Financial Statements (Statutory Basis)
December 31, 2020 and 2019

Maine Employers' Mutual Insurance Company
page 2

MEMIC Indemnity Company
page 42

MEMIC Casualty Company
page 79

MEMIC

Maine Employers' Mutual Insurance Company

Financial Statements (Statutory Basis)

December 31, 2020 and 2019

Maine Employers' Mutual Insurance Company
Index
December 31, 2020 and 2019

	Page(s)
Independent Auditor's Report	1-2
Financial Statements - (Statutory Basis)	
Statements of Admitted Assets, Liabilities and Capital and Surplus	3
Statements of Income	4
Statements of Changes in Capital and Surplus	5
Statements of Cash Flows	6
Notes to Financial Statements	7-31
Summary Investment Schedule	32
Supplemental Investment Risks Interrogatories	33-38

Report of Independent Auditors

To the Board of Directors of
Maine Employers' Mutual Insurance Company

We have audited the accompanying statutory basis 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, 2020 and 2019, 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.

Management's Responsibility 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 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 the statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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" paragraph, the financial statements referred to above 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, 2020 and 2019, or the results of its operations or its cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting
In our opinion, the statutory basis financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 2.

Other Matter
Our audits were 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, 2020, 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 statutory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the statutory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory basis financial statements or to the financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated, in all material respects, in relation to the statutory basis financial statements taken as a whole.

Johnson Lambert LLP

Atlanta, Georgia
March 26, 2021

Maine Employers' Mutual Insurance Company
Statements of Admitted Assets, Liabilities and Capital and Surplus
(Statutory Basis)
Years Ended December 31, 2020 and 2019

	2020	2019
Admitted Assets		
Invested assets		
Bonds, at carrying value (NAIC fair value: $499,623,038 and $479,908,165 at December 31, 2020 and 2019, respectively)	$ 465,084,887	$ 459,812,350
Common stocks, at NAIC fair value (cost: $101,850,619 and $100,070,106 at December 31, 2020 and 2019, respectively)	182,058,794	176,817,286
Common stocks of affiliates	236,948,666	226,801,916
Other invested assets	24,844,403	22,814,888
Cash, cash equivalents and short-term investments	40,261,979	9,390,013
Total cash and invested assets	949,198,729	895,636,453
Premium balances receivable	58,885,464	56,166,709
Investment income due and accrued	3,865,056	4,164,009
EDP equipment (net of accumulated depreciation of $4,453,647 and $7,708,661 in 2020 and 2019, respectively)	7,194,149	6,635,663
Reinsurance recoverable on paid loss and loss adjustment expenses	3,312,999	1,118,472
Federal income tax recoverable	832,282	-
Net deferred income taxes	2,022,334	1,577,273
Due from affiliates	973,207	7,180,579
Total admitted assets	$ 1,026,284,220	$ 972,479,158
Liabilities		
Loss reserves	$ 375,440,384	$ 347,833,679
Loss adjustment expense reserves	39,350,099	35,772,576
Unearned premium reserves	78,555,020	77,267,335
Reinsurance premiums payable	1,002,890	1,169,988
Commissions payable	9,835,718	6,540,484
Advance premium	1,250,382	1,489,089
Premium taxes and assessments payable	1,321,835	1,423,844
Amounts withheld for others	1,523,184	1,677,737
Federal income taxes payable	-	81,256
Other liabilities	30,259,274	29,272,380
Total liabilities	538,538,786	502,528,368
Commitments and contingencies (Note 13)		
Capital and Surplus		
Capital contributions	3,118,063	3,180,808
Deferred gain	96,614	203,946
Unassigned surplus	484,530,757	466,566,036
Total capital and surplus	487,745,434	469,950,790
Total liabilities and capital and surplus	$ 1,026,284,220	$ 972,479,158

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

Maine Employers' Mutual Insurance Company
Statements of Income
(Statutory Basis)
Years Ended December 31, 2020 and 2019

	2020	2019
Underwriting income		
Premiums earned, net	$ 162,615,771	$ 162,857,359
Loss and underwriting expenses		
Losses incurred, net	110,919,152	116,997,887
Loss adjustment expenses incurred, net	22,463,564	21,193,145
Underwriting expenses		
Commissions	16,363,837	12,655,017
Premium taxes	3,004,801	2,942,992
Guarantee fund, rating bureau and other assessments	347,850	1,456,814
Supervision, acquisition and collection expense	11,174,575	9,735,071
Loss control expenses	4,772,270	4,659,679
General expenses	6,159,555	4,176,114
Total underwriting expenses	41,822,888	35,625,687
Total loss and underwriting expenses	175,205,604	173,816,719
Net underwriting loss	(12,589,833)	(10,959,360)
Investment income		
Net investment income	17,304,323	19,435,735
Net realized capital gains (less capital gains tax of $2,903,390 and $2,257,724, respectively)	10,962,424	10,622,573
Total investment income	28,266,747	30,058,308
Other (expense) income		
Bad debt expense	(229,555)	(52,102)
Service fee income	160,350	173,822
Net other (expense) income	(69,205)	121,720
Income before dividends and federal income taxes	15,607,709	19,220,668
Dividends to policyholders	17,000,000	22,001,417
Loss after dividends, before federal income taxes	(1,392,291)	(2,780,749)
Benefit from federal income taxes	(1,424,594)	(4,355,215)
Net income	$ 32,303	$ 1,574,466

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

Maine Employers' Mutual Insurance Company
Statements of Changes in Capital and Surplus
(Statutory Basis)
Years Ended December 31, 2020 and 2019

	2020	2019
Capital and surplus at beginning of year	$ 469,950,790	$ 423,730,094
Capital contributions returned	(62,745)	-
Net income	32,303	1,574,466
Change in net deferred income taxes	1,307,310	(1,090,275)
Change in nonadmitted assets	1,872,555	(1,211,788)
Change in deferred gain on capital contributions	(107,332)	(419,780)
Change in net unrealized appreciation of invested assets (net of deferred taxes of $862,249 and $5,428,164 as of December 31, 2020 and 2019, respectively)	14,752,553	47,368,073
	17,794,644	46,220,696
Capital and surplus at end of year	$ 487,745,434	$ 469,950,790

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, 2020 and 2019

	2020	2019
Cash from operations		
Premiums collected, net	$ 161,486,400	$ 162,636,264
Investment income received, net	19,881,055	21,074,515
Other (expense) income	(69,205)	121,720
Cash provided from operations	181,298,250	183,832,499
Benefit and loss related payments	(85,506,973)	(106,978,188)
Commissions and expenses paid	(56,914,112)	(50,616,391)
Dividends paid to policyholders	(17,000,000)	(22,001,417)
Federal income taxes recovered	(2,392,334)	1,300,906
Cash used in operations	(161,813,419)	(178,295,090)
Net cash provided from operations	19,484,831	5,537,409
Cash from investing activities		
Proceeds from investments sold, matured or repaid		
Bonds	107,178,563	113,195,634
Common stocks	50,118,526	52,393,989
Other invested assets	-	3,000,000
Total investment proceeds	157,297,089	168,589,623
Costs of investments acquired		
Bonds	(113,183,425)	(131,635,678)
Common stocks	(38,092,980)	(34,913,578)
Other invested assets	(1,230,185)	(2,235,072)
Total cost of investments acquired	(152,506,590)	(168,784,328)
Net cash provided from (used) in investments	4,790,499	(194,705)
Cash from financing and miscellaneous sources		
Other uses	6,596,636	(5,883,019)
Net cash provided from (used) in financing and miscellaneous sources	6,596,636	(5,883,019)
Net increase (decrease) in cash	30,871,966	(540,315)
Cash, cash equivalents and short-term investments		
Beginning of year	9,390,013	9,930,328
End of year	$ 40,261,979	$ 9,390,013

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 24 states and writes workers' compensation insurance and employers' liability insurance incidental to and written in connection with workers' compensation coverage for employers in 14 states. The Company writes its business primarily through independent agents and brokers. Approximately 95% and 94% of premium written during 2020 and 2019, respectively, was for Maine workers' compensation and employment practices liability insurance policies.

In 1996, the Company obtained approval from the Maine Bureau of Insurance (the "Bureau") and established a wholly-owned subsidiary, MEMIC Services, which provided a self-insured take out financing mechanism and agency services during 2020 and 2019.

In 1999, the Company obtained approval from the New Hampshire Insurance Department to form a subsidiary, MEMIC Indemnity, to write workers' compensation insurance in New Hampshire. The Company is the sole shareholder of MEMIC Indemnity. MEMIC Indemnity commenced writing business September 1, 2000 and is licensed to write workers' compensation and or employers' liability insurance in 50 states and the District of Columbia. In 2000, the Company capitalized MEMIC Indemnity with a $12,000,000 investment and supplemented its original investment by contributing an additional $105,000,000 consisting of bonds and cash between 2001 and 2018. There were no contributions during 2020 or 2019. 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 gain of $36,068 remains in capital and surplus as of December 31, 2020.

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

On October 19, 2009, the Company formed Casco View Holdings LLC ("CVH"), a Maine limited liability company for the management and ownership of current and future investments in real estate. Initially, on January 4, 2010, the Company transferred its entire interest in the property located at 245-253 Commercial Street, Portland, Maine, which comprises certain income producing property along with a capital contribution of $500,000 and related tenant security deposits of $86,485 to CVH. As consideration for the said transfer of the real estate, the Company received all of the membership interests in CVH. CVH is the sole member of Casco View Holdings II LLC ("CVHII") and Casco View Holdings III LLC ("CVHIII") To date, the Company has invested $15,106,501 in CVH, CVHII and CVHIII, net of a $3,000,000 membership distribution received from CVH in May 2019. The Company records its membership interests in CVH in other invested assets.

The Company owns 100% of the common stock of MEMIC Casualty, a property and casualty insurance company domiciled in New Hampshire. MEMIC Casualty is licensed to write workers' compensation insurance in 40 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 consisting of non-cash contribution 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 $60,546 remains in capital and surplus as of December 31, 2020. There were no contributions during 2020 or 2019.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

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

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

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

b. The statutory provision for federal income taxes represents estimated amounts currently payable based on taxable income or loss reported in the current accounting period. Deferred income taxes are provided in accordance with SSAP 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 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 is required; and

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

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

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

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

Unaffiliated common stocks and actively traded mutual funds are generally stated at fair value. The fair values of common stocks and actively traded mutual funds are based on quoted market prices in active markets, with the exception of the Federal Home Loan Bank ("FHLB") stock which is not exchange traded and is restricted. See Note 9. Where declines in the value of marketable securities are deemed other-than-temporary, the loss is reported as a component of net realized capital gains (losses). The net unrealized gains and losses on these marketable securities, after deductions of applicable deferred income taxes, are credited or charged directly to policyholders' surplus.

Other invested assets consists of the investment in CVH, a non-marketable equity investment in an Insurtech company, and surplus debentures. The investment in CVH is measured on the equity basis under GAAP. The non-marketable equity investment is carried at fair value based on the Company's proportionate interest in the fund's net asset value. The remaining unfunded commitment on the non-marketable equity investment in an Insurtech company was $1,534,744 and $2,764,928 as of December 31, 2020 and 2019, respectively. The investment grade surplus debenture included in other invested assets with an NAIC designation of 1 is stated at amortized cost using the interest method.

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

Investment income is recorded on an accrual basis. Realized capital gains and losses are reported, net of tax, in operating results based on the specific identification of investments sold. Unrealized capital gains and losses from the valuation of investments at fair value are credited or charged directly to unassigned surplus, net of federal income taxes, unless determined to be other-than-temporary ("OTTI") 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 OTTI has occurred and whether an impairment should be recognized.

Premiums and Unearned Premium Reserves
Direct and assumed premiums are earned on a monthly pro rata basis over the in-force period and ceded premiums are written and earned concurrently for the workers' compensation line of business. Ceded premiums for employment practices liability insurance are earned on a monthly pro rata basis over the inforce period. Accordingly, unearned premium reserves are established for the pro rata portion of direct and assumed premiums written for workers' compensation and employment practices liability insurance direct and ceded premium which are applicable to the unexpired terms of the policies inforce, net of reinsurance. Premium adjustments resulting from retrospective rating plans and/or audits are immediately recorded as written and earned premiums once such amounts can be reasonably estimated. When the anticipated losses, loss adjustment expenses, commissions, and other acquisition and maintenance costs exceed the recorded unearned premium reserve, and any future installment premiums on existing policies, a premium deficiency reserve is recognized by recording an additional liability for the deficiency, with a corresponding charge to operations. The Company does anticipate investment income when evaluating the need for any premium deficiency reserve. There was no premium deficiency reserve recorded for 2020 or 2019.

Equities and Deposits in Pools
The Company is required to participate in involuntary pools in several states where it writes workers' compensation business. The Company participates in underwriting results, including premiums, losses, expenses, and other operations of involuntary pools, based on the Company's proportionate share of similar business written in the

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

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

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

Nonadmitted Assets
The following nonadmitted assets were excluded from the Statements of Admitted Assets, Liabilities and Capital and Surplus as of December 31, 2020 and 2019:

	2020	2019
Premiums receivable over 90 days past due	$ 2,074,400	$ 2,781,907
Intercompany receivable	247,722	415,431
Fixed assets, net of accumulated amortization or depreciation	10,520,618	11,108,335
Prepaid assets and other miscellaneous receivables	4,075,696	4,485,318
Total nonadmitted assets	$ 16,918,436	$ 18,790,991

Depreciation and amortization expense on nonadmitted fixed assets was $1,690,585 and $1,482,802 in 2020 and 2019, respectively.

Federal Income Taxes
The Company files a consolidated tax return with MEMIC Indemnity, MEMIC Casualty, MEMIC Services, and CVH. In accordance with a tax sharing agreement, the provision for federal income taxes is recorded based upon

amounts expected to be reported as if each Company filed a separate federal income tax return. Additionally, under this agreement, each Company will be reimbursed for the utilization of tax operating losses, tax credits, and capital loss carryforwards to the extent the Companies would have utilized these tax attributes on a separate return basis.

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

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

EDP Equipment

EDP equipment is stated at cost, net of accumulated depreciation. Depreciation is computed principally using the straight-line method based on the estimated useful lives of assets, which is generally three to five years. Depreciation expense for the years ended December 31, 2020 and 2019, was $1,251,488 and $1,291,552, respectively. Expenditures for maintenance and repairs relating to EDP equipment and certain fixed assets which are nonadmitted are charged to expense as incurred. When property is sold or retired, the cost of the property and the related accumulated depreciation are removed from the Statement of Admitted Assets, Liabilities and Capital and Surplus and any gain or loss on the transaction is reflected in current operating results on the Statements of Income.

Risks and Uncertainties

In March 2020, the World Health Organization declared a pandemic related to the rapidly spreading coronavirus ("COVID-19") outbreak, which has led to a global health emergency. The Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on the Company, its policyholders, employees and vendors. As such, COVID-19 could have a material adverse effect on the Company's financial position in the future including impact on future premiums, compensability of claims and/or fair value of the Company's investments. MEMIC continues to monitor the impact from COVID-19 on premium, anticipated premium audits in 2021 and claims. COVID-19 has resulted in a reduction in payroll for a number of businesses who voluntarily or involuntarily have closed in Maine where MEMIC writes a majority of its business. During 2020, MEMIC had a significant decrease in claim frequency, in part attributed to COVID-19 and Maine's success in managing outbreaks when compared to the rest of the United States. Through December 31, 2020, direct written premium remained stable for MEMIC when compared to December 31, 2019. MEMIC continues to monitor assumptions around compensability of claims and extended benefits should pending or future legislation at a state level ultimately determine an expansion in the definition of work related injuries. The ultimate duration and impact of the COVID-19 outbreak on the Company's financial position cannot be reasonably estimated at this time.

3. Capital 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 were subsequently adjusted, as necessary, based upon cancellations and premium audits. In 1998, the Company received approval from the Bureau to return capital contributions to the extent authorized by the Board of Directors and the Bureau. The Company returned $62,745 and $0 in capital contributions in 2020 and 2019. Cumulative capital contributions remaining are $3,118,063 and $3,180,808 as of December 31, 2020 and 2019, respectively.

