

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY

Statutory Financial Statements

December 31, 2023 and 2022

(With Independent Auditors' Report Thereon)



KPMG LLP
One Financial Plaza, Suite 2300
Providence, RI 02903

Independent Auditors' Report

The Board of Directors
Amica Property and Casualty Insurance Company:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Amica Property and Casualty Insurance Company (the Company), which comprise the statutory statements of admitted assets, liabilities, and capital and surplus as of December 31, 2023 and 2022, and the related statutory statements of operations, capital and surplus, and cash flow for the years then ended, and the related notes to the financial statements.

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flow for the years then ended in accordance with accounting practices prescribed or permitted by the State of Rhode Island Department of Business Regulation Insurance Division described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of the Company as of December 31, 2023 and 2022, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

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

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

As described in Note 2 to the financial statements, the financial statements are prepared by the Company using accounting practices prescribed or permitted by the State of Rhode Island Department of Business Regulation Insurance Division, which is a basis of accounting other than U.S. generally accepted accounting principles. Accordingly, the financial statements are not intended to be presented in accordance with U.S. generally accepted accounting principles. The effects on the financial statements of the variances between the statutory accounting practices described in Note 2 and U.S. generally accepted accounting principles, although not reasonably determinable, are presumed to be material and pervasive.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices prescribed or permitted by the State of Rhode Island Department of Business Regulation Insurance Division. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedule 1 - Summary Investment Schedule, Schedule 2 -



Supplemental Investment Risk Interrogatories, and Schedule 3 - General Interrogatories is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the State of Rhode Island Department of Business Regulation Insurance Division. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Providence, Rhode Island
April 29, 2024

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
(A Wholly-owned Subsidiary of Amica Mutual Insurance Company)

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

as of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Assets:</u>		
Bonds and debt securities	\$ 74,445	\$ 73,024
Mortgage loans	4,053	4,101
Cash, cash equivalents and short-term investments	3,011	4,041
Total cash and invested assets	81,509	81,166
Premiums receivable	11,188	9,147
Reinsurance recoverable on paid losses and loss adjustment expenses	4,014	3,551
Investment income due and accrued	674	623
Federal income tax recoverable	0	49
Other assets admitted	119	97
Total admitted assets	\$ 97,504	\$ 94,633
<u>Liabilities and capital and surplus:</u>		
Accrued other expenses	\$ 715	\$ 293
Ceded reinsurance premiums payable	17,229	14,130
Payable to parent	466	617
Other liabilities	462	252
Total liabilities	18,872	15,292
Common stock - \$350 par value per share. Authorized and issued 10,000 shares.	3,500	3,500
Additional paid-in-capital	48,120	48,120
Surplus	27,012	27,721
Total capital and surplus	78,632	79,341
Total liabilities and capital and surplus	\$ 97,504	\$ 94,633

See accompanying notes to statutory financial statements.

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
(A Wholly-owned Subsidiary of Amica Mutual Insurance Company)

Statutory Statements of Operations
(in thousands)

for the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Underwriting income:</u>		
Premiums earned	\$ <u>0</u>	\$ <u>0</u>
 <u>Underwriting expenses:</u>		
Losses incurred	0	0
Loss expenses incurred	0	0
Other underwriting expenses, net	<u>2,215</u>	<u>3,029</u>
Total underwriting expenses	<u>2,215</u>	<u>3,029</u>
Net underwriting loss	<u>(2,215)</u>	<u>(3,029)</u>
 <u>Investment and other income:</u>		
Net investment income	2,525	2,219
Net realized capital losses, net of Federal income tax benefit of (\$133) and (\$19) in 2023 and 2022, respectively	(514)	(68)
Other expense, net	<u>(448)</u>	<u>(298)</u>
Total investment and other income	<u>1,563</u>	<u>1,853</u>
Loss before Federal income taxes, net	(652)	(1,176)
Federal income tax expense (benefit) incurred, net	<u>45</u>	<u>(219)</u>
Net loss	<u>\$ (697)</u>	<u>\$ (957)</u>

See accompanying notes to statutory financial statements.

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
(A Wholly-owned Subsidiary of Amica Mutual Insurance Company)

Statutory Statements of Capital and Surplus
(in thousands)

for the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Capital and surplus at January 1	<u>\$ 79,341</u>	<u>\$ 80,292</u>
Net loss	(697)	(957)
Change in net deferred income tax	0	(32)
Change in non-admitted assets	<u>(12)</u>	<u>38</u>
Change in capital and surplus	<u>(709)</u>	<u>(951)</u>
Capital and surplus at December 31	<u><u>\$ 78,632</u></u>	<u><u>\$ 79,341</u></u>

See accompanying notes to statutory financial statements.

