2,941,482)	32,487,761	(4,481,855)
Asset backed securities	28,026,681	(2,020,199)	20,624,597	(3,117,443)	48,651,278	(5,137,642)
	$ 67,368,572	$ (5,269,392)	$ 49,710,722	$ (10,815,197)	$ 117,079,294	$ (16,084,589)

	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	495,663	(4,338)	-	-	495,663	(4,338)
Political subdivisions of states	3,793,464	(82,858)	-	-	3,793,464	(82,858)
U.S Special Revenue &						
Assessment obligations	3,601,230	(92,488)	487,375	(12,625)	4,088,605	(105,113)
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)

*The 2021 presentation has been modified to conform with the current year presentation.

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

The information for the year ended December 31, 2022 is as follows:

	2022		
	Proceeds From Sales	Gross Realized Gains	Gross Realized Losses
Bonds, total	$ 4,545,301	$ 3,212	$ (43,382)
Total	$ 4,545,301	$ 3,212	$ (43,382)

During 2021, there were no proceeds from sales of investments on debt securities or gross realized gains.

The major categories of net investment income for the years ended December 31, 2022 and 2021 are summarized as follows:

	2022	2021
Bonds	$ 3,431,201	$ 2,712,890
Common stocks	2,284	836
Cash, cash equivalents and short-term investments	58,061	1,429
Other investment income	2	35
Total investment income	3,491,548	2,715,190
Less: Investment expenses	(320,856)	(228,203)
Net investment income	$ 3,170,692	$ 2,486,987

The Company held no structured notes as of December 31, 2022 or 2021.

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. The carrying amounts of cash and cash equivalents approximate fair value and are considered 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 certain securities 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.

	2022			
	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	$ -	$ 79,900	$ -	$ 79,900
Total common stocks	-	79,900	-	79,900
Total assets, measured at fair value	$ -	$ 79,900	$ -	$ 79,900

	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

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, 2022 and 2021*. The fair values are also categorized into the three-level fair value hierarchy as described above.

	2022					
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	$ 3,878,324	$ 4,063,845	$ -	$ 3,878,324	$ -	$ -
States, territories & possessions	1,803,390	1,984,463	-	1,803,390	-	-
Political subdivisions of states	7,242,798	8,466,164	-	7,242,798	-	-
U.S Special Revenue & Assessment obligations	25,749,688	30,591,490		25,749,688		
Industrial & miscellaneous	32,487,761	36,969,616	-	32,487,761	-	-
Asset backed securities	52,499,058	57,574,813	-	52,499,058	-	-
Common stocks	79,900	79,900	-	79,900	-	-
Cash, cash equivalents & short-term investments	6,365,388	6,365,388	6,365,388	-	-	-
Total assets	$ 130,106,307	$ 146,095,679	$ 6,365,388	$123,740,919	$ -	$ -

	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	2,429,032	2,255,342	-	2,429,032	-	-
Political subdivisions of states	7,098,953	7,009,982	-	7,098,953	-	-
U.S Special Revenue & Assessment obligations	30,535,531	29,240,040	-	30,535,531	-	-
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	$ 136,707,241	$ 133,710,487	$ 12,034,045	$124,673,196	$ -	$ -

*The 2021 presentation has been modified to conform with the current year presentation.

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 2022 or 2021 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.

As of December 31, 2022 and 2021, the Company has recorded an expense of $584,239 and $479,323, respectively, for guaranty funds and other assessments. As of December 31, 2022 and 2021, the Company had accrued a net liability of $891,790 and $949,997, 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 2022 or 2021.

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. For the years ended December 2022 and 2021, $11,902,712 and $10,543,255, 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 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, 2022 and 2021, are as follows:

	2022	2021
Aggregate amount of unrealized loss		
Less than twelve months	$ 2,020,199	$ 303,352
Twelve months or longer	3,117,443	22,590
Total	$ 5,137,642	$ 325,942
Aggregate fair value of securities with unrealized loss		
Less than twelve months	$ 28,026,681	$ 25,373,988
Twelve months or longer	20,624,597	481,625
Total	$ 48,651,278	$ 25,855,613

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, 2022 and 2021, the Company recorded a net admitted deductible recovery accrual of $169,781 and $56,821, respectively, for amounts billed in January 2023 and 2022, 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 $590,909 and $829,291 as of December 31, 2022 and 2021, respectively. These 2022 and 2021 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, 2022 and 2021.

Counter Party Exposure Recorded on Unpaid Claims and Billed Recoverables on Paid Claims as of December 31, 2022:

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	$ 2,223,885	$ 590,909	$ 169,781	$ 760,690

Unsecured amounts on high deductible policies:

Total high deductibles and billed recoverables on paid claims	$ 760,690
Collateral on balance sheet	1,429,962
Collateral off balance sheet	700,000
Total unsecured deductibles and billed recoverables on paid claims	-
Percentage unsecured	0.00%

High deductible recoverable amounts on paid claims

Amount of overdue nonadmitted (either due to aging or collateral)	$ -
Total over 90 days overdue admitted	-
Total overdue	-

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, 2022 or 2021.

17. Subsequent Events

Subsequent events have been considered through March 27, 2023, for these statutory financial statements which are available to be issued on March 27, 2023.