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

4. Dividend Restrictions

The Company is subject to regulatory limitations with respect to statutory surplus levels and dividends. Under these regulations, annual dividends cannot exceed greater than 10% of the insurer’s surplus as of the prior year-end or the net gain from operations for the 12 month period ended in the prior year. The maximum amount of dividends which can be paid by the Company to policyholders without prior approval of the Superintendent of Insurance during 2020 and 2019 was $46,995,079 and $42,373,009, respectively. Dividends to policyholders amounted to $17,000,000 and $22,001,417 in 2020 and 2019, respectively. The 100% participating mutual dividend declared during 2020 of $17,000,000, was based on policy year 2017 for eligible policyholders.

5. Income Taxes

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

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

	December 31, 2019		
	4	5	6
			(Col 4+5)
	Ordinary	Capital	Total
a. Gross deferred tax assets	$ 22,506,098	$ 360,988	$ 22,867,086
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a-1b)	22,506,098	360,988	22,867,086
d. Deferred tax assets nonadmitted	-	-	-
e. Subtotal net admitted deferred tax asset (1c-1d)	22,506,098	360,988	22,867,086
f. Deferred tax liabilities	4,265,937	17,023,876	21,289,813
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	$ 18,240,161	$ (16,662,888)	$ 1,577,273

	Change		
	7	8	9
	(Col 1-4)	(Col 2-5)	(Col 7+8)
	Ordinary	Capital	Total
a. Gross deferred tax assets	$ 912,757	$ (111,711)	$ 801,046
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a-1b)	912,757	(111,711)	801,046
d. Deferred tax assets nonadmitted	-	-	-
e. Subtotal net admitted deferred tax asset (1c-1d)	912,757	(111,711)	801,046
f. Deferred tax liabilities	(378,057)	734,042	355,985
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	$ 1,290,814	$ (845,753)	$ 445,061

Admission Calculation Components:

	December 31, 2020		
	1	2	3
	Ordinary	Capital	(Col 1+2) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 1,801,534	$ 19,175	$ 1,820,709
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	9,401,053	100,068	9,501,121
2. Adjusted gross deferred tax assets allowed per limitation threshold			71,779,343
c. Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) & 2(b) above) offset by gross deferred tax liabilities	12,216,268	130,034	12,346,302
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$23,418,855	$ 249,277	$23,668,132

	December 31, 2019		
	4	5	6
	Ordinary	Capital	(Col 4+5) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ -	$ -	$ -
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	10,839,072	173,854	11,012,926
2. Adjusted gross deferred tax assets allowed per limitation threshold			69,260,678
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	11,667,026	187,134	11,854,160
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$22,506,098	$ 360,988	$22,867,086

	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	$ 1,801,534	$ 19,175	$ 1,820,709
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below):			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	(1,438,019)	(73,786)	(1,511,805)
2. Adjusted gross deferred tax assets allowed per limitation threshold			2,518,665
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	549,242	(57,100)	492,142
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 912,757	$ (111,711)	$ 801,046

Other admissibility criteria:

		2020		2019
a. Ratio percentage used to determine recovery period and threshold limitation amount		732%		792%
b. Amount of adjusted capital and surplus used to determine recovery period and threshhold limitation in 2(b)2 above	$	478,528,951	$	461,737,854

Tax planning strategies were not employed by the Company during 2020 or 2019, and therefore, had no impact upon the determination of adjusted gross and net admitted deferred tax assets.

As of December 31, 2020 and 2019, 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 $1,668,215 and $0 for 2020 and 2019, respectively. There are no deposits admitted under Section 6603 of the Internal Revenue Code.

As of December 31, 2020 and 2019, 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. 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.

Current and deferred income taxes

Current income taxes:		2020		2019		Change
a. Federal	$	(1,235,175)	$	(2,403,456)	$	1,168,281
b. Provision to return		(189,419)		(1,935,669)		1,746,250
c. Prior year tax assessed/adjusted in current year		-		(16,090)		16,090
e. Subtotal		(1,424,594)		(4,355,215)		2,930,621
f. Federal income tax on net capital gains		2,903,390		2,257,724		645,666
i. Federal income taxes incurred	$	1,478,796	$	(2,097,491)	$	3,576,287

Deferred Tax Assets	2020	2019	Change
a. Ordinary:			
Discounting of unpaid losses	$ 12,057,257	$ 11,075,864	$ 981,393
Unearned premium reserves	3,351,827	3,307,770	44,057
Compensation and benefits accrual	4,456,900	4,176,356	280,544
Nonadmitted assets	3,552,871	3,946,108	(393,237)
Tax credits	-	-	-
Subtotal	23,418,855	22,506,098	912,757
b. Statutory valuation allowance adjustment	-	-	-
c. Nonadmitted	-	-	-
d. Admitted ordinary deferred tax assets	23,418,855	22,506,098	912,757
e. Capital:			
Investments	249,277	360,988	(111,711)
Subtotal	249,277	360,988	(111,711)
f. Statutory valuation allowance adjustment	-	-	-
g. Nonadmitted	-	-	-
h. Admitted capital deferred tax assets	249,277	360,988	(111,711)
i. Admitted deferred tax assets	$ 23,668,132	$ 22,867,086	$ 801,046
Deferred Tax Liabilities			
a. Ordinary:			
Investments	$ 179,014	$ 243,086	$ (64,072)
Fixed assets	1,965,962	1,849,371	116,591
Legislative change in loss discounting	1,725,102	2,152,278	(427,176)
Additional acquisition costs	17,802	21,202	(3,400)
Subtotal	3,887,880	4,265,937	(378,057)
b. Capital:			
Investments	17,757,918	17,023,876	734,042
Subtotal	17,757,918	17,023,876	734,042
c. Deferred tax liabilities	21,645,798	21,289,813	355,985
Net Deferred Tax Assets/Liabilities	$ 2,022,334	$ 1,577,273	$ 445,061

Change in net deferred income taxes	2020	2019	Change
a. Adjusted gross deferred tax assets	$ 23,668,132	$ 22,867,086	$ 801,046
b. Total deferred tax liabilities	21,645,798	21,289,813	(355,985)
c. Net deferred tax assets	$ 2,022,334	$ 1,577,273	$ 445,061
d. Tax effect of change in unrealized gains			$ (862,249)
e. Total change in net deferred income tax			1,307,310
			$ 445,061

There were no deferred tax liabilities that were not recognized.

Among the more significant book to tax adjustments in 2020 and 2019 were the following:

	2020	2019
Provision computed at statutory rate	$ 482,401	$ 43,855
Change in nonadmitted assets	393,236	(254,475)
Prior year true-up (to current)	(189,419)	(1,935,669)
Prior year true-up (to deferred)	207,762	1,935,815
Permanent differences	(722,494)	(780,652)
Prior year tax assessed/adjusted in current year	-	(16,090)
Totals	171,486	(1,007,216)
Federal income taxes incurred	(1,424,594)	(4,355,215)
Realized capital gains tax	2,903,390	2,257,724
Change in net deferred income taxes	(1,307,310)	1,090,275
Total statutory income taxes	$ 171,486	$ (1,007,216)

As of December 31, 2020, the Company had $0 in alternative minimum tax ("AMT") credits to offset against future regular tax.

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, 2020 and 2019 are as follows:

	2020	2019
Net balances at January 1,	$ 383,606,255	$ 371,017,106
Incurred related to		
Current year	135,159,439	139,329,135
Prior years	(1,776,723)	(1,138,103)
Total incurred	133,382,716	138,191,032
Paid related to		
Current year	33,935,639	39,536,688
Prior years	68,262,849	86,065,195
Total paid	102,198,488	125,601,883
Net balances at December 31,	$ 414,790,483	$ 383,606,255

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 2020 and 2019, 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 2020, the Company's incurred losses related to prior years decreased by $1,776,723 from favorable loss development across several accident years. This favorable development is the result of ongoing analysis of recent loss development trends.

During 2019, the Company's incurred losses related to prior years decreased by $1,138,103 from favorable loss development principally in the 2010, 2011, and 2012 accident years. This favorable development is the result of ongoing analysis of recent loss development trends.

7. Reinsurance

In 1998, the Company obtained approval from the Bureau to assume business from other insurance carriers through a quota share reinsurance agreement for workers' compensation. This contract was terminated at the end of 2004. This business could only be assumed when the Company wrote a policy for the insured in Maine. The assumed business related to this contract occurred between the 1998 and 2004 policy years.

Loss reserves and loss adjustment expenses outstanding and incurred for reinsurance assumed under these contracts are as follows:

	2020	2019
Loss and loss adjustment expense reserves	$ 206,764	$ 107,698
Loss and loss adjustment expense incurred	170,264	(64,017)

As a condition of writing policies in several states, the Company is required to participate in the National Workers' Compensation Reinsurance Pool and the Massachusetts Reinsurance Pool as it relates to those states. Participation requires that the Company share in the losses and expenses of the Pool. Pool results are accounted for on a gross basis whereby the Company's portion of premium, losses, expenses and other operations of the Pool are recorded separately in the financial statements. The difference between discounted and undiscounted incurred but not reported loss and loss adjustment expense liabilities for NCCI are $54,522 and $51,918 for 2020 and 2019, respectively. All amounts are recorded as assumed business. Amounts added to premiums, reserves and expense for reinsurance assumed from pools are as follows:

	2020	2019
Premiums earned	$ 705,068	$ 879,625
Loss and loss adjustment expenses incurred	558,575	456,312
Unearned premiums	248,419	257,458
Loss and loss adjustment expense reserves	1,384,364	1,470,519
Underwriting expenses incurred	180,403	225,576

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 2020 and 2019. In addition, for 2020 and 2019, the Company maintains additional coverage up to $100,000,000 on a per occurrence basis.

The Company also had aggregate excess of loss coverage for policies effective 1999 to 2002 whereby the Company can recover losses exceeding 71% of direct workers' compensation premiums earned but not exceeding 86% of direct workers' compensation premiums earned. These stop loss treaties with General Reinsurance were commuted in December 2020. Proceeds and associated reserves on this commutation were $1,687,626 and resulted in a net gain of $0 on commutation.

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

	2020	2019
Premiums earned	$ 3,005,905	$ 2,969,879
Loss and loss adjustment expenses incurred	6,500,631	-
Loss and loss adjustment expense reserves	3,635,067	6,341,712

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

	2020	2019
Premiums earned	$ 2,671,333	$ 2,588,990
Loss and loss adjustment expenses incurred	(2,381,271)	1,553,277
Unearned premiums	1,232,665	1,231,696
Loss and loss adjustment expense reserves	1,500,672	4,497,634
Ceding commissions	350,071	346,960

Of the 2020 and 2019 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, 2020 or 2019.

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.

In December 2020, the Company commuted excess of loss reinsurance contracts for treaty years 1993 through 2002 with General Reinsurance Corporation. Proceeds recorded to the Company on this commutation were $3,798,789.

In March 2019, the Company commuted an excess of loss reinsurance contract with General Reinsurance Corporation. Proceeds from this commutation were $35,719. The outstanding reserve position on this reinsurance treaty prior to the commutation was $0, therefore the Company had a gain of $35,719 as a result of this commutation.

8. Premiums Written and Earned

During the years ended December 31, 2020 and 2019, direct, assumed and ceded premiums were as follows:

	2020		2019	
	Written	Earned	Written	Earned
Direct	$ 168,885,635	$ 167,587,941	$ 168,802,882	$ 167,536,603
Assumed	696,028	705,068	841,126	879,625
Ceded	(5,678,207)	(5,677,238)	(5,618,425)	(5,558,869)
Net premiums	$ 163,903,456	$ 162,615,771	$ 164,025,583	$ 162,857,359

9. Restricted Assets

Various regulatory authorities require that securities be placed on deposit in conjunction with writing workers' compensation business. At December 31, 2020 and 2019, the Company had fixed income securities on deposit with a carrying value of $4,622,639 and $3,710,940, respectively, included in bonds on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

The Company joined the FHLB on March 18, 2019. The Agreement for Advances, Collateral Pledge and Security Agreement was executed in May 2019. On May 10, 2019, the Company made its initial full stock requirement payment of $292,100 to secure Membership Class B stock, which is not eligible for redemption. The annual recalculation of bank stock requirement was performed in April 2020. This calculation resulted in additional stock of $3,200 for a current membership stock balance of $295,300. This common stock, all of which is admitted, is included on the Statements of Admitted Assets, Liabilities and Capital and Surplus. The agreement between the FHLB and the Company specifies Advances and Other Credit Products will be available subject to specified collateral arrangements. The Company has no outstanding collateral pledged, activity stock, excess stock, prepayment obligations or borrowings outstanding as of the reporting date. The maximum amount the Company can borrow, absent prior approval of the Board of Directors, is 5% of net admitted assets from the most recent statutory financial statements which is $51,314,211, as of December 31, 2020.

The following table discloses quantitative information about the Company's restricted assets by category of restricted asset as of December 31, 2020:

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	$ 4,622,639	$ 3,710,940	$ 911,699	0.45%	0.44%
FHLB capital stock	295,300	292,100	3,200	0.03%	0.03%
Total restricted assets	$ 4,917,939	$ 4,003,040	$ 914,899	0.48%	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:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
At December 31, 2020				
Common stocks	$ 101,850,619	$ 81,862,992	$ (1,654,817)	$ 182,058,794
At December 31, 2019				
Common stocks	$ 100,070,106	$ 78,065,933	$ (1,318,753)	$ 176,817,286

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

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value
At December 31, 2020				
Common stocks of affiliates	$ 168,657,479	$ 68,764,716	$ (473,529)	$ 236,948,666
At December 31, 2019				
Common stocks of affiliates	$ 168,657,479	$ 58,617,966	$ (473,529)	$ 226,801,916

The Company owns 100% of the common stock of MEMIC Indemnity at a cost of $129,000,000 as of December 31, 2020 and 2019, and the Company owns 100% of the common stock of MEMIC Casualty at a cost of $39,183,951 as of December 31, 2020 and 2019.

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

	2020	2019
Admitted assets	$ 752,722,909	$ 727,053,446
Liabilities	515,774,243	500,251,530
Capital and surplus	236,948,666	226,801,916
Statutory net income	9,095,204	12,430,405

The Company owns 100% of the common stock of MEMIC Services at a cost of $473,529. The Company contributed $0 during 2020 and 2019, respectively, to MEMIC Services and recorded a liability of $134,304 and $113,904 as of December 31, 2020, and 2019, respectively, for the statutory equity of remaining liabilities the Company would honor, in good faith, 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 bonds and surplus debentures, which are included in other invested assets with a carrying value of $499,002 and a fair value of $594,006 as of 2020 and a carrying value of $498,982 and a fair value of $525,450 as of 2019, are as follows:

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

	2019			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government & government agencies & authorities	$ 21,865,496	$ 815,908	$ -	$ 22,681,404
States, territories & possessions	52,113,594	3,495,307	(25,808)	55,583,093
Political subdivisions of states	93,581,507	5,146,113	(59,204)	98,668,416
Industrial & miscellaneous	130,250,314	8,439,888	(35,635)	138,654,567
Asset backed securities	162,500,421	2,836,912	(491,198)	164,846,135
Total bonds	$460,311,332	$ 20,734,128	$ (611,845)	$480,433,615

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

The carrying value and fair value of bonds, including those held in short-term investments included in cash, cash equivalents, and short-term investments of $7,958,047, included in one year or less, and the surplus debenture included in other invested assets with a carrying value of $499,002 and a fair value of $594,006, included in over ten years, as of December 31, 2020, by contractual maturity are as follows:

Maturity	Carrying Value	Fair Value
One year or less	$ 25,345,127	$ 25,484,751
Over one year through five years	72,828,966	77,701,459
Over five years through ten years	76,384,369	82,839,100
Over ten years	298,983,474	322,149,781
	$ 473,541,936	$ 508,175,091

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, 2020 and 2019, are summarized as follows:

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

	2019		
	Proceeds	Gross Realized	
	From Sales	Gains	Losses
Bonds	$ 62,682,678	$ 355,738	$ (333,811)
Common stocks	48,748,738	15,245,649	(2,779,780)
	$ 111,431,416	$ 15,601,387	$ (3,113,591)

As of December 31, 2020 and 2019, 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 2020 or 2019.