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
(A Wholly-owned Subsidiary of Amica Mutual Insurance Company)

Statutory Statements of Cash Flow
(in thousands)

for the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>Cash from (to) operations:</u>		
Premiums collected, net of reinsurance	\$ 1,125	\$ 173
Loss and loss adjustment expenses paid	(463)	(81)
Underwriting expenses paid, net of commissions received	<u>(1,676)</u>	<u>(2,797)</u>
Cash to underwriting	(1,014)	(2,705)
Net investment income	2,643	2,428
Other losses, net	(468)	(321)
Federal income taxes recovered	149	219
Net cash from (to) operations	<u>1,310</u>	<u>(379)</u>
<u>Cash (to) from investments:</u>		
Proceeds from investments sold, matured or repaid:		
Bonds and debt securities sold	4,801	4,934
Bonds and debt securities matured or repaid	5,906	9,691
Mortgage loans repaid	75	553
Other received	<u>0</u>	<u>135</u>
Total investment proceeds	<u>10,782</u>	<u>15,313</u>
Cost of investments acquired:		
Bonds and debt securities	12,944	14,940
Mortgage loans	27	22
Other paid	<u>0</u>	<u>196</u>
Total investments acquired	<u>12,971</u>	<u>15,158</u>
Net cash (to) from investments	<u>(2,189)</u>	<u>155</u>
<u>Cash to financing and miscellaneous sources:</u>		
Net transfers to affiliates	<u>(151)</u>	<u>(33)</u>
Net cash to financing and miscellaneous sources	<u>(151)</u>	<u>(33)</u>
<u>Reconciliation of cash, cash equivalents and short-term investments:</u>		
Net change in cash, cash equivalents and short-term investments	(1,030)	(257)
Cash, cash equivalents and short-term investments - beginning of year	4,041	4,298
Cash, cash equivalents and short-term investments - end of year	<u>\$ 3,011</u>	<u>\$ 4,041</u>

See accompanying notes to statutory financial statements.

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
(A Wholly-owned Subsidiary of Amica Mutual Insurance Company)

Notes to Statutory Financial Statements
(in thousands)

December 31, 2023 and 2022

Note 1 – Nature of Operations

Amica Property and Casualty Insurance Company, hereinafter referred to as “Amica P&C” or “the Company”, is a Rhode Island domiciled property and casualty insurer, which is solely owned and managed by Amica Mutual Insurance Company (Amica Mutual). The initial capitalization of Amica P&C occurred on June 16, 2005, with the purchase of 10,000 shares of common stock totaling \$3,500 and additional paid in capital totaling \$30,100, for a total initial investment of \$33,600.

Amica P&C has an instrumental role in the Amica holding company group as one of the group’s two property and casualty insurers, Amica Mutual being the other, and is primarily used to supplement Amica Mutual’s personal automobile writings. Prior to 2014, Amica P&C was the sole writer of personal automobile coverages in New Jersey for the Amica holding company group. However, effective January 1, 2014, a dual-company underwriting approach was undertaken, under which personal automobile policies underwritten by Amica are split between Amica Mutual and Amica P&C based on set underwriting criteria, which places preferred business with Amica Mutual and standard business with Amica P&C.

Prior to 2017, Amica P&C’s underwriting was comprised exclusively of auto business in New Jersey and New York; however, Amica’s commitment to the aforementioned dual-company underwriting model resulted in the expansion of Amica P&C’s writings, and the Company began writing auto business in Georgia, Texas and Rhode Island in 2017.

The Company expanded auto writings into thirteen additional states in 2018 and another seven states in 2019, bringing the ultimate total to twenty-five states as of December 31, 2019. No additional states have been added in the years since.

Additionally, in November 2018, the Company began converting automobile policies in select states to six-month policy periods upon renewal. New automobile policies written in affected states are written exclusively with a six-month policy term, which will enable the Company to quickly respond to underwriting conditions. The rollout of this six-month policy initiative was complete as of December 31, 2021.

The Company has no employees as its parent, Amica Mutual, performs management, advertising and other operational functions on its behalf. Amica Mutual systematically allocates such costs to Amica P&C based on the estimated costs of the services performed, in accordance with a formal cost-sharing agreement.

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying statutory financial statements have been prepared in conformity with the accounting practices of the National Association of Insurance Commissioners’ (NAIC) *Accounting Practices and Procedures Manual* and the accounting practices prescribed or permitted by the State of Rhode Island Department of Business Regulation Insurance Division, which varies in some respects from U.S. generally accepted accounting principles (GAAP). The Company has no state prescribed adjustments to report.