SUMMARY INVESTMENT SCHEDULE

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1	2	3	4	5	6
Investment Categories	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	7,643,041	5.232	7,643,040	0	7,643,040	5.232
1.02 All other governments		0.000	0	0	0	0.000
1.03 U.S. states, territories and possessions, etc. guaranteed	1,984,463	1.358	1,984,463	0	1,984,463	1.358
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	8,466,165	5.795	8,466,164	0	8,466,164	5.795
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	54,556,385	37.343	54,556,387	0	54,556,387	37.343
1.06 Industrial and miscellaneous	67,000,337	45.861	67,000,337	0	67,000,337	45.861
1.07 Hybrid securities		0.000	0	0	0	0.000
1.08 Parent, subsidiaries and affiliates		0.000	0	0	0	0.000
1.09 SVO identified funds	0	0.000	0	0	0	0.000
1.10 Unaffiliated bank loans		0.000	0	0	0	0.000
1.11 Unaffiliated certificates of deposit	0	0.000	0	0	0	0.000
1.12 Total long-term bonds	139,650,391	95.588	139,650,391	0	139,650,391	95.588
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)		0.000	0	0	0	0.000
2.02 Parent, subsidiaries and affiliates		0.000	0	0	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	0	0.000
3.02 Industrial and miscellaneous Other (Unaffiliated)	79,900	0.055	79,900	0	79,900	0.055
3.03 Parent, subsidiaries and affiliates Publicly traded		0.000	0	0	0	0.000
3.04 Parent, subsidiaries and affiliates Other		0.000	0	0	0	0.000
3.05 Mutual funds		0.000	0	0	0	0.000
3.06 Unit investment trusts		0.000	0	0	0	0.000
3.07 Closed-end funds		0.000	0	0	0	0.000
3.08 Exchange traded funds		0.000	0	0	0	0.000
3.09 Total common stocks	79,900	0.055	79,900	0	79,900	0.055
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages	0	0.000	0	0	0	0.000
4.02 Residential mortgages	0	0.000	0	0	0	0.000
4.03 Commercial mortgages	0	0.000	0	0	0	0.000
4.04 Mezzanine real estate loans	0	0.000	0	0	0	0.000
4.05 Total valuation allowance		0.000	0	0	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	0.000
5.02 Properties held for production of income		0.000	0	0	0	0.000
5.03 Properties held for sale		0.000	0	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)	3,610,074	2.471	3,610,074	0	3,610,074	2.471
6.02 Cash equivalents (Schedule E, Part 2)	2,755,314	1.886	2,755,314	0	2,755,314	1.886
6.03 Short-term investments (Schedule DA)		0.000	0	0	0	0.000
6.04 Total cash, cash equivalents and short-term investments	6,365,388	4.357	6,365,388	0	6,365,388	4.357
7. Contract loans	0	0.000	0	0	0	0.000
8. Derivatives (Schedule DB)	0	0.000	0	0	0	0.000
9. Other invested assets (Schedule BA)	0	0.000	0	0	0	0.000
10. Receivables for securities	0	0.000	0	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	0.000
13. Total invested assets	146,095,679	100.000	146,095,679	0	146,095,679	100.000

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

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

Of The MEMIC Casualty Company

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

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. $ 172,805,593

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

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	TOWD	Long Term Bonds	$ 2,420,059	1.4 %
2.02	COLTMT	Long Term Bonds	$ 1,844,686	1.1 %
2.03	BAYOPT	Long Term Bonds	$ 1,821,098	1.1 %
2.04	OCMT	Long Term Bonds	$ 1,817,350	1.1 %
2.05	AOMT	Long Term Bonds	$ 1,760,208	1.0 %
2.06	CARMAX	Long Term Bonds	$ 1,499,674	0.9 %
2.07	FIRSTKEY	Long Term Bonds	$ 1,466,666	0.8 %
2.08	BVINV	Long Term Bonds	$ 1,391,294	0.8 %
2.09	DUKE ENERGY PROGRESS LLC	Long Term Bonds	$ 1,281,206	0.7 %
2.10	THE GOLDMAN SACHS GROUP INC.	Long Term Bonds	$ 1,261,456	0.7 %

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	$ 128,918,220	74.6 %	3.07	NAIC 1	$	0.0 %
3.02	NAIC 2	$ 10,732,170	6.2 %	3.08	NAIC 2	$	0.0 %
3.03	NAIC 3	$ 0	0.0 %	3.09	NAIC 3	$	0.0 %
3.04	NAIC 4	$ 0	0.0 %	3.10	NAIC 4	$	0.0 %
3.05	NAIC 5	$ 0	0.0 %	3.11	NAIC 5	$	0.0 %
3.06	NAIC 6	$ 0	0.0 %	3.12	NAIC 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	$ 8,716,814	5.0 %
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	$	8,716,814	5.0 %
5.02	Countries designated NAIC-2	$		0.0 %
5.03	Countries designated NAIC-3 or below	$		0.0 %

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

			1	2
	Countries designated NAIC - 1:			
6.01	Country 1: Cayman Islands	$	6,967,626	4.0 %
6.02	Country 2: United Kingdom	$	1,000,195	0.6 %
	Countries designated NAIC - 2:			
6.03	Country 1:	$		0.0 %
6.04	Country 2:	$		0.0 %
	Countries designated NAIC - 3 or below:			
6.05	Country 1:	$		0.0 %
6.06	Country 2:	$		0.0 %

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

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

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

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

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

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

	1 Issuer	2 NAIC Designation		3	4
10.01	GALXY	1	$	1,250,000	0.7 %
10.02	CIFC	1	$	1,250,000	0.7 %
10.03	BACR	1	$	1,000,195	0.6 %
10.04	MF1	1	$	1,000,000	0.6 %
10.05	MDPK	1	$	726,737	0.4 %
10.06	BSPRT	1	$	500,000	0.3 %
10.07	ALLEG	1	$	500,000	0.3 %
10.08	DRSLF	1	$	500,000	0.3 %
10.09	TACHEM	1	$	499,265	0.3 %
10.10	CGMS	1	$	494,887	0.3 %

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 %

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 %

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 %

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 %	$	$	$