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, 2020 and 2019 are as follows:

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

	2019					
	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)						
States, territories & possessions	$ 1,935,868	$ (25,808)	$ -	$ -	$ 1,935,868	$ (25,808)
Political subdivisions of states	4,296,910	(59,204)	-	-	4,296,910	(59,204)
Industrial & miscellaneous	5,006,393	(35,635)	-	-	5,006,393	(35,635)
Asset backed securities	12,395,989	(132,569)	32,611,668	(358,629)	45,007,657	(491,198)
Common stocks - unaffiliated	18,709,219	(389,527)	5,327,317	(929,226)	24,036,536	(1,318,753)
	$ 42,344,379	$ (642,743)	$ 37,938,985	$ (1,287,855)	$ 80,283,364	$ (1,930,598)

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, 2020 and 2019 are summarized as follows:

	2020	2019
Bonds	$ 14,419,563	$ 15,627,355
Common stocks	4,143,021	4,061,556
Cash and short-term investments	39,119	248,435
Other investment income	52	751,998
Total investment income	18,601,755	20,689,344
Less: Investment expenses	(1,297,432)	(1,253,609)
Net investment income	$ 17,304,323	$ 19,435,735

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 three-level fair value hierarchy as reflected in the following table. The three-level fair value hierarchy is based on the degree of subjectivity inherent in the valuation method by which fair value was determined. The three levels are defined as follows:

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

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

Level 3 - Significant Other Unobservable Inputs: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The Company has no assets or liabilities measured at fair value in this category. Transfers to and from Level 3 would be recognized when a purchase, sale or settlement increases or decrease 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.

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

	2019			
	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	$ 164,010,519	$ -	$ -	$ 164,010,519
Federal Home Loan Bank	-	292,100	-	292,100
Mutual funds	12,514,667	-	-	12,514,667
Total common stocks	176,525,186	292,100	-	176,817,286
Total assets, measured at fair value	$ 176,525,186	$ 292,100	$ -	$ 176,817,286

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, 2020 and 2019. The fair values are also categorized into the three-level fair value hierarchy as described above.

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

2019						
Type of Financial Instrument	**Aggregate Fair Value**	**Admitted Value**	**Level 1**	**Level 2**	**Level 3**	**Not Practicable (Carrying Value)**
Bonds, surplus debentures & short-term investments						
U.S. Government & government agencies & authorities	$ 22,681,404	$ 21,865,496	$ -	$ 22,681,404	$ -	$ -
States, territories & possessions	55,583,093	52,113,594	-	55,583,093	-	-
Political subdivisions of states	98,668,416	93,581,507	-	98,668,416	-	-
Industrial & miscellaneous	138,654,567	130,250,314	-	138,654,567	-	-
Asset backed securities	164,846,135	162,500,421	-	164,846,135	-	-
Common stocks	176,817,286	176,817,286	176,525,186	292,100	-	-
Cash & cash equivalents	9,390,013	9,390,013	9,390,013	-	-	-
Other Invested Assets	2,235,072	2,235,072	-	2,235,072		
Total assets	$ 668,875,986	$ 648,753,703	$ 185,915,199	$ 482,960,787	$ -	$ -

The Company held no structured notes as of December 31, 2020 or 2019.

12. Employee Benefit Plans

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

If approved by the Board of Directors, this discretionary component of the Plan is determined to be 3-6% of the covered employees' annual eligible compensation. Employees become eligible to participate upon completion of three months of service and are fully vested in the Plan after three years of service. The amount expensed for the discretionary portion for the Plan was $1,939,498 and $2,018,437 in 2020 and 2019, 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 $2,419,614 and $2,254,021 of expense related to the tax deferred employer profit-sharing component of the Plan in 2020 and 2019, respectively.

In 2020 and 2019, with respect to the employer matching component of the Plan, the Company will contribute an amount up to 100% of the employees' 401(k) contributions to a maximum of 5% of an employee's annual compensation. An employee's contribution may not exceed 60% of their annual salary or the maximum amount allowed as determined by the Internal Revenue Code. These Company contributions become fully vested after five years. The Company incurred $1,794,513 and $1,664,889 of expense related to the employer matching component of the Plan in 2020 and 2019, 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 $15,511,436 and $12,514,667 at December 31, 2020 and 2019, respectively, related to the Compensation Plan on the Statements of Admitted Assets, Liabilities and Capital and Surplus. In accordance with NAIC SAP, the increase or decrease in fair value of the assets of the Plan are recorded into income or expense to the Company. The Company incurred $3,546,437 and $2,517,959 of expense related to this Compensation Plan in 2020 and 2019, respectively.

A Long Term Incentive Plan ("LTIP") was established by the Compensation Committee of the Board of Directors (the "Committee") effective January 1, 2018, for certain members of management and highly compensated individuals (participants). Participants are granted a fixed dollar base award (the "Award") contingent upon a three year rolling calculation of the direct combined ratio on the workers' compensation line of business as determined by the external actuary for ultimate loss and loss adjustment expense, and internally prepared management reports, as agreed up on the Committee, for general expenses and unallocated loss adjustment expenses. The 2018, 2019 and 2020 Awards may range from 0% to 200%. Participants vest in each plan over three years, or a shorter period, under certain established conditions. The Company has incurred $(23,871) and $490,904 of (income) expense related to the LTIP in 2020 and 2019, respectively.

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, 2020 are as follows:

2021	2,048,073
2022	1,988,645
2023	1,899,668
2024	26,545
2025	946,075
Total future minimum lease payments	$ 6,909,006

Total rent and lease expense to all related and unrelated parties was $2,673,245 and $1,920,264 for the years ended December 31, 2020 and 2019, 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 2020 or 2019 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 (income) for guaranty fund and other assessments of $1,272,881 and $(644,419) as of December 31, 2020 and 2019, respectively. Of these amounts, the Company has accrued a net liability as of December 31, 2020 and 2019, of $598,573 and $836,022, respectively. The credit incurred during 2019 of $(644,419) was the result of the Company receiving $2,046,027 in December 2019 from the Maine Workers' Compensation Residual Market Pool. This amount was a refund of surcharges collected from the Company policyholders during the period 1995 through 2001. 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, 2020 and 2019, the assessment was 2.63% and 2.76%, 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 $1,138,610 and $1,165,408 represents amounts due to the Board as of December 31, 2020 and 2019, 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 $41,578,415 and $41,081,837 for underwriting, claims, loss control, managed care, and investment management fees during 2020 and 2019, 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 2020 and 2019. In addition, the Company leased office space from CVH and paid $774,224 and $320,574 for rent and parking during 2020 and 2019, respectively. The Company leased office space from CVHII and paid $1,124,190 and $1,088,800 for rent and parking during 2020 and 2019, respectively. The Company was also charged $57,200 and $50,160 for parking from CVHIII during 2020 and 2019, 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 $8,024,264 and $5,920,756 for underwriting, claims, loss control, managed care, and investment management fees during 2020 and 2019, respectively. Certain other direct costs are paid by the Company and charged back to MEMIC Casualty.

At December 31, 2020 and 2019, the Company reported a net receivable of $973,207 and $7,180,579, respectively, in net admitted amounts due from affiliates. These amounts are settled periodically in accordance with the terms of certain cost sharing agreements. The amounts due from (to) affiliates as of December 31, 2020 and 2019 are as follows:

	2020	2019
MEMIC Indemnity Company	$ 1,601,678	$ 7,416,879
MEMIC Casualty Company	(634,050)	(261,160)
Casco View Holdings, LLC	5,579	24,860
Total due from affiliates	$ 973,207	$ 7,180,579

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 market 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.

	2020	2019
Aggregate amount of unrealized loss		
Less than twelve months	$ 140,349	$ 132,569
Twelve months or longer	120,286	358,629
Total	$ 260,635	$ 491,198
Aggregate fair value of securities with unrealized loss		
Less than twelve months	$ 5,844,778	$ 12,395,989
Twelve months or longer	14,363,320	32,611,668
Total	$ 20,208,098	$ 45,007,657

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, 2020 and 2019, are immaterial to the Company.

16. Subsequent Events

Subsequent events have been considered through March 26, 2021, for these statutory financial statements which are available to be issued on March 26, 2021.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage of Column 1 Line 13	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments	19,294,746	2.033	19,294,746	0	19,294,746	2.033
1.02 All other governments	1,367,259	0.144	1,367,259	0	1,367,259	0.144
1.03 U.S. states, territories and possessions, etc. guaranteed	16,828,154	1.773	16,828,154	0	16,828,154	1.773
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	18,362,195	1.934	18,362,195	0	18,362,195	1.934
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	191,575,018	20.183	191,575,018	0	191,575,018	20.183
1.06 Industrial and miscellaneous	216,657,515	22.825	216,657,515	0	216,657,515	22.825
1.07 Hybrid securities	1,000,000	0.105	1,000,000	0	1,000,000	0.105
1.08 Parent, subsidiaries and affiliates		0.000			0	0.000
1.09 SVO identified funds		0.000			0	0.000
1.10 Unaffiliated Bank loans		0.000			0	0.000
1.11 Total long-term bonds	465,084,887	48.998	465,084,887	0	465,084,887	48.998
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)	0	0.000			0	0.000
2.02 Parent, subsidiaries and affiliates	0	0.000			0	0.000
2.03 Total preferred stocks	0	0.000	0	0	0	0.000
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	166,252,058	17.515	166,252,058	0	166,252,058	17.515
3.02 Industrial and miscellaneous Other (Unaffiliated)	295,300	0.031	295,300	0	295,300	0.031
3.03 Parent, subsidiaries and affiliates Publicly traded		0.000			0	0.000
3.04 Parent, subsidiaries and affiliates Other	236,948,666	24.963	236,948,666		236,948,666	24.963
3.05 Mutual funds	15,511,436	1.634	15,511,436		15,511,436	1.634
3.06 Unit investment trusts		0.000			0	0.000
3.07 Closed-end funds		0.000			0	0.000
3.08 Total common stocks	419,007,460	44.143	419,007,460	0	419,007,460	44.143
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages	0	0.000			0	0.000
4.02 Residential mortgages	0	0.000			0	0.000
4.03 Commercial mortgages	0	0.000			0	0.000
4.04 Mezzanine real estate loans	0	0.000			0	0.000
4.05 Total valuation allowance		0.000			0	0.000
4.06 Total mortgage loans	0	0.000	0	0	0	0.000
5. Real estate (Schedule A):						
5.01 Properties occupied by company	0	0.000	0		0	0.000
5.02 Properties held for production of income	0	0.000	0		0	0.000
5.03 Properties held for sale	0	0.000	0		0	0.000
5.04 Total real estate	0	0.000	0	0	0	0.000
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	32,303,932	3.403	32,303,932		32,303,932	3.403
6.02 Cash equivalents (Schedule E, Part 2)	7,958,047	0.838	7,958,047		7,958,047	0.838
6.03 Short-term investments (Schedule DA)		0.000	0		0	0.000
6.04 Total cash, cash equivalents and short-term investments	40,261,979	4.242	40,261,979	0	40,261,979	4.242
7. Contract loans	0	0.000	0		0	0.000
8. Derivatives (Schedule DB)	0	0.000	0		0	0.000
9. Other invested assets (Schedule BA)	24,844,403	2.617	24,844,403		24,844,403	2.617
10. Receivables for securities	0	0.000	0		0	0.000
11. Securities Lending (Schedule DL, Part 1)	0	0.000	0	XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)	0	0.000	0		0	0.000
13. Total invested assets	949,198,729	100.000	949,198,729	0	949,198,729	100.000

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2020
(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. $ 1,026,284,220

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	$ 192,417,623	18.7 %
2.02	MEMIC CASUALTY COMPANY	Common Stock Subsidiary	$ 44,531,043	4.3 %
2.03	GALXY	Long Term Bonds	$ 7,000,000	0.7 %
2.04	BANK OF AMERICA CORP	Bonds/Common Stock	$ 6,298,165	0.6 %
2.05	GOLDMAN SACHS GROUP INC	Bonds/Common Stock	$ 6,015,518	0.6 %
2.06	APPLE INC	Bonds/Common Stock	$ 5,805,402	0.6 %
2.07	OBX 2020-EXP3 1A8	Long Term Bonds	$ 5,525,567	0.5 %
2.08	JPMORGAN CHASE & CO	Bonds/Common Stock	$ 5,199,877	0.5 %
2.09	GILEAD SCIENCES INC	Bonds/Common Stock	$ 5,153,933	0.5 %
2.10	WFCM 2019	Long Term Bonds	$ 5,130,001	0.5 %

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

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC-1	$ 403,634,386	39.3 %	3.07	P/RP-1	$	0.0 %
3.02	NAIC-2	$ 59,407,868	5.8 %	3.08	P/RP-2	$	0.0 %
3.03	NAIC-3	$ 961,250	0.1 %	3.09	P/RP-3	$	0.0 %
3.04	NAIC-4	$ 0	0.0 %	3.10	P/RP-4	$	0.0 %
3.05	NAIC-5	$ 1,081,384	0.1 %	3.11	P/RP-5	$	0.0 %
3.06	NAIC-6	$ 0	0.0 %	3.12	P/RP-6	$	0.0 %

4. Assets held in foreign investments:

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

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

4.02	Total admitted assets held in foreign investments	$ 27,444,747	2.7 %
4.03	Foreign-currency-denominated investments	$	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$	0.0 %

SUPPLEMENT FOR THE YEAR 2020 OF THE Maine Employers' Mutual Insurance Company

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

			1	2
5.01	Countries designated NAIC-1	$	26,255,407	2.6 %
5.02	Countries designated NAIC-2	$	1,189,340	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	$	20,777,875	2.0 %
6.02	Country 2: France	$	2,484,313	0.2 %
	Countries designated NAIC - 2:			
6.03	Country 1: Peru	$	779,689	0.1 %
6.04	Country 2: Panama	$	409,652	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	0.7 %
10.02	WINDR	1	$	3,983,606	0.4 %
10.03	AASET	1	$	2,083,969	0.2 %
10.04	BABSN	1	$	2,000,000	0.2 %
10.05	AIFP	1	$	1,896,743	0.2 %
10.06	DRSLF	1	$	1,500,000	0.1 %
10.07	BTNY2	1	$	1,000,000	0.1 %
10.08	CIFC	1	$	1,000,000	0.1 %
10.09	CEDF	1	$	1,000,000	0.1 %
10.10	RNR	1	$	741,105	0.1 %

SUPPLEMENT FOR THE YEAR 2020 OF THE Maine Employers' Mutual Insurance Company

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

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

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

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

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

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

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

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

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

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

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

	1 Issuer	2	3
13.02	MEMIC INDEMNITY COMPANY	$ 192,417,623	18.7 %
13.03	MEMIC CASUALTY COMPANY	$ 44,531,043	4.3 %
13.04	SPDR S&P MIDCAP 400 ETF TRST	$ 17,199,923	1.7 %
13.05	APPLE INC	$ 5,307,069	0.5 %
13.06	MICROSOFT CORP	$ 4,235,989	0.4 %
13.07	AMAZON.COM INC	$ 3,429,547	0.3 %
13.08	JOHNSON & JOHNSON	$ 2,716,851	0.3 %
13.09	JPMORGAN CHASE & CO	$ 2,657,161	0.3 %
13.10	PROCTER & GAMBLE CO/THE	$ 2,425,628	0.2 %
13.11	HOME DEPOT INC	$ 2,198,537	0.2 %

MEMIC

SUPPLEMENT FOR THE YEAR 2020 OF THE Maine Employers' Mutual Insurance Company

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

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

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

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

Ten largest fund managers:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SUPPLEMENT FOR THE YEAR 2020 OF THE Maine Employers' Mutual Insurance Company

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

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

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

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

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

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

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

		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	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	2	Written 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 1	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	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 %	$ 0	$	$
23.03	Replications	$	0.0 %	$ 0	$	$
23.04	Other	$	0.0 %	$ 0	$	$

MEMIC Indemnity Company

Financial Statements
(Statutory Basis)
December 31, 2020 and 2019

MEMIC Indemnity Company
Index
December 31, 2020 and 2019

	Page(s)
Independent Auditor's Report	1-2
Financial Statements (Statutory Basis)	
Statements of Admitted Assets, Liabilities and Capital and Surplus	3
Statements of Income	4
Statements of Changes in Capital and Surplus	5
Statements of Cash Flows	6
Notes to Financial Statements	7-28
Summary Investment Schedule	29
Supplemental Investment Risks Interrogatories	30-35

Report of Independent Auditors

To the Board of Directors of
MEMIC Indemnity Company

We have audited the accompanying statutory basis 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, 2020 and 2019, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the Insurance Department of the State of New Hampshire. 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 Insurance Department of the State of New Hampshire, 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 the statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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" paragraph, the financial statements referred to above 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, 2020 and 2019, or the results of its operations or its cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting
In our opinion, the statutory basis financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 2.