The statutory treatment of the more significant variances between GAAP and statutory accounting practices are:

1. Bonds and debt securities are generally carried at amortized cost, regardless of the level of portfolio activity.
2. All adjustments to deferred taxes are recorded through an adjustment to surplus and all deferred tax assets are subject to an admissibility test.
3. Premium income is taken into earnings on a pro-rata basis over the periods covered by the policies, whereas related acquisition costs are charged to income when incurred.
4. Reserves for losses and loss adjustment expenses and reserves for unearned premiums are presented net of reinsurance ceded.

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5. Certain assets designated as “non-admitted” are charged off against surplus.
6. The statutory financial statements do not include a statement of comprehensive income as required under GAAP.
7. The statutory statements of cash flow do not classify cash flows consistent with GAAP and a reconciliation of net income to net cash provided by operating activities is not provided.

The effects of these differences on the accompanying statutory financial statements have not been determined.

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

The preparation of financial statements, in accordance with accounting practices of the NAIC’s *Accounting Practices and Procedures Manual* and the accounting practices prescribed or permitted by the State of Rhode Island Department of Business Regulation Insurance Division, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. It also requires estimates in the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

1. Reserve for Loss and Loss Adjustment Expenses:

Estimates and assumptions relating to reserves for loss and loss adjustment expenses are based on complex and subjective judgments, often including the interplay of specific uncertainties with related accounting and actuarial measurements. Such estimates are also susceptible to change as significant periods of time may elapse between the occurrence of an incurred loss, the report of the loss to the insurer, the ultimate determination of the cost of the loss and the insurer’s payment of that loss. Reserve amounts are determined based on management’s informed estimates and judgments using currently available data. As additional experience and other data becomes available and are reviewed, these estimates and judgments may be revised. This may result in reserve increases or decreases that would be reflected in the results in periods in which such estimates or assumptions are changed.

2. Other-Than-Temporary Declines in the Value of Investments:

The cost of securities is adjusted where appropriate to include a provision for the decline in value which is considered to be other-than-temporary. An other-than-temporary decline is considered to occur in any investment except loan-backed and structured securities where there has been a sustained reduction in market value and where the Company does not expect the fair value to recover prior to the time of sale or maturity. For loan-backed and structured securities that have a fair value less than amortized cost and the Company has either (1) the intent to sell or (2) does not have the intent and ability to hold the security until recovery of its carrying value, the Company must impair the security to fair value and record an other-than-temporary impairment as a net realized capital loss. For loan-backed and structured securities where the Company does not expect to recover the amortized cost, but has the intent and ability to hold the security to recovery, the Company recognizes an other-than-temporary impairment for the credit related decline in value. Management regularly reviews securities that have a fair value less than cost to determine whether an other-than-temporary impairment has occurred. If a decline in value is considered other-than-temporary, the Company reports a realized loss on its statement of operations. Because of changing economic and market conditions affecting issuers of debt and equity securities, the performance of the underlying collateral affecting certain classes of assets and consideration of intent to sell, it is reasonably possible that the Company will recognize other-than-temporary impairments in the future.

C. Investment Policy

1. Cash and cash equivalents are stated at fair value. Certificates of deposit in banks or similar institutions with maturity dates within one year or less from the acquisition date are classified as cash.

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2. Short-term investments are stated at amortized cost and include bonds with maturity dates within one year or less from the acquisition date.
3. Bonds, except loan-backed bonds and structured securities, are stated at amortized cost using the scientific method, or fair value as specified by the NAIC's Securities Valuations Office (SVO) Manual.
4. Loan-backed bonds and structured securities are valued at amortized cost using the retrospective method (or a method which approximates the retrospective method). Prepayment assumptions for single-class and multi-class mortgage-backed and asset-backed securities were obtained from broker dealer survey values, nationally recognized data services or internal estimates.
5. Mortgage loans on real estate are reported at the unpaid balance of the loan. Interest earned on mortgage loans is accrued on the outstanding principal balance of the loan based on the loan's contractual coupon rate, less any service fees. Interest accrued on impaired loans which are over 90 days past due will be non-admitted. Any accrued interest which is determined to be uncollectible will be written off immediately in the period such determination is made. The Company continually monitors the performance of each mortgage loan for any potential impairments. A mortgage loan will be other-than-temporarily impaired if it has been determined that the Company will be unable to collect principal and interest payments as described in the mortgage agreements, and a valuation allowance will be recorded in net unrealized capital losses as the difference between the fair value of the collateral and the carrying value of the loan. Refer to Note 2B for information on the Company's policy for recording other-than-temporary impairments.
6. Realized gains and losses are determined on a specific identification basis, are credited or charged to income, and are presented in the statements of operations net of Federal income tax. Unrealized capital gains and losses resulting from the valuation of investments at fair value are credited or charged directly to surplus. A decline in the market value of any investment security, excluding loan-backed and structured securities, below cost that is deemed to be other-than-temporary results in a reduction in the carrying amount to fair value. A decline in market value of loan-backed and structured securities below cost that is deemed to be other-than-temporary results in a reduction in the carrying amount in accordance with SSAP 43R, "Loan-backed and Structured Securities".