Other Matter
Our audits were 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, 2020, are presented for purposes of additional analysis and are not a required part of the financial statements, but are supplementary information required by the Insurance Department of the State of New Hampshire. 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 statutory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the statutory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory basis financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated, in all material respects, in relation to the statutory basis financial statements taken as a whole.

Johnson Lambert LLP

Atlanta, Georgia
March 26, 2021

MEMIC

MEMIC Indemnity Company

Statements of Admitted Assets, Liabilities and Capital and Surplus (Statutory Basis) December 31, 2020 and 2019

	2020	2019
Admitted Assets		
Invested assets		
Bonds, at carrying value (fair value: $476,058,656 and $466,940,536 at December 31, 2020 and 2019, respectively)	$ 440,279,664	$ 447,122,211
Common stocks, at fair value (cost: $68,666,160 and $64,145,733 at December 31, 2020 and 2019, respectively)	82,208,761	77,532,384
Other invested assets, at carrying value (fair value: $2,376,024 and $2,101,800 at December 31, 2020 and 2019, respectively)	1,996,011	1,995,927
Receivable for securities sold	28	16
Cash, cash equivalents and short-term investments	10,728,236	3,026,575
Total cash and invested assets	535,212,700	529,677,113
Premium balances receivable	63,475,707	72,373,656
Investment income due and accrued	3,897,780	3,861,390
EDP equipment (net of accumulated depreciation of $294,759 and $663,741 at December 31, 2020 and 2019, respectively)	528,566	145,319
Reinsurance recoverable on paid loss and loss adjustment expenses	1,690,178	3,072,412
Net deferred income taxes	8,373,092	8,390,720
Total admitted assets	$ 613,178,023	$ 617,520,610
Liabilities		
Loss reserves	$ 274,370,315	$ 284,677,819
Loss adjustment expense reserves	41,697,322	37,932,935
Unearned premium reserves	59,327,615	69,807,575
Advance premium	479,109	506,882
Reinsurance premiums payable	142,406	6,154,028
Funds held by company under reinsurance treaties	16,482,119	-
Other liabilities	1,082,458	729,750
Deposits held for large deductible policyholders	8,768,376	4,204,700
Premium taxes and assessments payable	5,936,243	7,788,738
Amounts withheld for others	3,304,245	4,101,307
Commissions payable	6,519,127	7,929,462
Due to parent	1,601,678	7,416,880
Federal income tax payable	1,049,387	2,035,370
Total liabilities	420,760,400	433,285,446
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	63,417,623	55,235,164
Total capital and surplus	192,417,623	184,235,164
Total liabilities and capital and surplus	$ 613,178,023	$ 617,520,610

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, 2020 and 2019

	2020	2019
Underwriting income		
Premiums earned, net	$ 152,111,533	$ 166,466,152
Loss and underwriting expenses		
Losses incurred, net	76,953,816	98,306,468
Loss adjustment expenses incurred, net	36,605,596	28,668,261
Underwriting expense (income)		
Commissions	3,709,267	(879,723)
Premium taxes	3,804,786	4,764,404
Guarantee fund, rating bureau and other assessments	1,087,264	3,924,123
Supervision, acquisition and collection expenses	19,794,435	19,547,579
Loss control	4,350,656	4,972,501
General expenses	3,333,714	3,396,500
Total underwriting expenses	36,080,122	35,725,384
Total loss and underwriting expenses	149,639,534	162,700,113
Net underwriting income	2,471,999	3,766,039
Investment income		
Net investment income	15,704,891	16,334,306
Net realized capital gains (less capital gains tax of $331,126 and $552,255, respectively)	1,245,665	2,077,530
Total investment income	16,950,556	18,411,836
Other (expense) income		
Bad debt expense	(412,493)	(117,741)
Service fee income	46,406	50,312
Net other expense	(366,087)	(67,429)
Income before dividends and federal income taxes	19,056,468	22,110,446
Dividends to policyholders	10,515,898	9,681,303
Income after dividends, before federal income taxes	8,540,570	12,429,143
Provision for federal income taxes	718,261	1,483,115
Net income	$ 7,822,309	$ 10,946,028

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, 2020 and 2019

	2020	2019
Capital and surplus at beginning year	$ 184,235,164	$ 160,245,935
Net income	7,822,309	10,946,028
Change in net deferred income taxes	(371,971)	(379,503)
Change in nonadmitted assets	651,066	3,191,657
Change in net unrealized appreciation of invested assets (net of deferred taxes of $21,546 and $2,725,149 as of December 31, 2020 and 2019, respectively)	81,055	10,231,047
Change in capital and surplus	8,182,459	23,989,229
Capital and surplus at end of year	$ 192,417,623	$ 184,235,164

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, 2020 and 2019

	2020	2019
Cash from operations		
Premiums collected, net	$ 144,549,237	$ 153,426,706
Investment income received, net	18,065,322	18,462,351
Other expense	(366,087)	(67,429)
Cash provided from operations	162,248,472	171,821,628
Benefit and loss related payments	85,879,086	97,627,190
Commissions and expenses paid	71,831,520	65,886,974
Dividends paid to policyholders	10,515,898	9,681,303
Federal income taxes paid	2,035,370	2,990,603
Cash used in operations	170,261,874	176,186,070
Net cash used in operations	(8,013,402)	(4,364,442)
Cash from investing activities		
Proceeds from bonds sold, matured or repaid	77,421,890	71,304,663
Proceeds from common stocks sold	33,377,679	25,079,160
Cost of bonds acquired	(73,479,999)	(79,083,491)
Cost of stocks acquired	(35,870,855)	(27,583,274)
Net cash provided from (used in) investing activities	1,448,715	(10,282,942)
Cash from financing and miscellaneous sources		
Other cash		
Other sources	14,266,348	4,353,348
Net cash provided from financing and miscellaneous sources	14,266,348	4,353,348
Net increase (decrease) in cash	7,701,661	(10,294,036)
Cash, cash equivalents and short-term investments		
Beginning of year	3,026,575	13,320,611
End of year	$ 10,728,236	$ 3,026,575

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

1. Organization

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

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 101, *Income Taxes.* SSAP 101 provides new requirements for tax loss contingencies and the calculation and admissibility of deferred tax assets ("DTAs"). The realization of any resulting deferred tax asset is limited based on certain criteria in accordance with SSAP 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 recoveries past due greater than 90 days, 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 for fixed income securities, foreign exchange transactions, and pension liability adjustments 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; 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 insurable amounts. The Company believes it mitigates its risks by depositing cash in or investing through major financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Only investments with original maturities of three months or less qualify under this definition. Included in cash and cash equivalents are policyholder deposits for high deductible policies that have opted to provide cash in lieu of a letter of credit. See discussion of high deductibles in Note 16.

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

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

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

Premiums and Unearned Premium Reserves

Direct and assumed premiums are earned on a monthly pro rata basis over the inforce period, and ceded premiums for excess of loss treaties are written and earned concurrently. Ceded premiums for the 2020 quota share treaty are earned on a monthly pro rata basis over the inforce period. Accordingly, unearned premium reserves are established for the pro rata portion of direct premiums written for workers' compensation direct and ceded premium related to the 2020 quota share treaty which are applicable to the unexpired terms of the policies inforce, net of reinsurance. Premium adjustments resulting from retrospective rating plans and/or audits are immediately recorded as written and earned premiums once such amounts can be reasonably estimated. When the anticipated losses, loss adjustment expenses, commissions, and other acquisition and maintenance costs exceed the recorded unearned premium reserve, and any future installment premiums on existing policies, a premium deficiency reserve is recognized by recording an additional liability for the deficiency, with a corresponding charge to operations. The Company does anticipate investment income when evaluating the need for any premium deficiency reserve. There was no premium deficiency reserve recorded for 2020 or 2019.

Equities and Deposits in Pools

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, 2020 and 2019:

	2020	2019
Premium balances receivable over 90 days past due	$ 758,939	$ 818,049
Deferred income taxes	-	375,889
Fixed assets, net of accumulated depreciation	2,044,071	2,715,872
Other assets	325,504	(130,230)
Total nonadmitted assets	$ 3,128,514	$ 3,779,580

Depreciation expense on nonadmitted fixed assets was $706,300 and $694,919 as of December 31, 2020 and 2019, respectively.

Federal Income Taxes

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

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

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

EDP Equipment

EDP equipment is stated at cost, net of accumulated depreciation. Depreciation is computed principally by use of the straight-line method based on the estimated useful lives of assets, which is generally three to five years. Depreciation expense for the years ended December 31, 2020 and 2019, was $50,740 and $53,734, respectively. Expenditures for maintenance and repairs relating to EDP equipment and certain fixed assets which are nonadmitted are charged to expense as incurred. When property is sold or retired, the cost of the property and the related accumulated depreciation are removed from the Statements of Admitted Assets, Liabilities and Capital and Surplus and any gain or loss on the transaction is reflected on the Statements of Income.

Risks and Uncertainties

In March 2020, the World Health Organization declared a pandemic related to the rapidly spreading coronavirus (“COVID-19”) outbreak, which has led to a global health emergency. The Company’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on the Company, its policyholders, employees and vendors. As such, COVID-19 could have a material adverse effect on the Company’s financial position in the future including impact on future premiums, compensability of claims and/or fair value of the Company’s investments. The Company continues to monitor the impact from COVID-

19 on premium, anticipated premium audits in 2021 and claims. The Company has exposure in healthcare and long term care. This exposure has resulted in a number of COVID-19 claims, some of which have been accepted by the company and some of which are noted as report only. The Company continues to monitor assumptions around compensability of claims and extended benefits should pending or future legislation at a state level ultimately determine an expansion in the definition of work related injuries related to COVID-19. The ultimate duration and impact of the COVID-19 outbreak on the Company’s financial position cannot be reasonably estimated at this time.

3. Capital and Surplus

Total contributions from MEMIC were $129,000,000 as of December 31, 2020 and 2019. MEMIC did not contribute any capital during 2020 and 2019.

4. Dividend Restrictions

The Company may declare a stockholder dividend without Insurance Department approval so long as such dividend is not considered extraordinary. In the case of extraordinary dividends, prior approval is required. An extraordinary dividend or distribution includes any dividend or distribution of cash or other property, whose fair market value together with that of other dividends or distributions made within the preceding twelve months, exceeds 10% of such insurer’s capital and surplus as of December 31, limited to the prior year-end’s unassigned surplus. The maximum amount of dividends which could be paid by the Company to stockholders without prior approval of the Commissioner of Insurance was $18,423,516 and $16,024,594 during 2020 and 2019, respectively. There were no stockholder dividends declared during 2020 or 2019.

5. Income Taxes

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

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

	December 31, 2019		
	4 Ordinary	5 Capital	(Col 4+5) Total
a. Gross deferred tax assets	$ 14,641,212	$ 47,469	$ 14,688,681
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a - 1b)	14,641,212	47,469	14,688,681
d. Deferred tax assets nonadmitted	374,675	1,214	375,889
e. Subtotal net admitted deferred tax asset (1c - 1d)	14,266,537	46,255	14,312,792
f. Deferred tax liabilities	3,110,875	2,811,197	5,922,072
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 11,155,662	$ (2,764,942)	$ 8,390,720

	Change		
	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	$ (685,383)	$ (47,469)	$ (732,852)
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a - 1b)	(685,383)	(47,469)	(732,852)
d. Deferred tax assets nonadmitted	(374,675)	(1,214)	(375,889)
e. Subtotal net admitted deferred tax asset (1c - 1d)	(310,708)	(46,255)	(356,963)
f. Deferred tax liabilities	(360,881)	21,546	(339,335)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 50,173	$ (67,801)	$ (17,628)

Admission calculation components:

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

	December 31, 2019		
	4 Ordinary	5 Capital	(Col 4+5) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 6,349,652	$ 20,587	$ 6,370,239
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	2,013,951	6,530	2,020,481
2. Adjusted gross deferred tax assets allowed per limitation threshold			26,354,869
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	5,902,934	19,138	5,922,072
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 14,266,537	$ 46,255	$ 14,312,792

	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	$ (3,040,669)	$(20,587)	$ (3,061,256)
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	3,060,468	(6,530)	3,053,938
2. Adjusted gross deferred tax assets allowed per limitation threshold			1,172,526
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	(330,507)	(19,138)	(349,645)
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ (310,708)	$(46,255)	$ (356,963)

Other admissibility criteria:

	2020	2019
a. Ratio percentage used to determine recovery period and threshold limitation amount	717%	719%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	$ 183,515,965	$ 175,699,125

Tax planning strategies were not employed by the Company during 2020 or 2019, and therefore, had no impact upon the determination of adjusted gross and net admitted DTAs.

As of December 31, 2020 and 2019, 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 $1,142,540 and $2,259,596 for 2020 and 2019, respectively. There are no deposits admitted under Section 6603 of the Internal Revenue Code.

As of December 31, 2020 and 2019, 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:	2020	2019	Change
a. Federal	$ 811,414	$ 1,707,341	$ (895,927)
b. Provision to return	(93,153)	(224,226)	131,073
e. Subtotal	718,261	1,483,115	(764,854)
f. Federal income tax on net capital gains	331,126	552,255	(221,129)
i. Federal income taxes incurred	$ 1,049,387	$ 2,035,370	$ (985,983)

Deferred Tax Assets	2020	2019	Change
a. Ordinary:			
Discounting of unpaid losses	$ 9,516,702	$ 9,457,085	$ 59,617
Unearned premium reserves	2,511,882	2,953,207	(441,325)
Accrued expenses	1,270,257	1,516,146	(245,889)
Other (including items < 5% of total ordinary tax assets)	656,988	714,774	(57,786)
Subtotal	13,955,829	14,641,212	(685,383)
b. Statutory valuation allowance adjustment	-	-	-
c. Nonadmitted	-	374,675	(374,675)
d. Admitted ordinary deferred tax assets	13,955,829	14,266,537	(310,708)
e. Capital:			
Investments	-	47,469	(47,469)
Subtotal	-	47,469	(47,469)
f. Statutory valuation allowance adjustment	-	-	-
g. Nonadmitted	-	1,214	(1,214)
h. Admitted capital deferred tax assets	-	46,255	(46,255)
i. Admitted deferred tax assets	$ 13,955,829	$ 14,312,792	$ (356,963)
Deferred Tax Liabilities			
a. Ordinary:			
Investments	$ 74,165	$ 50,967	$ 23,198
Legislative change in loss discounting	2,126,679	2,607,188	(480,509)
Fixed assets	503,979	406,275	97,704
Other	45,171	46,445	(1,274)
Subtotal	2,749,994	3,110,875	(360,881)
b. Capital:			
Investments	2,832,743	2,811,197	21,546
Subtotal	2,832,743	2,811,197	21,546
c. Deferred tax liabilities	5,582,737	5,922,072	(339,335)
Net Deferred Tax Assets/Liabilities	$ 8,373,092	$ 8,390,720	$ (17,628)

Change in net deferred income taxes

	2020	2019	Change
a. Adjusted gross deferred tax assets	$ 13,955,829	$ 14,688,681	$ (732,852)
b. Total deferred tax liabilities	5,582,737	5,922,072	(339,335)
c. Net deferred tax assets (liabilities)	$ 8,373,092	$ 8,766,609	$ (393,517)
d. Tax effect of change in unrealized gains (losses)			$ (21,546)
e. Total change in net deferred income tax			(371,971)
			$ (393,517)

There were no deferred tax liabilities that were not recognized.

Among the more significant book to tax adjustments in 2020 and 2019 are the following:

	2020	2019
Provision computed at statutory rate	$ 1,863,057	$ 2,726,093
Permanent differences	(521,882)	(487,201)
Prior year true up (to deferred)	115,550	196,036
Prior year true up (to current)	(93,153)	(224,226)
Change in nonadmitted assets	57,786	204,171
Totals	1,421,358	2,414,873
Federal income taxes incurred	718,261	1,483,115
Realized capital gains (losses) tax	331,126	552,255
Change in net deferred income taxes	371,971	379,503
Total statutory income taxes	$ 1,421,358	$ 2,414,873

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, 2020 and 2019 are summarized as follows:

	2020	2019
Net balances at January 1,	$ 322,610,754	$ 322,152,668
Incurred related to		
Current year	112,108,036	125,490,286
Prior year	1,451,376	1,484,443
Total incurred	113,559,412	126,974,729
Paid related to		
Current year	37,273,838	38,617,920
Prior year	82,828,691	87,898,723
Total paid	120,102,529	126,516,643
Net balances at December 31,	$ 316,067,637	$ 322,610,754

The liabilities for loss and loss adjustment expense reserves are based upon assumptions which consider the experience of the Company, industry experience, and projections by independent actuaries. However, the reserve process is inherently subjective, and the ultimate loss and loss adjustment expense reserves may vary from the amounts recorded in the financial statements. The amounts billed and recoverable for admitted collateralized high deductible policies was $1,158,925 and $1,703,321 as of December 31, 2020 and 2019, 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 $7,533,188 and $7,356,296 as of December 31, 2020 and 2019, respectively. These 2020 and 2019 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 and 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 2020, the Company's incurred losses related to prior years increased by $1,451,376 as a result of unfavorable loss development principally in the 2019 accident year; the Company considers this development, which is <1% of prior year carried reserves, negligible. This unfavorable development is the result of ongoing analysis of recent loss development trends.

During 2019, the Company's incurred losses related to prior years increased by $1,484,443 as a result of unfavorable loss development principally in the 2017 and 2018 accident years; the Company considers this development, which is <1% of prior year carried reserves, negligible. This unfavorable development is the result of ongoing analysis of recent loss development trends.

7. Reinsurance

The Company assumed risks from another insurance company through a 100% quota share reinsurance agreement which was terminated effective for the 2005 policy year and commuted in December 2020. The Company incurred $23,163 and $72,034 in loss and loss adjustment expenses during during 2020 and 2019 and reserves that remain outstanding as of December 31, 2020 and 2019 are $0 and $158,776, respectively.

The Company cedes risk to another insurance company through a 20% quota-share reinsurance agreement for treaty years 2020 and 2019. In the event this quota share reinsurance treaty is cancelled, an immaterial amount of ceding commissions would be returned, net of the related underwriting expenses. As such, no related liability for amounts that would be returned was recorded as of December 31, 2020 and 2019. The 2020 quota share treaty includes a funds withheld provision in lieu of a traditional remittance of premium and recovery of associated subject losses and loss adjustment expenses. As such, the net amount payable to the reinsurer is included in funds held by company under reinsurance treaties on the Statements of Admitted Assets, Liabilities and Capital and Surplus as of December 31, 2020. Amounts deducted from premiums, reserves, and expenses for reinsurance ceded to other companies for these quota-share treaties are as follows:

	2020	2019
Premiums earned	$ 35,612,981	$ 39,425,245
Loss and loss adjustment expenses incurred	24,968,257	27,794,798
Unearned premiums	13,609,423	16,111,576
Loss and loss adjustment expense reserves	32,458,985	21,508,185
Ceding commissions	10,595,465	17,771,783
Funds held by company under reinsurance treaties	16,482,119	-
Premiums payable	-	6,146,568

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") as it relates to those states. 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 $1,023,895 and $968,792 for 2020 and 2019, respectively. All amounts are recorded as assumed business.

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

	2020	2019
Premiums earned	$ 7,664,379	$ 8,179,064
Loss and loss adjustment expenses incurred	5,122,553	5,195,524
Unearned premiums	2,458,410	2,586,286
Loss and loss adjustment expense reserves	17,576,176	17,193,348
Premiums receivable	552,075	417,097
Underwriting expenses incurred	1,887,008	1,928,286

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 2020 and $1,000,000 for 2019. For 2019, on the $1,000,000 excess of $1,000,000 reinsurance agreement, the Company has a 50% participation. In addition, for 2020 and 2019, the Company 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:

	2020	2019
Premiums earned	$ 4,263,952	$ 6,204,320
Loss and loss adjustment expenses incurred	5,484,741	60,000
Loss and loss adjustment expense reserves	10,818,637	6,854,314
Premiums payable	142,406	7,460

The 2020 and 2019 ceded loss and loss adjustment expense case incurred and incurred but not reported reserves above are comprised of amounts with four and five reinsurance carriers, respectively, although the Company has contracts with other carriers. The Company had $30,954,000 and $34,039,000 in unsecured reinsurance recoverables from the reinsurer, Swiss Reinsurance American Corporation, that exceeded 3% of capital and surplus as of December 31, 2020 and 2019, 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 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.

In December 2020, the Company commuted excess of loss reinsurance contracts for treaty years 1993 through 2002 with General Reinsurance Corporation. Proceeds recorded by the Company on this commutation were $1,013,585. Prior to the commutation, loss and loss adjustment reserves associated with this contract were $1,013,585; therefore, there was no gain associated with these commutations. There were no commutations during 2019 for the Company.

8. Premiums Written and Earned

For the years ended December 31, 2020 and 2019, direct, assumed and ceded premiums are as follows:

	2020		2019	
	Written	**Earned**	**Written**	**Earned**
Direct	$ 171,469,850	$ 184,324,087	$ 200,527,566	$ 203,916,653
Assumed	7,536,503	7,664,379	7,794,842	8,179,064
Ceded	(37,374,780)	(39,876,933)	(61,741,142)	(45,629,565)
Net premiums	$ 141,631,573	$ 152,111,533	$ 146,581,266	$ 166,466,152

9. Restricted Assets

Various regulatory authorities require that securities be placed on deposit in conjunction with writing workers' compensation business. At December 31, 2020 and 2019, the Company had fixed income securities on deposit with a carrying value of $11,259,980 and $9,937,248, respectively, included in bonds on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

The Company joined the FHLB on March 18, 2019. The Agreement for Advances, Collateral Pledge and Security Agreement was executed in May 2019. On May 10, 2019, the Company made its initial full stock requirement payment of $249,600 to secure Membership Class B stock, which is not eligible for redemption. 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. A recalculation of the value of the membership stock was performed in April 2020, which resulted in $44,300 in excess stock for the Company. 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 $30,658,901 as of December 31, 2020.

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 and short-term investments and deposits held for large deductible policyholders on the Statements of Admitted Assets, Liabilities and Capital and Surplus is $8,768,376 and $4,204,700 as of December 31, 2020 and 2019, 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, 2020:

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	$ 11,259,980	$ 9,937,248	$ 1,322,732	1.84%	1.83%
FHLB capital stock	249,600	249,600	-	0.04%	0.04%
Deposits held for large deductible policyholders	8,768,376	4,204,700	4,563,676	1.43%	1.42%
Total restricted assets	$ 20,277,956	$ 14,391,548	$ 5,886,408	3.31%	3.29%

10. Investments

The carrying value and fair value of bonds as well as surplus debentures, which are included in other invested assets with a carrying value of $1,996,011 and a fair value of $2,376,024, as of December 31, 2020, and a carrying value of $1,995,927, and a fair value of $2,101,800, as of December 31, 2019, are as follows:

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

	2019			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government & government agencies & authorities	$ 15,696,588	$ 497,197	$ (8,905)	$ 16,184,880
States, territories & possessions	49,516,878	2,236,409	(1,731)	51,751,556
Political subdivisions of states	70,758,583	3,148,795	(14,154)	73,893,224
Industrial & miscellaneous	170,906,892	11,548,460	(40,264)	182,415,088
Asset backed securities	142,239,197	2,826,863	(268,472)	144,797,588
Total bonds	$ 449,118,138	$ 20,257,724	$ (333,526)	$ 469,042,336

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

2020	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Common stocks	$ 68,666,160	$ 15,087,918	$ (1,545,317)	$ 82,208,761
2019				
Common stocks	$ 64,145,733	$ 14,299,106	$ (912,455)	$ 77,532,384

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 and surplus debentures, included in other invested assets with a carrying value of $1,996,011 and a fair value of $2,376,024, included in over ten years, as of December 31, 2020, by contractual maturity are as follows:

Maturity	Carrying Value	Fair Value
One year or less	$ 12,814,183	$ 12,934,517
Over one year through five years	106,244,161	113,578,918
Over five years through ten years	136,448,254	151,704,822
Over ten years	186,769,077	200,163,076
	$ 442,275,675	$ 478,381,333

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, 2020 and 2019, are summarized as follows:

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

	2019		
	Proceeds From Sales	Gross Realized Gains	Gross Realized Losses
Bonds	$ 40,787,625	$ 284,371	$ (652,081)
Common stocks	23,316,181	4,285,343	(1,285,135)
	$ 64,103,806	$ 4,569,714	$ (1,937,216)

As of December 31, 2020 and 2019, 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 2020 or 2019.

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, 2020 and 2019, are as follows:

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

	2019					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Bonds and surplus debentures (NAIC 1–2):						
U.S. Government & government agencies & authorities	$ 2,504,660	$ (8,905)	$ -	$ -	$ 2,504,660	$ (8,905)
States, territories & possessions	168,269	(1,731)	-	-	168,269	(1,731)
Political subdivisions of states	685,846	(14,154)	-	-	685,846	(14,154)
Industrial & miscellaneous	646,812	(2,180)	533,175	(38,084)	1,179,987	(40,264)
Asset backed securities	13,823,187	(129,297)	21,807,615	(139,175)	35,630,802	(268,472)
Common stocks - unaffiliated	5,360,504	(250,016)	4,645,879	(662,439)	10,006,383	(912,455)
	$ 23,189,278	$ (406,283)	$ 26,986,669	$ (839,698)	$ 50,175,947	$ (1,245,981)

The major categories of net investment income for the years ended December 31, 2020 and 2019, are summarized as follows:

	2020	2019
Bonds	$ 14,218,344	$ 14,725,808
Common stocks	2,428,830	2,244,707
Cash, cash equivalents and short-term investments	48,815	291,958
Other investment income	531	1,900
Total investment income	16,696,520	17,264,373
Less: Investment expenses	(991,629)	(930,067)
Net investment income	$ 15,704,891	$ 16,334,306

11. Fair Value of Financial Instruments

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

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

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

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

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

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

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

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

	2019			
	Level 1	Level 2	Level 3	Total
Assets on Statements of Assets, Liabilities and Capital and Surplus, at fair value:				
Common stocks				
Industrial & miscellaneous	$ 77,282,784	$ -	$ -	$ 77,282,784
Federal Home Loan Bank	-	249,600	-	249,600
Total common stocks	77,282,784	249,600	-	77,532,384
Total assets, measured at fair value	$ 77,282,784	$ 249,600	$ -	$ 77,532,384

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 excluding those accounted for under the equity method (subsidiaries, joint ventures and ventures) as of December 31, 2020 and 2019. The fair values are also categorized into the three-level fair value hierarchy as described above.

	2020					
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	$ 12,969,047	$ 11,912,665	$ -	$ 12,969,047	$ -	$ -
States, territories & possessions	50,862,148	47,446,063	-	50,862,148	-	-
Political subdivisions of states	72,419,458	67,315,966	-	72,419,458	-	-
Industrial & miscellaneous	214,611,984	192,594,829	-	214,611,984	-	-
Asset backed securities	127,518,696	123,006,152	-	127,518,696	-	-
Common stocks	82,208,761	82,208,761	81,959,161	249,600	-	-
Cash, cash equivalents & short-term investments	10,728,236	10,728,236	10,728,236	-	-	-
Total assets	$ 571,318,330	$ 535,212,672	$ 92,687,397	$ 478,630,933	$ -	$ -

	2019					
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	$ 16,184,880	$ 15,696,588	$ -	$ 16,184,880	$ -	$ -
States, territories & possessions	51,751,556	49,516,878	-	51,751,556	-	-
Political subdivisions of states	73,893,224	70,758,583	-	73,893,224	-	-
Industrial and miscellaneous	182,415,088	170,906,892	-	182,415,088	-	-
Asset backed securities	144,797,588	142,239,197	-	144,797,588	-	-
Common stocks	77,532,384	77,532,384	77,282,784	249,600	-	-
Cash, cash equivalents & short-term investments	3,026,575	3,026,575	2,021,878	1,004,697	-	-
Total assets	$ 549,601,295	$ 529,677,097	$ 79,304,662	$ 470,296,633	$ -	$ -

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 2020 or 2019.

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, 2020 are as follows:

2021	$ 885,351
2022	822,165
2023	474,448
2024	469,077
2025	229,180
Thereafter	1,142,304
Total future minimum lease payments	$ 4,022,525

Total rent and lease expense was $483,265 and $832,651 for the years ended December 31, 2020 and 2019, 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 2020 or 2019 that required an accrual or disclosure.

The Company is subject to guaranty funds and other assessments by states in which it has written business. Guaranty fund assessments should be accrued at the time of insolvencies. Certain assessments that are unknown to the Company are accrued at the time of assessment. In the case of premium based assessments, the expense is accrued at the time the premiums are written, or, in the case of loss based assessments, at the time the losses are incurred. The Company has recorded an expense for guaranty fund and other assessments of $1,157,138 and $3,916,739 at December 31, 2020 and 2019, respectively. The Company has recorded a liability for guaranty fund and other assessments of $5,870,835 and $6,505,741 and no related premium tax benefit asset at December 31, 2020 and 2019, 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 2020 and 2019, the Company was charged $41,578,415 and $41,081,837, respectively, for administrative and management services, underwriting, claims, managed care, and investment management fees, respectively. 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, 2020 and 2019 are as follows:

	2020	2019
Aggregate amount of unrealized loss		
Less than twelve months	$ 423,325	$ 129,297
Twelve months or longer	25,786	139,175
Total	$ 449,111	$ 268,472
Aggregate fair value of securities with unrealized loss		
Less than twelve months	$ 12,063,991	$ 13,823,187
Twelve months or longer	5,974,214	21,807,615
Total	$ 18,038,205	$ 35,630,802

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 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, 2020 and 2019, the Company recorded a net admitted deductible recovery accrual of $1,158,925 and $1,703,321, respectively, for amounts billed in January 2021 and 2020, 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 $7,533,188 and $7,356,296 as of December 31, 2020 and 2019, respectively. This 2020 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 and Liabilities and Capital and Surplus.

Counter Party Exposure Recorded on Unpaid Claims and Billed Recoverables on Paid Claims as of December 31, 2020:

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	$ 20,778,466	$ 7,533,188	$ 1,158,925	$ 8,692,113

Unsecured amounts on high deductible policies:

Total high deductibles and billed recoverables on paid claims	$ 8,692,113
Collateral on balance sheet	8,768,376
Collateral off balance sheet	12,009,000
Total unsecured deductibles and billed recoverables on paid claims	$ -
Percentage unsecured	0.00%
Amount of overdue nonadmitted (either due to aging or collateral)	$ 1,226
Total over 90 days overdue admitted	-
Total overdue	$ 1,226

There is one counterparty high deductible policyholder with unsecured reserves as of December 31, 2020. 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	$ 1,226

17. Subsequent Events

Subsequent events have been considered through March 26, 2021, for these statutory financial statements which are available to be issued on March 26, 2021.