Fair value is generally the market value at the balance sheet date. The impairment is charged to earnings and a new cost basis for the security is established. Factors considered in evaluating whether a decline in value is other-than-temporary are:

- a. Whether the decline is substantial;
- b. The Company's ability and intent to retain the investment for a period of time sufficient to allow for anticipated recovery in value;
- c. The duration and extent to which market value has been less than cost;
- d. The financial condition and near term prospects of the issuer;
- e. The NAIC designation; and
- f. The estimated present value of cash flows expected to be collected is less than the amortized cost basis of the security.

Premiums and discounts are amortized or accreted over the life of the investment security as an adjustment to yield using the effective interest method. Dividend and interest income are recognized when earned.

7. The Company does not hold or issue derivative financial instruments.

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AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
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(in thousands)

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D. Asset Depreciation and Amortization Policy

All equipment expenses are allocated to the Company through its cost-sharing agreement with its parent company, Amica Mutual. The capitalization policy includes a prepaid expense threshold of \$500, capitalization of qualifying expenses associated with projects in excess of \$500, and capitalization of internal labor costs on strategic projects to the extent they qualify. The policy maintains the \$5 de minimis limitation on capitalizing individual items for projects under \$500.

E. Revenue Recognition Policy

Premiums are earned over the terms of the related policies and reinsurance contracts. Policies generally have a term of one year. However, in November 2018, the Company began converting automobile policies in select states to six-month policy periods upon renewal. Additionally, new automobile policies written in affected states are written exclusively with a six-month policy term. The rollout of this six-month policy initiative was fully complete as of December 31, 2021. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro-rata methods for direct business.

F. Acquisition Expenditure Policy

Expenses in connection with acquiring new insurance business are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

G. Commissions Policy

When the commission received under a reinsurance agreement exceeds the anticipated acquisition cost of the business ceded, the Company establishes a liability equal to the difference between the anticipated acquisition cost and the reinsurance commission received. The excess is recorded as income over the life of the reinsurance contract.

H. Unpaid Losses and Loss Adjustment Expenses Policy

Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are determined based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be different than the amount provided. The Company's losses and loss expense reserves are recorded net of anticipated salvage and subrogation. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined. Refer to Note 2B(1) for information on the Company's policy for recording a reserve for loss and loss adjustment expenses.

I. Federal Income Taxes Policy

The method of allocating Federal income taxes between Amica Mutual and its subsidiaries is contained in a written agreement approved by the Board of Directors. Allocation is made in accordance with Section 1552 (a)(2) of the Internal Revenue Code based upon separate return calculations with current credit for net losses. Intercompany estimated tax balances are settled at least quarterly during the tax year with a final settlement during the month following the filing of the consolidated income tax return.

The Company reports a deferred tax asset or liability for the expected future tax consequences of temporary differences generated by the differences between statutory accounting and the Federal income tax basis of accounting. Changes in deferred tax assets and liabilities are recognized as a separate component of gains and losses in surplus to policyholders. Deferred tax assets are subject to certain admissibility requirements. Based on management's analysis of future taxable earnings, a valuation allowance may be established.

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J. Premium Deficiency Calculations Policy

The Company reviews historical and projected operating results by major line of business on a quarterly basis to determine if a premium deficiency reserve is necessary. Investment income is not anticipated as a factor in this calculation.

K. Fair Value of Financial Instruments

The following methods and assumptions are used by the Company in estimating its fair value disclosures for financial instruments:

1. Cash, Cash Equivalents and Short-Term Investments

Cash and cash equivalents are carried at fair value which approximate cost. Short-term investments are stated at amortized cost and include bonds with maturity dates within one year or less from the acquisition date.

2. Bonds and Debt Securities

The fair value of long-term bonds and debt securities is based on market prices. In absence of publishers' market values, the fair value is based on market yields of securities from identical issuers with similar maturities.

3. Mortgage Loans

The fair value of mortgage loans is based on a loan pricing model utilized by an independent third party. The model applies to each loan's unique cash flow discount rate comprised of the average life Treasury benchmark plus a corresponding credit spread. The credit spread is derived from mortgage banking surveys utilizing loan term in years, sector in which the property operates, and quality risk rating.

L. New Accounting Standards

1. In November 2022, the NAIC adopted INT 22-02 to add disclosures about the applicability of the Corporate Alternative Minimum Tax. The Company does not have an AMT credit as of December 31, 2023 or 2022.
2. In August 2023, the NAIC revised SSAP No. 103R to clarify disclosures that are required when other SSAPs require disclosures about the transferor's continuing involvement from ASU 2016-19, Technical Corrections and Improvements. As this modification is disclosure related, it did not have any impact on the results of operations or financial position of the Company.
3. In September 2023, the NAIC adopted INT 23-03 to add required disclosures around the effects of the new Corporate Alternative Minimum Tax (CAMT) which was enacted as part of the Inflation Reduction Act enacted on August 16, 2022. The CAMT is effective for tax years beginning after 2022. Based upon information available as of December 31, 2023, the Company has determined that it is a nonapplicable reporting entity with respect to CAMT, meaning that it will not be required to calculate or pay CAMT in 2023.

M. Going Concern

Management's review of relevant conditions and events, considered in the aggregate, indicate that it is probable that the Company will be able to meet its obligations as they become due within one year after the date that the financial statements are issued.

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AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
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(in thousands)

December 31, 2023 and 2022

Note 3 – Accounting Changes and Correction of Errors

Effective December 31, 2023, the Company changed its loss reserving methodology to record loss reserves net of anticipated salvage and subrogation recoveries, in accordance with SSAP No. 55 Unpaid Claims, Losses and Loss Adjustment Expenses. Historically, the Company has recorded loss reserves gross of anticipated salvage and subrogation recoveries. The Company has chosen to revise the loss reserve process by recording these estimated recoveries on a net basis through incurred but not reported (IBNR) reserves. The Company has handled this change as a change in accounting principle in accordance with SSAP No. 3 Accounting Changes and Corrections of Errors. In accordance with the quota-share reinsurance agreement with Amica Mutual, all direct premiums, losses and loss adjustment expenses of the Company are 100% ceded to Amica Mutual. Therefore, there is no net impact to the Company's financial statements resulting from this change in accounting principle. On a direct basis, the impact related to the Company is \$3,721 and \$237 for the cumulative effect on prior year reserves and the current year development of anticipated salvage and subrogation recoveries, respectively.

Note 4 – Investments

A. Bonds and Debt Securities

1. Bonds and debt securities on deposit with various regulatory authorities, as required by law, totaled \$3,109 and \$2,542 at December 31, 2023 and 2022, respectively.
2. The amortized cost, gross unrealized gains and losses and fair value of bonds and debt securities are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2023				
U.S. Government and Federal Agency securities	\$12,935	\$47	\$1,144	\$11,838
States, territories and possessions	1,966	19	109	1,876
Political subdivisions of states	7,362	3	835	6,530
Special revenue and special assessment obligations	19,728	208	1,840	18,096
Industrial and miscellaneous	32,454	234	2,456	30,232
Total	\$74,445	\$511	\$6,384	\$68,572
2022				
U.S. Government and Federal Agency securities	\$14,363	\$52	\$1,312	\$13,103
States, territories and possessions	7,451	11	871	6,591
Political subdivisions of states	2,198	1	332	1,867
Special revenue and special assessment obligations	15,136	12	2,172	12,976
Industrial and miscellaneous	33,876	24	3,783	30,117
Total	\$73,024	\$100	\$8,470	\$64,654

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AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
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3. Amortized cost and fair value of bonds and debt securities at December 31, 2023, by contractual maturities, are shown as follows:

	Amortized Cost	Fair Value
Due in one year or less	\$1,450	\$1,436
Due after one year through five years	12,333	11,898
Due after five years through ten years	9,926	9,201
Due after ten years	50,736	46,037
Total	<u>\$74,445</u>	<u>\$68,572</u>

4. Proceeds from the sale of bonds and debt securities during 2023 and 2022 were \$4,801 and \$4,934, respectively. During 2023 and 2022, gross gains of \$13 and \$4, respectively, were realized on these sales. Gross losses of \$651 and \$41 were incurred on these sales in 2023 and 2022.

B. Mortgage Loans

The Company is a co-lender in first lien commercial mortgage loans with a carrying value of \$4,053 and \$4,101 as of December 31, 2023 and 2022, respectively. There were no taxes, assessments, or any amounts advanced and not included in the mortgage loan total. In 2023, the Company held fifteen commercial mortgage loans consisting of two retail properties, five industrial parks, three multifamily properties, two student housing, one office, one parking garage, and one self-storage. All mortgage loans are current as of December 31, 2023.