ANNUAL STATEMENT FOR THE YEAR 2020 OF THE MEMIC Indemnity Company

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	13,395,850	2.503	13,395,849	0	13,395,849	2.503
1.02 All other governments	3,480,298	0.650	3,480,298	0	3,480,298	0.650
1.03 U.S. states, territories and possessions, etc. guaranteed	18,578,700	3.471	18,578,699	0	18,578,699	3.471
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	35,946,774	6.716	35,946,774	0	35,946,774	6.716
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	123,538,740	23.082	123,538,743	0	123,538,743	23.082
1.06 Industrial and miscellaneous	244,339,302	45.653	244,339,301	0	244,339,301	45.653
1.07 Hybrid securities	1,000,000	0.187	1,000,000	0	1,000,000	0.187
1.08 Parent, subsidiaries and affiliates		0.000			0	0.000
1.09 SVO identified funds		0.000			0	0.000
1.10 Unaffiliated Bank loans		0.000			0	0.000
1.11 Total long-term bonds	440,279,664	82.263	440,279,664	0	440,279,664	82.263
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)	0	0.000			0	0.000
2.02 Parent, subsidiaries and affiliates	0	0.000			0	0.000
2.03 Total preferred stocks	0	0.000	0	0	0	0.000
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)	81,959,161	15.313	81,959,161	0	81,959,161	15.313
3.02 Industrial and miscellaneous Other (Unaffiliated)	249,600	0.047	249,600	0	249,600	0.047
3.03 Parent, subsidiaries and affiliates Publicly traded		0.000			0	0.000
3.04 Parent, subsidiaries and affiliates Other		0.000			0	0.000
3.05 Mutual funds		0.000			0	0.000
3.06 Unit investment trusts		0.000			0	0.000
3.07 Closed-end funds		0.000			0	0.000
3.08 Total common stocks	82,208,761	15.360	82,208,761	0	82,208,761	15.360
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages	0	0.000			0	0.000
4.02 Residential mortgages	0	0.000			0	0.000
4.03 Commercial mortgages	0	0.000			0	0.000
4.04 Mezzanine real estate loans	0	0.000			0	0.000
4.05 Total valuation allowance		0.000			0	0.000
4.06 Total mortgage loans	0	0.000	0	0	0	0.000
5. Real estate (Schedule A):						
5.01 Properties occupied by company		0.000	0		0	0.000
5.02 Properties held for production of income		0.000	0		0	0.000
5.03 Properties held for sale		0.000	0		0	0.000
5.04 Total real estate	0	0.000	0	0	0	0.000
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	9,164,995	1.712	9,164,994		9,164,994	1.712
6.02 Cash equivalents (Schedule E, Part 2)	1,563,240	0.292	1,563,242		1,563,242	0.292
6.03 Short-term investments (Schedule DA)		0.000	0		0	0.000
6.04 Total cash, cash equivalents and short-term investments	10,728,235	2.004	10,728,236	0	10,728,236	2.004
7. Contract loans	0	0.000	0		0	0.000
8. Derivatives (Schedule DB)	0	0.000	0		0	0.000
9. Other invested assets (Schedule BA)	1,996,011	0.373	1,996,011		1,996,011	0.373
10. Receivables for securities	28	0.000	28		28	0.000
11. Securities Lending (Schedule DL, Part 1)	0	0.000	0	XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)	0	0.000	0		0	0.000
13. Total invested assets	535,212,699	100.000	535,212,700	0	535,212,700	100.000

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2020
(To Be Filed by April 1)

Of The MEMIC Indemnity Company

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

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

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

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

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 613,178,023

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	CLARK CNTY NV SCH DIST	Long Term Bonds	$ 4,559,452	0.7 %
2.02	JPMORGAN CHASE & CO	Bonds/Common Stock	$ 4,084,764	0.7 %
2.03	INTEL CORP	Bonds/Common Stock	$ 3,879,106	0.6 %
2.04	BANK OF MONTREAL	Long Term Bonds	$ 3,721,086	0.6 %
2.05	CITIGROUP INC	Long Term Bonds	$ 3,476,278	0.6 %
2.06	MCDONALDS CORP	Bonds/Common Stock	$ 3,268,471	0.5 %
2.07	WASHOE CNTY NV SCH DIST	Long Term Bonds	$ 3,267,468	0.5 %
2.08	MISSOURI ST HLTH & EDUCTNL FAC	Long Term Bonds	$ 3,129,311	0.5 %
2.09	FOOTBALL CLUB TR NT 2020 XI	Long Term Bonds	$ 3,000,000	0.5 %
2.10	BNP PARIBAS	Long Term Bonds	$ 2,999,027	0.5 %

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

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC-1	$ 343,852,999	56.1 %	3.07	P/RP-1	$	0.0 %
3.02	NAIC-2	$ 94,728,204	15.4 %	3.08	P/RP-2	$	0.0 %
3.03	NAIC-3	$ 343,256	0.1 %	3.09	P/RP-3	$	0.0 %
3.04	NAIC-4	$ 1,355,207	0.2 %	3.10	P/RP-4	$	0.0 %
3.05	NAIC-5	$ 0	0.0 %	3.11	P/RP-5	$	0.0 %
3.06	NAIC-6	$ 0	0.0 %	3.12	P/RP-6	$	0.0 %

4. Assets held in foreign investments:

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

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

4.02	Total admitted assets held in foreign investments	$ 46,578,483	7.6 %
4.03	Foreign-currency-denominated investments	$	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$	0.0 %

SUPPLEMENT FOR THE YEAR 2020 OF THE MEMIC Indemnity Company

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

			1	2
5.01	Countries designated NAIC-1	$	44,894,137	7.3 %
5.02	Countries designated NAIC-2	$	1,684,346	0.3 %
5.03	Countries designated NAIC-3 or below	$		0.0 %

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

			1	2
	Countries designated NAIC - 1:			
6.01	Country 1: Cayman Islands	$	15,261,675	2.5 %
6.02	Country 2: United Kingdom	$	9,282,493	1.5 %
	Countries designated NAIC - 2:			
6.03	Country 1: Peru	$	1,274,695	0.2 %
6.04	Country 2: Panama	$	409,652	0.1 %
	Countries designated NAIC - 3 or below:			
6.05	Country 1:	$		0.0 %
6.06	Country 2:	$		0.0 %

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

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

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

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

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

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

	1 Issuer	2 NAIC Designation		3	4
10.01	BNP	1	$	2,999,027	0.5 %
10.02	APID	1	$	2,000,000	0.3 %
10.03	SUMIBK	1	$	2,000,000	0.3 %
10.04	OCTLF	1	$	2,000,000	0.3 %
10.05	AIA	1	$	1,996,814	0.3 %
10.06	RNR	1	$	1,976,279	0.3 %
10.07	AUSPAC	2	$	1,900,000	0.3 %
10.08	IVZ	2	$	1,631,760	0.3 %
10.09	AASET	1	$	1,565,723	0.3 %
10.10	AZN	2	$	1,505,298	0.2 %

SUPPLEMENT FOR THE YEAR 2020 OF THE MEMIC Indemnity Company

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

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

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

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

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

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

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

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

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

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

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

	1 Issuer	2	3
13.02	HPQ	$ 2,006,126	0.3 %
13.03	PM	$ 1,955,334	0.3 %
13.04	SBUX	$ 1,952,599	0.3 %
13.05	JNJ	$ 1,946,161	0.3 %
13.06	TRV	$ 1,936,966	0.3 %
13.07	PNC	$ 1,930,742	0.3 %
13.08	JPM	$ 1,928,541	0.3 %
13.09	ALL	$ 1,921,576	0.3 %
13.10	KO	$ 1,901,467	0.3 %
13.11	ADI	$ 1,900,399	0.3 %

SUPPLEMENT FOR THE YEAR 2020 OF THE MEMIC Indemnity Company

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

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

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

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

Ten largest fund managers:

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

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

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

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

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

SUPPLEMENT FOR THE YEAR 2020 OF THE MEMIC Indemnity Company

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SUPPLEMENT FOR THE YEAR 2020 OF THE MEMIC Indemnity Company

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

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

MEMIC Casualty Company

Financial Statements
(Statutory Basis)
December 31, 2020 and 2019

MEMIC Casualty Company
Index
(Statutory Basis)
December 31, 2020 and 2019

	Page(s)
Independent Auditor's Report	1-2
Financial Statements (Statutory Basis)	
Statements of Admitted Assets, Liabilities and Capital and Surplus	3
Statements of Income	4
Statements of Changes in Capital and Surplus	5
Statements of Cash Flows	6
Notes to Financial Statements	7-27
Summary Investment Schedule	28
Supplemental Investment Risks Interrogatories	29-34

Report of Independent Auditors

To the Board of Directors of
MEMIC Casualty Company

We have audited the accompanying statutory basis 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, 2020 and 2019, 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.

Management's Responsibility 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 the Insurance Department of the State of New Hampshire. 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 Insurance Department of the State of New Hampshire, 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 the statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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" paragraph, the financial statements referred to above 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, 2020 and 2019, or the results of its operations or its cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting
In our opinion, the statutory basis financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 2.

Other Matter
Our audits were 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, 2020 and for the year then ended are presented for purposes of additional analysis and are not a required part of the financial statements, but are supplementary information required by the Insurance Department of the State of New Hampshire. 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 statutory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the statutory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory basis financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated, in all material respects, in relation to the statutory basis financial statements taken as a whole.

Johnson Lambert LLP

Atlanta, Georgia
March 26, 2021

MEMIC

MEMIC Casualty Company
Statements of Admitted Assets, Liabilities and Capital and Surplus (Statutory Basis)
December 31, 2020 and 2019

	2020	2019
Admitted Assets		
Invested assets		
Bonds, at carrying value (fair value: $106,124,580 and $85,220,834 at December 31, 2020 and 2019, respectively)	$ 99,982,235	$ 82,532,530
Common stocks, at fair value (cost: $49,100 and $48,900 at December 31, 2020 and 2019, respectively)	49,100	48,900
Cash, cash equivalents and short-term investments	12,097,561	9,502,326
Total cash and invested assets	112,128,896	92,083,756
Premium balances receivable	23,704,141	14,892,285
Reinsurance recoverable on paid loss and loss adjustment expenses	316,757	349,755
Due from parent	634,050	261,160
Investment income due and accrued	630,608	553,137
Net deferred income taxes	2,055,067	1,381,695
EDP equipment (net of accumulated depreciation of $12,244 and $3,272 at December 31, 2020 and 2019, respectively)	75,367	11,048
Total admitted assets	$ 139,544,886	$ 109,532,836
Liabilities		
Loss reserves	$ 49,635,602	$ 38,798,615
Loss adjustment expense reserves	8,621,696	5,524,739
Unearned premium reserves	21,816,980	14,825,176
Advance premium	628,019	168,610
Reinsurance premiums payable	67,477	1,711,214
Funds held by company under reinsurance treaties	6,560,033	-
Other liabilities	464,322	207,274
Deposits held for large deductible policyholders	989,699	1,371,520
Premium taxes and assessments payable	1,420,794	867,734
Amounts withheld for others	1,349,731	954,345
Commissions payable	2,236,524	1,563,275
Federal income tax payable	1,222,966	973,582
Total liabilities	95,013,843	66,966,084
Commitments and contingencies (Note 12)		
Capital and Surplus		
Common stock, 1,000,000 shares authorized,100,000 shares issued and outstanding, par value $30	3,000,000	3,000,000
Gross paid-in and contributed surplus	36,183,951	36,183,951
Unassigned surplus	5,347,092	3,382,801
Total capital and surplus	44,531,043	42,566,752
Total liabilities and capital and surplus	$ 139,544,886	$ 109,532,836

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, 2020 and 2019

	2020	2019
Underwriting income		
Premiums earned, net	$ 40,325,542	$ 28,146,362
Loss and underwriting expenses		
Losses incurred, net	22,678,673	17,009,058
Loss adjustment expenses incurred, net	7,123,240	4,649,882
Underwriting expenses		
Commissions	1,118,981	(103,014)
Premium taxes	1,372,558	988,735
Guarantee fund, rating bureau and other assessments	605,775	350,623
Supervision, acquisition and collection expenses	5,066,848	3,566,715
Loss control	1,499,323	1,011,797
General expenses	513,016	380,570
Total underwriting expenses	10,176,501	6,195,426
Total loss and underwriting expenses	39,978,414	27,854,366
Net underwriting income	347,128	291,996
Investment income		
Net investment income	2,351,006	2,404,447
Net realized capital gains (losses) less capital gains tax of $53,174 and ($8,134), December 31, 2020 and 2019, respectively)	200,035	(30,601)
Total investment income	2,551,041	2,373,846
Other income (expense)		
Bad debt expense	(43,805)	(1,960)
Finance charges	9,313	7,155
Net other (expense) income	(34,492)	5,195
Income before dividends and federal income taxes	2,863,677	2,671,037
Dividends to policyholders	420,990	204,944
Income after dividends, before federal income taxes	2,442,687	2,466,093
Provision for federal income taxes	1,169,792	981,716
Net income	$ 1,272,895	$ 1,484,377

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, 2020 and 2019

	2020	2019
Capital and surplus at beginning year	$ 42,566,752	$ 40,872,007
Net income	1,272,895	1,484,377
Change in net deferred income taxes	787,840	513,453
Change in net unrealized depreciation of invested assets (net of deferred taxes of $1,984 and $0 as of December 31, 2020 and 2019, respectively)	(7,461)	-
Change in nonadmitted assets	(88,983)	(303,085)
Change in capital and surplus	1,964,291	1,694,745
Capital and surplus at end of year	$ 44,531,043	$ 42,566,752

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

MEMIC

MEMIC Casualty Company
Statements of Cash Flows
(Statutory Basis)
Years Ended December 31, 2020 and 2019

	2020	2019
Cash from operations		
Premiums collected, net	$ 37,301,572	$ 27,286,769
Investment income received, net	2,716,360	2,663,007
Other (expense) income	(34,491)	5,195
Cash provided from operations	39,983,441	29,954,971
Benefit and loss related payments	11,808,688	8,289,923
Commissions and expenses paid	12,719,429	8,464,426
Dividends paid to policyholders	420,990	204,944
Federal income taxes paid	973,582	330,484
Cash used in operations	25,922,689	17,289,777
Net cash provided from operations	14,060,752	12,665,194
Cash from investing activities		
Proceeds from bonds sold, matured or repaid	15,824,036	22,870,125
Cost of bonds acquired	(33,472,806)	(31,511,685)
Cost of stocks acquired	(200)	(48,900)
Net cash used in investing activities	(17,648,970)	(8,690,460)
Cash from financing and miscellaneous sources		
Other cash		
Other cash provided (applied)	6,183,453	(112,027)
Net cash used in financing and miscellaneous sources	6,183,453	(112,027)
Net increase in cash	2,595,235	3,862,707
Cash, cash equivalents and short-term investments		
Beginning of year	9,502,326	5,639,619
End of year	$ 12,097,561	$ 9,502,326

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

1. Organization

All outstanding shares of MEMIC Casualty Company (the “Company”) are owned by Maine Employers’ Mutual Insurance Company (“MEMIC”), a property and casualty insurance company domiciled in the State of Maine. The Vermont Department of Financial Regulation, acting as rehabilitator, converted the former Granite Manufacturers’ Mutual Indemnity Company (“GMMIC”), a property and casualty insurance carrier domiciled in the State of Vermont to write workers’ compensation, to a stock company and on December 12, 2011, MEMIC purchased the Company. In conjunction with the transaction, GMMIC was renamed to MEMIC Casualty Company. There are no outstanding liabilities associated with this former incorporation as of December 31, 2020 or 2019. At the date of conversion, the Company acquired the residual assets and liabilities of GMMIC. The Company changed its state of domicile from Vermont to New Hampshire effective January 1, 2015. Since 2011, MEMIC has contributed $39,183,951 to capitalize the Company. The Company is licensed to write workers’ compensation insurance in 40 states and commenced writing policies in May 2012.