The Company has no significant credit risk exposure to any one individual borrower. The Company monitors loan-to-value and debt service coverage ratios to monitor credit quality of its commercial mortgage loans on an ongoing basis. Loan-to-value ratios are determined from the most current appraisal and market data as of the annual statement date.

C. Net Investment Income

Net investment income for the years ended December 31, 2023 and 2022 was as follows:

	2023	2022
Bonds and debt securities	\$2,460	\$2,192
Mortgage loans	160	180
Cash equivalents and short-term investments	147	73
Miscellaneous interest income	21	6
Total investment income	<u>2,788</u>	<u>2,451</u>
Less: Investment expenses	263	232
Net investment income	<u>\$2,525</u>	<u>\$2,219</u>

(Continued)

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D. Fair Value of Financial Instruments

	2023		2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Bonds and debt securities	\$74,445	\$68,572	\$73,024	\$64,654
Mortgage loans	4,053	3,607	4,101	3,671
Cash, cash equivalents and short-term investments	3,011	3,011	4,041	4,062
Total assets	\$81,509	\$75,190	\$81,166	\$72,387

The use of different assumptions or valuation methodologies may have a material impact on the estimated fair value amounts.

The Company's valuation techniques are based upon observable and unobservable pricing inputs. Observable inputs reflect market data obtained from independent sources based on trades of securities, while unobservable inputs reflect the Company's market assumptions. These inputs comprise the following fair value hierarchy:

Level 1 – Observable inputs in the form of quoted prices for identical instruments in active markets.

Level 2 – Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs would include, for example, quoted prices for similar assets or liabilities.

Level 3 – One or more unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets and liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using internal models, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

(Continued)

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The following tables provide information as of December 31, 2023 and 2022 about the Company's financial assets and liabilities measured at fair value on a recurring basis.

2023	Level 1	Level 2	Level 3	NAV	Total
<u>Assets at fair value:</u>					
Cash equivalents:					
All other money market mutual funds	\$2,314	\$0	\$0	\$0	\$2,314
Total cash equivalents	<u>\$2,314</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,314</u>
Total assets at fair value	<u>\$2,314</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,314</u>
<u>Liabilities at fair value:</u>					
Total liabilities at fair value	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

2022	Level 1	Level 2	Level 3	NAV	Total
<u>Assets at fair value:</u>					
Cash equivalents:					
All other money market mutual funds	\$1,409	\$0	\$0	\$0	\$1,409
Total cash equivalents	<u>\$1,409</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,409</u>
Total assets at fair value	<u>\$1,409</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,409</u>
<u>Liabilities at fair value:</u>					
Total liabilities at fair value	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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The following tables provide information about the carrying values and fair values of the Company's financial instruments:

2023	Fair Value	Carrying Value	Level 1	Level 2	Level 3	NAV
Bonds:						
U.S. Government and Federal Agency securities	\$11,838	\$12,935	\$4,768	\$7,070	\$0	\$0
States, territories and possessions	1,876	1,966	0	1,876	0	0
Political subdivisions of states	6,530	7,362	0	6,530	0	0
Special revenue and special assessment obligations	18,096	19,728	0	18,096	0	0
Industrial and miscellaneous	30,232	32,454	0	30,232	0	0
Total bonds	68,572	74,445	4,768	63,804	0	0
Mortgage loans:						
Mortgage loans	3,607	4,053	0	3,607	0	0
Total mortgage loans	3,607	4,053	0	3,607	0	0
Cash equivalents:						
Cash	697	697	697	0	0	0
All other money market mutual funds	2,314	2,314	2,314	0	0	0
Total cash, cash equivalents and short-term investments	3,011	3,011	3,011	0	0	0
Total assets	\$75,190	\$81,509	\$7,779	\$67,411	\$0	\$0

2022	Fair Value	Carrying Value	Level 1	Level 2	Level 3	NAV
Bonds:						
U.S. Government and Federal Agency securities	\$13,103	\$14,363	\$4,950	\$8,153	\$0	\$0
States, territories and possessions	6,591	7,451	0	6,591	0	0
Political subdivisions of states	1,867	2,198	0	1,867	0	0
Special revenue and special assessment obligations	12,976	15,137	0	12,976	0	0
Industrial and miscellaneous	30,117	33,875	0	30,117	0	0
Total bonds	64,654	73,024	4,950	59,704	0	0
Mortgage loans:						
Mortgage loans	3,671	4,101	0	3,671	0	0
Total mortgage loans	3,671	4,101	0	3,671	0	0
Cash equivalents:						
Cash	422	422	422	0	0	0
All other money market mutual funds	1,409	1,409	1,409	0	0	0
Short-term bonds	2,231	2,210	2,231	0	0	0
Total assets	\$72,387	\$81,166	\$9,012	\$63,375	\$0	\$0

There were no financial instruments where it was not practical to estimate fair value in 2023 and 2022.