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 101, *Income Taxes.* SSAP 101 provides requirements for tax loss contingencies and the calculation and admissibility of deferred tax assets (“DTAs”). The realization of any resulting deferred tax asset is limited based on certain criteria in accordance with SSAP 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 past due greater than 90 days, 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, foreign exchange transactions, and pension liability adjustments is required;

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

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

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

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

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

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

Investment income is recorded on an accrual basis. Realized capital gains and losses are reported, net of tax, in operating results based on the specific identification of investments sold. Unrealized capital gains and losses from the valuation of investments at fair value are credited or charged directly to unassigned surplus, net of federal income taxes, unless determined to be other-than-temporary ("OTTI") 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 OTTI has occurred and whether an impairment should be recognized.

Premiums and Unearned Premium Reserves

Direct and assumed premiums are earned on a monthly pro rata basis over the inforce period and ceded premiums are written and earned concurrently for the workers' compensation line of business. Ceded premiums for the 2020 quota share treaty are earned on a monthly pro rata basis over the inforce period. Accordingly, unearned premium reserves are established for the pro rata portion of direct and assumed premiums written for workers' compensation direct and ceded premium related to the 2020 quota share treaty which are applicable to the unexpired terms of the policies inforce, net of reinsurance. Premium adjustments resulting from retrospective rating plans and/or audits are recorded as written and earned premiums once such amounts can be reasonably estimated. When the anticipated losses, loss adjustment expenses, commissions, and other acquisition and maintenance costs exceed the recorded unearned premium reserve, and any future installment premiums on existing policies, a premium deficiency reserve is recognized by recording an additional liability for the deficiency, with a corresponding charge to operations. The Company does anticipate investment income when evaluating the need for any premium deficiency reserve. There was no premium deficiency reserve recorded for 2020 or 2019.

Equities and Deposits in Pools

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, 2020 and 2019:

	2020	2019
Premium balances receivable over 90 days past due	$ 76,353	$ 56,763
Deferred income taxes	532,287	415,834
Fixed assets, net of accumulated depreciation	220,616	294,713
Prepaid assets	31,537	4,500
Total nonadmitted assets	$ 860,793	$ 771,810

Depreciation expense on nonadmitted fixed assets was $80,207 and $73,701 as of December 31, 2020 and 2019, respectively.

Federal Income Taxes

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

The provision for federal income taxes includes amounts currently payable or recoverable and deferred income taxes, computed under the asset/liability method, which results from temporary differences between the tax basis and book basis of assets and liabilities. SSAP No. 101, outlines the statutory accounting principles for current and deferred federal and foreign income taxes and current state income taxes. SSAP No. 101, (1) restricts the ability to use the 3 years/15 percent of surplus admission rule to those entities that meet a new modified risk based capital ratio threshold; (2) outlines the recognition threshold for recording tax contingency reserves from a probable liability standard to a more-likely-than-not liability standard; (3) requires the disclosure of tax planning strategies that relate to reinsurance; and, (4) requires consideration of reversal patterns of deferred tax assets (“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 to five years. Depreciation expense for the years ended December 31, 2020 and 2019, was $3,361 and $3,677, respectively. Expenditures for maintenance and repairs relating to EDP equipment and certain fixed assets which are nonadmitted are charged to expense as incurred. When property is sold or retired, the cost of the property and the related accumulated depreciation are removed from the Statements of Admitted Assets, Liabilities and Capital and Surplus and any gain or loss on the transaction is reflected on the Statements of Income.

Risks and Uncertainties

In March 2020, the World Health Organization declared a pandemic related to the rapidly spreading coronavirus ("COVID-19") outbreak, which has led to a global health emergency. The Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on the Company, its policyholders, employees and vendors. As such, COVID-19 could have a material adverse effect on the Company's financial position in the future including impact on future premiums, compensability of claims and/or fair value of the Company's investments. The Company continues to monitor the impact from COVID-19 on premium, anticipated premium audits in 2021 and claims. The Company has exposure in healthcare and long term care. This exposure has resulted in a some COVID-19 claims, some of which have been accepted by the company and some of which are noted as report only. The Company continues to monitor assumptions around compensability of claims and extended benefits should pending or future legislation at a state level ultimately determine an expansion in the definition of work related injuries related to COVID-19. The ultimate duration and impact of the COVID-19 outbreak on the Company's financial position cannot be reasonably estimated at this time.

3. Capital and Surplus

To date, total contributions from MEMIC are $39,183,951. There were no contributions from MEMIC during 2020 or 2019.

4. Dividend Restrictions

The Company may declare a stockholder dividend without the Insurance Department's approval so long as such dividend is not considered extraordinary. In the case of extraordinary dividends, prior approval is required. An extraordinary dividend or distribution includes any dividend or distribution of cash or other property, whose fair market value together with that of other dividends or distributions made within the preceding 12 months, exceeds 10% of such insurer's capital and surplus as of December 31, limited to the prior year-end's unassigned surplus. The maximum value of dividends which could be paid by the Company to stockholders without prior approval of the Commissioner of Insurance was $4,256,675 and $4,087,201 during 2020 and 2019, respectively. There were no stockholder dividends declared during 2020 or 2019.

5. Income Taxes

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

	December 31, 2020		
	1	2	3
	Ordinary	Capital	(Col 1+2) Total
a. Gross deferred tax assets	$ 2,854,908	$ 1,984	$ 2,856,892
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a - 1b)	2,854,908	1,984	2,856,892
d. Deferred tax assets nonadmitted	532,286	-	532,286
e. Subtotal net admitted deferred tax asset (1c - 1d)	2,322,622	1,984	2,324,606
f. Deferred tax liabilities	269,539	-	269,539
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 2,053,083	$ 1,984	$ 2,055,067

	December 31, 2019		
	4	5	6
	Ordinary	Capital	(Col 4+5) Total
a. Gross deferred tax assets	$ 2,058,777	$ -	$ 2,058,777
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a - 1b)	2,058,777	-	2,058,777
d. Deferred tax assets nonadmitted	415,834	-	415,834
e. Subtotal net admitted deferred tax asset (1c - 1d)	1,642,943	-	1,642,943
f. Deferred tax liabilities	261,248	-	261,248
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 1,381,695	$ -	$ 1,381,695

	Change		
	7	8	9
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Gross deferred tax assets	$ 796,131	$ 1,984	$ 798,115
b. Statutory valuation allowance adjustment	-	-	-
c. Adjusted gross deferred taxes (1a - 1b)	796,131	1,984	798,115
d. Deferred tax assets nonadmitted	116,452	-	116,452
e. Subtotal net admitted deferred tax asset (1c - 1d)	679,679	1,984	681,663
f. Deferred tax liabilities	8,291	-	8,291
g. Net admitted deferred tax assets/(net deferred tax liability) (1e - 1f)	$ 671,388	$ 1,984	$ 673,372

Admission Calculation Components:

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

	December 31, 2019		
	4 Ordinary	5 Capital	(Col 4+5) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 1,191,546	$ -	$ 1,191,546
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	190,149	-	190,149
2. Adjusted gross deferred tax assets allowed per limitation threshold			6,176,101
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	261,248	-	261,248
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 1,642,943	$ -	$ 1,642,943

	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	$ 547,463	$ 1,984	$ 549,447
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	123,925	-	123,925
2. Adjusted gross deferred tax assets allowed per limitation threshold			183,990
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	8,291	-	8,291
d. Deferred tax assets admitted as the result of application of SSAP 101 Total 2(a)+2(b)+2(c)	$ 679,679	$ 1,984	$ 681,663

Other Admissibility Criteria	2020	2019
a. Ratio percentage used to determine recovery period and threshold limitation amount	997%	1353%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	$ 42,400,609	$ 41,174,009

Tax planning strategies were not employed by the Company during 2020 or 2019, and therefore, had no impact upon the determination of adjusted gross and net admitted deferred tax assets.

As of December 31, 2020 and 2019, 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 $1,247,612 and $991,599 for 2020 and 2019, respectively. There are no deposits admitted under Section 6603 of the Internal Revenue Code.

As of December 31, 2020, and 2019, 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:

	2020	2019	Change
a. Federal	$ 1,194,438	$ 999,733	$ 194,705
b. Provision to return	(24,646)	(18,017)	(6,629)
d. Subtotal	1,169,792	981,716	188,076
e. Federal income tax on net capital gains (losses)	53,174	(8,134)	61,308
h. Federal income taxes incurred	$ 1,222,966	$ 973,582	$ 249,384

Deferred Tax Assets

	2020	2019	Change
a. Ordinary:			
Discounting of unpaid losses	$ 1,675,061	$ 1,264,863	$ 410,198
Unearned premium reserves	942,690	629,739	312,951
Accrued expenses	168,171	120,989	47,182
Other (including items < 5% of total ordinary tax assets)	68,986	43,186	25,800
Subtotal	2,854,908	2,058,777	796,131
b. Statutory valuation allowance adjustment	-	-	-
c. Nonadmitted	532,286	415,834	116,452
d. Admitted ordinary deferred tax assets	2,322,622	1,642,943	679,679
e. Capital:			
Investments	1,984	-	1,984
Subtotal	1,984	-	1,984
f. Statutory valuation allowance adjustment	-	-	-
g. Nonadmitted	-	-	-
h. Admitted capital deferred tax assets	1,984	-	1,984
i. Admitted deferred tax assets	2,324,606	1,642,943	681,663

Deferred Tax Liabilities

	2020	2019	Change
a. Ordinary:			
Investments	26,178	15,321	10,857
Fixed assets	62,156	39,526	22,630
Legislative change in loss discounting	169,348	203,218	(33,870)
Additional acquisition costs	11,857	3,183	8,674
Subtotal	269,539	261,248	8,291
b. Capital:			
Investments	-	-	-
Subtotal	-	-	-
c. Deferred tax liabilities	269,539	261,248	8,291
Net Deferred Tax Assets/Liabilities	$ 2,055,067	$ 1,381,695	$ 673,372

Change in net deferred income taxes

	2020	2019	Change
a. Adjusted gross deferred tax assets	$ 2,856,892	$ 2,058,777	$ 798,115
b. Total deferred tax liabilities	269,539	261,248	8,291
c. Net deferred tax assets	2,587,353	1,797,529	789,824
d. Tax effect of change in unrealized gains (losses)			1,984
e. Total change in net deferred income tax			787,840
			$ 789,824

There were no deferred tax liabilities that were not recognized.

Among the more significant book to tax adjustments in 2020 and 2019 were the following:

	2020	2019
Provision computed at statutory rate	$ 524,131	$ 516,171
PY true up (to deferred)	24,596	17,945
PY true up (to current)	(24,646)	(18,017)
Change in nonadmitted assets	(25,800)	9,319
Legislative change in loss discounting	169,348	161,284
Other permanent differences	(232,503)	(226,573)
Totals	435,126	460,129
Federal income taxes incurred	1,169,792	981,716
Realized capital losses tax	53,174	(8,134)
Change in net deferred income taxes	(787,840)	(513,453)
Total statutory income taxes	$ 435,126	$ 460,129

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, 2020 and 2019 are summarized as follows:

	2020	2019
Net balances at January 1,	$ 44,323,354	$ 33,448,416
Incurred related to		
Current year	35,184,908	24,325,827
Prior year	(5,382,995)	(2,666,887)
Total incurred	29,801,913	21,658,940
Paid related to		
Current year	6,046,698	4,181,522
Prior year	9,821,271	6,602,480
Total paid	15,867,969	10,784,002
Net balances at December 31,	$ 58,257,298	$ 44,323,354

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 $75,168 and $97,492 as of December 31, 2020 and 2019, 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 $666,162 and $777,790 as of December 31, 2020 and 2019, respectively. These 2020 and 2019 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 and 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 2020, the Company's incurred losses related to prior years decreased by $5,382,995 as a result of favorable loss development principally in the 2018 and 2019 accident years. This favorable development is the result of ongoing analysis of recent loss development trends.

During 2019, the Company's incurred losses related to prior years decreased by $2,666,887 as a result of favorable loss development principally in the 2016 and 2017 accident years. This favorable development is the result of ongoing analysis of recent loss development trends.

7. Reinsurance

As a condition of writing policies in the states in which it has workers' compensation business, the Company is required to participate in the National Workers' Compensation Reinsurance Pool and the Massachusetts Reinsurance Pool (the "Pools") as it relates to those states. 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 $46,493 and $25,944 for 2020 and 2019, respectively. All amounts are recorded as assumed business. Amounts added to premiums, reserves and expenses for reinsurance assumed from pools are as follows:

	2020	2019
Premiums earned	$ 1,602,210	$ 788,543
Loss and loss adjustment expenses incurred	1,298,802	563,764
Unearned premiums	476,487	212,057
Loss and loss adjustment expense reserves	1,498,683	796,389
Premiums receivable	248,717	109,367
Underwriting expenses incurred	405,000	194,669

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 2020 and $1,000,000 for 2019. For 2019, on the $1,000,000 excess of $1,000,000 reinsurance agreement, the Company has a 50% participation. In addition, for 2020 and 2019, 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:

	2020	2019
Premiums earned	$ 1,130,087	$ 1,040,385
Loss and loss adjustment expense reserves	634,640	852,284
Premiums payable	67,477	316,191

The Company cedes risk to another insurance company through a 20% quota share reinsurance agreement for treaty years 2020 and 2019. Should these quota share reinsurance treaties be cancelled, ceding commissions would be returned, net of the related underwriting expenses. The Company recorded a liability of $200,000 and $0 as of December 31, 2020 and 2019, respectively, related to the ceding commission that would be returned. This liability is included in commissions payable on the Statements of Admitted Assets, Liabilities and Capital and Surplus and in Commissions on the Statements of Income for 2020. The 2020 quota share treaty includes a funds withheld provision in lieu of a traditional remittance of premium and recovery of associated subject losses and loss adjustment expenses. As such, the net amount payable to the reinsurer is included in funds held by company under reinsurance treaties on the Statements of Admitted Assets, Liabilities and Capital and Surplus as of December 31, 2020. Amounts deducted from premiums, reserves and expenses for reinsurance ceded to other companies for this quota share treaty are as follows:

	2020	2019
Premiums earned	$ 9,542,748	$ 6,806,472
Loss and loss adjustment expenses incurred	6,389,895	4,798,563
Unearned premiums	5,107,014	3,502,468
Loss and loss adjustment expense reserves	8,534,142	4,088,252
Ceding commissions	3,567,134	3,298,861
Funds held by company under reinsurance treaties	6,560,034	-
Premiums payable	-	1,395,022

The 2020 and 2019, ceded loss and loss adjustment expense, case incurred and incurred but not reported reserves above are comprised of amounts with two reinsurance carriers although the Company has contracts with other carriers. The Company had $7,284,000 and $6,529,000 in unsecured reinsurance recoverables from the reinsurer, Swiss Reinsurance American Corporation, that exceeded 3% of capital and surplus as of December 31, 2020 and 2019, respectively.

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

8. Premiums Written and Earned

During the years ended December 31, 2020 and 2019, direct, assumed and ceded premiums were as follows:

	2020		2019	
	Written	Earned	Written	Earned
Direct	$ 57,728,088	$ 49,396,167	$ 41,522,311	$ 35,204,676
Assumed	1,866,640	1,602,210	877,650	788,543
Ceded	(12,277,382)	(10,672,835)	(11,349,325)	(7,846,857)
Net premiums	$ 47,317,346	$ 40,325,542	$ 31,050,636	$ 28,146,362

9. Restricted Assets

Various regulatory authorities require that securities be placed on deposit in conjunction with writing workers' compensation business. At December 31, 2020 and 2019, the Company had fixed income securities on deposit with a carrying value of $4,471,528 and $3,954,190, respectively, included in bonds on the Statements of Admitted Assets, Liabilities and Capital and Surplus.