There were no transfers in or out of Level 3 in the current year. The Company recognizes transfers between levels at the end of the reporting period.

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E. Unrealized Losses

Gross unrealized losses on investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2023 and 2022, are as follows:

	Less than 12 months		12 months or more		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
2023						
U. S. Government and Federal Agency securities	\$0	\$14	\$1,144	\$10,051	\$1,144	\$10,065
States, territories and possessions	0	0	109	1,624	109	1,624
Political subdivisions of states	0	30	834	6,035	834	6,065
Special revenue and special assessment obligations	17	1,163	1,824	11,383	1,841	12,546
Industrial and miscellaneous	5	365	2,451	21,569	2,456	21,934
Total temporarily impaired securities	\$22	\$1,572	\$6,362	\$50,662	\$6,384	\$52,234
2022						
U. S. Government and Federal Agency securities	\$910	\$8,721	\$402	\$2,565	\$1,312	\$11,286
States, territories and possessions	808	6,026	63	226	871	6,252
Political subdivisions of states	34	511	298	870	332	1,381
Special revenue and special assessment obligations	982	6,794	1,190	5,321	2,172	12,115
Industrial and miscellaneous	1,886	19,568	1,897	9,400	3,783	28,968
Total temporarily impaired securities	\$4,620	\$41,620	\$3,850	\$18,382	\$8,470	\$60,002

The unrealized losses of \$6,384 on investments in fixed income securities as of December 31, 2023 are primarily attributable to increased interest rates and modestly wider spread levels. All of these securities with unrealized losses are rated NAIC Class 1 or 2 and full repayment of principal and interest is expected. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than par, which will equal amortized cost at maturity. Because the Company has the ability and intent to hold these investments until a market price recovery, these investments are not considered other-than-temporarily impaired.

As of December 31, 2023, the Company had investments in structured and loan-backed securities for which an other-than-temporary impairment had not been recognized in earnings and which were in an unrealized loss position, as follows:

	Less than 12 months		12 months or more		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
Residential mortgage-backed securities	\$0	\$0	\$551	\$4,639	\$551	\$4,639
Commercial mortgage-backed securities	0	0	22	1,386	22	1,386
Other loan-backed securities	5	365	211	2,514	216	2,879
Total	\$5	\$365	\$784	\$8,539	\$789	\$8,904

The Company's investments in loan-backed and structured securities are not considered other-than-temporarily impaired as 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. These conclusions are supported by an analysis of the underlying credit of each security. Unrealized losses are primarily attributable to increased interest rates and modestly wider spread levels. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities, if future events, information and passage of time cause it to conclude that declines in fair value are other-than temporary.

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F. 5GI* Securities

There were no investments in 5GI* securities as of December 31, 2023 and 2022.

G. Prepayment Penalties and Acceleration Fees

There were no prepayment penalties for securities sold in 2023.

Note 5 – Non-Cash Transactions

The Company did not report any non-cash operating, investing or financing activities in 2023 or 2022.

Note 6 – Reserves for Losses and Loss Adjustment Expenses

Activity in the reserves for losses and loss adjustment expenses is summarized as follows:

	2023	2022
Balance at January 1	\$52,637	\$52,338
Less reinsurance recoverables	52,637	52,338
Net balance at January 1	0	0
Incurred related to:		
Current year	0	0
Prior years	0	0
Total incurred	0	0
Paid related to:		
Current year	0	0
Prior years	0	0
Total paid	0	0
Net balance at December 31	0	0
Plus reinsurance recoverables	47,906	52,637
Balance at December 31	\$47,906	\$52,637

As the Company's reserves for losses and loss adjustment expenses are ceded at 100% to Amica Mutual, there were no net balances related to 2023 or 2022.

Reinsurance recoverables at December 31, 2023 were \$47,906, a decrease of \$4,731 from December 31, 2022. These recoverables result from the Company's quota share reinsurance agreement with Amica Mutual.