The Company joined the FHLB on March 18, 2019. The Agreement for Advances, Collateral Pledge and Security Agreement was executed in May 2019. On May 10, 2019, the Company made its initial full stock requirement payment of $48,900 to secure Membership Class B stock, which is not eligible for redemption. The annual recalculation of bank stock requirement was performed in April 2020. This calculation resulted in additional stock of $200 for a current membership stock balance of $49,100. This common stock, all of which is admitted, is included on the Statements of Admitted Assets, Liabilities and Capital and Surplus. The agreement between the FHLB and the Company specifies Advances and Other Credit Products will be available subject to specified collateral arrangements. The Company has no outstanding collateral pledged, activity stock, excess stock, prepayment obligations or borrowings outstanding as of the reporting date. The maximum amount the Company can borrow, absent prior approval of the Board of Directors, is 5% of net admitted assets from the most recent statutory financial statements which is $6,977,244, as of December 31, 2020.

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 $989,699 and $1,371,520 as of 2020 and 2019, 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 assets as of December 31, 2020:

Restricted Asset Category	Total Current Year Admitted Restricted	Total Prior Year	Increase/ (Decrease)	Admitted Restricted to Total Admitted Assets	Gross Restricted to Total Assets
On deposit with state	$ 4,471,528	$ 3,954,190	$ 517,338	3.20%	3.18%
FHLB capital stock	49,100	48,900	200	0.04%	0.03%
Deposits held for large deductible policyholders	989,699	1,371,520	(381,821)	0.71%	0.70%
Total restricted assets	$ 5,510,327	$ 5,374,610	$ 135,717	3.95%	3.91%

10. Investments

The cost and fair value of investments in equity securities with the FHLB are $49,100 and $48,900 as of December 31, 2020 and 2019, respectively.

The carrying value and fair value of bonds as of December 31, 2020 and 2019, are as follows:

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

	2019			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government & government agencies & authorities	$ 2,918,360	$ 94,161	$ (10,097)	$ 3,002,424
States, territories & possessions	9,124,249	490,137	(8,450)	9,605,936
Political subdivisions of states	9,602,407	440,309	(32,784)	10,009,932
Industrial & miscellaneous	28,618,828	1,391,544	(18,231)	29,992,141
Asset backed securities	32,268,686	417,766	(76,051)	32,610,401
Total bonds	$ 82,532,530	$ 2,833,917	$ (145,613)	$ 85,220,834

The carrying value and fair value of bonds as of December 31, 2020, by contractual maturity are as follows:

Maturity	Carrying Value	Fair Value
One year or less	$ 1,152,938	$ 1,157,659
Over one year through five years	23,130,888	24,572,831
Over five years through ten years	13,487,690	14,470,944
Over ten years	62,210,719	65,923,146
	$ 99,982,235	$ 106,124,580

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, 2020 and 2019, 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 2020 or 2019. The Company held a single security with an NAIC rating of 3 that was carried at fair value and included in Bonds (NAIC 3-6) noted below as of December 31, 2020.

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, 2020 and 2019, are as follows:

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

	2019					
	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	$ 1,458,978	$ (9,515)	$ 425,633	$ (582)	$ 1,884,611	$ (10,097)
States, territories & possessions	741,550	(8,450)	-	-	741,550	(8,450)
Political subdivisions of states	1,000,245	(32,784)	-	-	1,000,245	(32,784)
Industrial & miscellaneous	1,508,399	(18,231)	-	-	1,508,399	(18,231)
Asset backed securities	6,583,601	(34,322)	4,537,723	(41,729)	11,121,324	(76,051)
	$ 11,292,773	$ (103,302)	$ 4,963,356	$ (42,311)	$ 16,256,129	$ (145,613)

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

Proceeds from sales of investments on debt securities and the gross realized gains and losses on those sales for the years ended December 31, 2020 and 2019, are summarized as follows:

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

	2019		
	Proceeds	Gross Realized	
	From Sales	Gains	Losses
Bonds, total	$ 10,054,295	$ 15,602	$ (48,904)
Total	$ 10,054,295	$ 15,602	$ (48,904)

The major categories of net investment income for the years ended December 31, 2020 and 2019 are summarized as follows:

	2020	2019
Bonds	$ 2,510,718	$ 2,398,362
Common stocks	2,255	1,128
Cash, cash equivalents and short-term investments	35,746	165,536
Other investment income	212	143
Total investment income	2,548,931	2,565,169
Less: Investment expenses	(197,925)	(160,722)
Net investment income	$ 2,351,006	$ 2,404,447

The Company held no structured notes as of December 31, 2020 or 2019.

11. Fair Value of Financial Instruments

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

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

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

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

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

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

	2020			
	Level 1	Level 2	Level 3	Total
Assets on statements of admitted assets, liabilities and capital and surplus, at fair value				
Bonds				
Industrial & miscellaneous	$ -	$ 240,313	$ -	$ 240,313
Total bonds	-	240,313	-	240,313
Common stocks				
Federal Home Loan Bank	-	49,100	-	49,100
Total common stocks	-	49,100	-	49,100
Total assets, measured at fair value	$ -	$ 289,413	$ -	$ 289,413

	2019			
	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	$ -	$ 48,900	$ -	$ 48,900
Total common stocks	-	48,900	-	48,900
Total assets, measured at fair value	$ -	$ 48,900	$ -	$ 48,900

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 excluding those accounted for under the equity method (subsidiaries, joint ventures and ventures) as of December 31, 2020 and 2019. The fair values are also categorized into the three-level fair value hierarchy as described above.

2020

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

2019

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	$ 3,002,424	$ 2,918,360	$ -	$ 3,002,424	$ -	$ -
States, territories & possessions	9,605,936	9,124,249	-	9,605,936	-	-
Political subdivisions of states	10,009,932	9,602,407	-	10,009,932	-	-
Industrial & miscellaneous	29,992,141	28,618,828	-	29,992,141	-	-
Asset backed securities	32,610,401	32,268,686	-	32,610,401	-	-
Common stocks	48,900	48,900	-	48,900	-	-
Cash, cash equivalents & short-term investments	9,503,918	9,502,326	9,202,397	301,521	-	-
Total assets	$ 94,773,652	$ 92,083,756	$ 9,202,397	$ 85,571,255	$ -	$ -

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 2020 or 2019 requiring an accrual or disclosure.
The Company is subject to guaranty funds and other assessments in several states where it has written business. Guaranty fund assessments should be accrued at the time of insolvencies. Certain assessments that are unknown to the Company are accrued at the time of assessment. In the case of premium based assessments, the expense is accrued at the time the premiums are written, or, in the case of loss-based assessments, at the time the losses are incurred.

The Company has recorded an expense for guaranty funds as well as other assessments of $735,986 and $480,543 as of December 31, 2020 and 2019, respectively. Of these amounts, the Company has accrued a net liability as of December 31, 2020 and 2019 of $1,023,893 and $563,162, 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 2020 or 2019.

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

14. Related Party Transactions

MEMIC charges management fees and other services to the Company in the normal course of business and in accordance with the terms of certain cost sharing agreements. In 2020 and 2019, $8,024,264 and $5,920,756, respectively, in administrative and management services, underwriting, claims, managed care, and investment management fees were charged from MEMIC to the Company. Certain other direct costs are paid by MEMIC, charged back to the Company and settled within the terms of the cost sharing agreements.

15. Loan-Backed Securities

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

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

The fair value and gross unrealized losses of non-agency residential mortgage-backed investment securities and the amount of time the securities have been in an unrealized loss position as of December 31, 2020 and 2019, are as follows:

	2020	2019
Aggregate amount of unrealized loss		
Less than twelve months	$ 1,807	$ 34,322
Twelve months or longer	19,850	41,729
Total	$ 21,657	$ 76,051
Aggregate fair value of securities with unrealized loss		
Less than twelve months	$ 257,568	$ 6,583,601
Twelve months or longer	3,230,149	4,537,723
Total	$ 3,487,717	$ 11,121,324

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 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, 2020 and 2019, the Company recorded a net admitted deductible recovery accrual of $75,169 and $97,492, respectively, for amounts billed in January 2021 and 2020, 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 $666,162 and $777,790 as of December 31, 2020 and 2019, respectively. This 2020 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 and Liabilities and Capital and Surplus. There are no high deductible recoverable amounts overdue or nonadmitted as of December 31, 2020 and 2019.

Counter Party Exposure Recorded on Unpaid Claims and Billed Recoverables on Paid Claims as of December 31, 2020:

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	$ 2,725,157	$ 666,162	$ 75,169	$ 741,331

Unsecured amounts on high deductible policies:

Total high deductibles and billed recoverables on paid claims	$ 741,331
Collateral on balance sheet	989,699
Collateral off balance sheet	500,000
Total unsecured deductibles and billed recoverables on paid claims	-
Percentage unsecured	0.00%

There are no unsecured high deductible recoverables for individual obligors or that of a group under the same management or control which are greater than 1% of Capital and Surplus as of December 31, 2020 or 2019.

17. Subsequent Events

Subsequent events have been considered through March 26, 2021, for these statutory financial statements which are available to be issued on March 26, 2021.

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	4,886,098	4.358	4,886,098	0	4,886,098	4.358
1.02 All other governments		0.000			0	0.000
1.03 U.S. states, territories and possessions, etc. guaranteed	2,527,237	2.254	2,527,237	0	2,527,237	2.254
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	5,051,640	4.505	5,051,640	0	5,051,640	4.505
1.05 U.S. special revenue and special assessment obligations, etc. non-guaranteed	38,174,217	34.045	38,174,218	0	38,174,218	34.045
1.06 Industrial and miscellaneous	49,343,043	44.006	49,343,042	0	49,343,042	44.006
1.07 Hybrid securities		0.000			0	0.000
1.08 Parent, subsidiaries and affiliates		0.000			0	0.000
1.09 SVO identified funds		0.000			0	0.000
1.10 Unaffiliated Bank loans		0.000			0	0.000
1.11 Total long-term bonds	99,982,235	89.167	99,982,235	0	99,982,235	89.167
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)	0	0.000			0	0.000
2.02 Parent, subsidiaries and affiliates	0	0.000			0	0.000
2.03 Total preferred stocks	0	0.000	0	0	0	0.000
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)		0.000			0	0.000
3.02 Industrial and miscellaneous Other (Unaffiliated)	49,100	0.044	49,100	0	49,100	0.044
3.03 Parent, subsidiaries and affiliates Publicly traded		0.000			0	0.000
3.04 Parent, subsidiaries and affiliates Other		0.000			0	0.000
3.05 Mutual funds		0.000			0	0.000
3.06 Unit investment trusts		0.000			0	0.000
3.07 Closed-end funds		0.000			0	0.000
3.08 Total common stocks	49,100	0.044	49,100	0	49,100	0.044
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages	0	0.000			0	0.000
4.02 Residential mortgages	0	0.000			0	0.000
4.03 Commercial mortgages	0	0.000			0	0.000
4.04 Mezzanine real estate loans	0	0.000			0	0.000
4.05 Total valuation allowance		0.000			0	0.000
4.06 Total mortgage loans	0	0.000	0	0	0	0.000
5. Real estate (Schedule A):						
5.01 Properties occupied by company		0.000	0		0	0.000
5.02 Properties held for production of income		0.000	0		0	0.000
5.03 Properties held for sale		0.000	0		0	0.000
5.04 Total real estate	0	0.000	0	0	0	0.000
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	11,022,521	9.830	11,022,521		11,022,521	9.830
6.02 Cash equivalents (Schedule E, Part 2)	1,075,040	0.959	1,075,040		1,075,040	0.959
6.03 Short-term investments (Schedule DA)		0.000	0		0	0.000
6.04 Total cash, cash equivalents and short-term investments	12,097,561	10.789	12,097,561	0	12,097,561	10.789
7. Contract loans	0	0.000	0		0	0.000
8. Derivatives (Schedule DB)	0	0.000	0		0	0.000
9. Other invested assets (Schedule BA)	0	0.000	0		0	0.000
10. Receivables for securities	0	0.000	0		0	0.000
11. Securities Lending (Schedule DL, Part 1)	0	0.000	0	XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)	0	0.000	0		0	0.000
13. Total invested assets	112,128,896	100.000	112,128,896	0	112,128,896	100.000

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2020
(To Be Filed by April 1)

Of The MEMIC Casualty Company

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

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

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

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

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 139,544,886

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	OBX 2020-EXP3 1A8	Long Term Bonds	$ 1,611,624	1.2 %
2.02	GALXY	Long Term Bonds	$ 1,250,000	0.9 %
2.03	GOLDMAN SACHS GROUP INC	Long Term Bonds	$ 1,022,145	0.7 %
2.04	PPL ELECTRIC UTILITIES	Long Term Bonds	$ 1,018,775	0.7 %
2.05	VIRGINIA ST HSG DEV AUTH	Long Term Bonds	$ 1,004,975	0.7 %
2.06	BACR	Long Term Bonds	$ 1,000,462	0.7 %
2.07	NRART 2020-T2 AT2	Long Term Bonds	$ 999,999	0.7 %
2.08	WOART 2019-B A3	Long Term Bonds	$ 999,997	0.7 %
2.09	MASSACHUSETTS ST SCH BLDG AUTH	Long Term Bonds	$ 996,173	0.7 %
2.10	BANK OF AMERICA CORP	Long Term Bonds	$ 991,319	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	$ 88,858,466	63.7 %	3.07	P/RP-1	$	0.0 %
3.02	NAIC-2	$ 10,883,457	7.8 %	3.08	P/RP-2	$	0.0 %
3.03	NAIC-3	$ 240,312	0.2 %	3.09	P/RP-3	$	0.0 %
3.04	NAIC-4	$ 0	0.0 %	3.10	P/RP-4	$	0.0 %
3.05	NAIC-5	$ 0	0.0 %	3.11	P/RP-5	$	0.0 %
3.06	NAIC-6	$ 0	0.0 %	3.12	P/RP-6	$	0.0 %

4. Assets held in foreign investments:

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

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

4.02	Total admitted assets held in foreign investments	$ 6,485,938	4.6 %
4.03	Foreign-currency-denominated investments	$	0.0 %
4.04	Insurance liabilities denominated in that same foreign currency	$	0.0 %

SUPPLEMENT FOR THE YEAR 2020 OF THE MEMIC Casualty Company

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

		1	2
5.01	Countries designated NAIC-1	$ 6,485,938	4.6 %
5.02	Countries designated NAIC-2	$	0.0 %
5.03	Countries designated NAIC-3 or below	$	0.0 %

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

		1	2
	Countries designated NAIC - 1:		
6.01	Country 1: Cayman Islands	$ 3,250,000	2.3 %
6.02	Country 2: United Kingdom	$ 1,988,660	1.4 %
	Countries designated NAIC - 2:		
6.03	Country 1:	$	0.0 %
6.04	Country 2:	$	0.0 %
	Countries designated NAIC - 3 or below:		
6.05	Country 1:	$	0.0 %
6.06	Country 2:	$	0.0 %

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

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

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

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

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

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

	1 Issuer	2 NAIC Designation	3	4
10.01	GALXY	1	$ 1,250,000	0.9 %
10.02	BACR	1	$ 1,000,462	0.7 %
10.03	CIFC	1	$ 750,000	0.5 %
10.04	RDSALN	1	$ 748,204	0.5 %
10.05	ALLEG	1	$ 500,000	0.4 %
10.06	DRSLF	1	$ 500,000	0.4 %
10.07	TACHEM	1	$ 499,074	0.4 %
10.08	HSBC	1	$ 496,414	0.4 %
10.09	RBLN	1	$ 491,784	0.4 %
10.10	BTNY2	1	$ 250,000	0.2 %

SUPPLEMENT FOR THE YEAR 2020 OF THE MEMIC Casualty Company

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

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

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

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

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

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

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

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

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

13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets? Yes [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 %

SUPPLEMENT FOR THE YEAR 2020 OF THE MEMIC Casualty Company

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

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

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

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

Ten largest fund managers:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SUPPLEMENT FOR THE YEAR 2020 OF THE MEMIC Casualty Company

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

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

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

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

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

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

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

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

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