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Note 7 – Income Taxes

A. The components of Deferred Tax Assets and Deferred Tax Liabilities are as follows:

	Ordinary	Capital	Total
2023			
Gross deferred tax assets	\$160	\$0	\$160
Statutory valuation allowance adjustment	123	0	123
Adjusted gross deferred tax assets	37	0	37
Deferred tax assets nonadmitted	0	0	0
Subtotal net admitted deferred tax asset	37	0	37
Deferred tax liabilities	37	0	37
Net admitted deferred tax asset (liability)	\$0	\$0	\$0
2022			
Gross deferred tax assets	\$66	\$0	\$66
Statutory valuation allowance adjustment	43	0	43
Adjusted gross deferred tax assets	23	0	23
Deferred tax assets nonadmitted	0	0	0
Subtotal net admitted deferred tax asset	23	0	23
Deferred tax liabilities	23	0	23
Net admitted deferred tax asset (liability)	\$0	\$0	\$0
Change			
Gross deferred tax assets	\$94	\$0	\$94
Statutory valuation allowance adjustment	80	0	80
Adjusted gross deferred tax assets	14	0	14
Deferred tax assets nonadmitted	0	0	0
Subtotal net admitted deferred tax asset	14	0	14
Deferred tax liabilities	14	0	14
Net admitted deferred tax asset (liability)	\$0	\$0	\$0

Based on management's analysis of future taxable earnings, a valuation allowance for the net deferred tax asset was established. The valuation allowance totaled \$123 and \$43 for December 31, 2023 and 2022, respectively.

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Admission calculation components:

	Ordinary	Capital	Total
2023			
Federal income taxes paid in prior years recoverable through loss carrybacks	\$0	\$0	\$0
Adjusted gross deferred tax assets expected to be realized within 3 years (The lesser of 1 or 2 below)			
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date			
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	11,795
Adjusted gross deferred tax assets offset by gross deferred tax liabilities	37	0	37
Deferred tax assets admitted as the result of application of SSAP No. 101	\$37	\$0	\$37
2022			
Federal income taxes paid in prior years recoverable through loss carrybacks	\$0	\$0	\$0
Adjusted gross deferred tax assets expected to be realized within 3 years (The lesser of 1 and 2 below)	0	0	0
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	0	0	0
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	11,901
Adjusted gross deferred tax assets offset by gross deferred tax liabilities	23	0	23
Deferred tax assets admitted as the result of application of SSAP No. 101	\$23	\$0	\$23
Change			
Federal income taxes paid in prior years recoverable through loss carrybacks	\$0	\$0	\$0
Adjusted gross deferred tax assets expected to be realized within 3 years (The lesser of 1 and 2 below)	0	0	0
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	0	0	0
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	(106)
Adjusted gross deferred tax assets offset by gross deferred tax liabilities	14	0	14
Deferred tax assets admitted as the result of application of SSAP No. 101	\$14	\$0	\$14

Ratios used for threshold limitation:

	2023	2022
Ratio percentage used to determine recovery period and threshold limitations amount	16902%	16178%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation above	\$ 78,632	\$ 79,341

There were no tax planning strategies, including the use of reinsurance, in place at December 31, 2023 that impacted the determination of ordinary and capital adjusted gross deferred tax assets.

- B. There were no temporary differences for which a deferred tax liability was not recognized.

(Continued)

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C. The recoverables for incurred taxes on earnings for the years ended December 31 are as follows:

	2023	2022	Change
Federal	\$45	(\$219)	\$264
Foreign	0	0	0
Subtotal	45	(219)	264
Federal income tax on net capital (losses) gains	(133)	(19)	(114)
Utilization of capital loss carry-forwards	0	0	0
Other	0	0	0
Federal and foreign income taxes recovered	(\$88)	(\$238)	\$150

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- D. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

Deferred Tax Assets:	2023	2022	Change
Ordinary:			
Discounting of unpaid losses	\$0	\$0	\$0
Unearned premium reserve	5	2	3
Policyholder Reserves	0	0	0
Receivables - nonadmitted	5	3	2
Deferred ceded commissions	150	61	89
Prepaid expenses	0	0	0
Subtotal	160	66	94
Statutory valuation allowance adjustment	123	43	80
Nonadmitted	0	0	0
Admitted ordinary deferred tax assets	37	23	14
Capital:			
Investments	0	0	0
Net capital loss carry-forward	0	0	0
Subtotal	0	0	0
Statutory valuation allowance adjustment	0	0	0
Nonadmitted	0	0	0
Admitted capital deferred tax assets	0	0	0
Admitted deferred tax assets	\$37	\$23	\$14
Deferred Tax Liabilities:			
Ordinary:			
Investments	\$37	\$23	\$14
Fixed assets	0	0	0
Subtotal	37	23	14
Capital:			
Investments	0	0	0
Real estate	0	0	0
Subtotal	0	0	0
Deferred tax liabilities	\$37	\$23	\$14
Net deferred tax asset (liability)	\$0	\$0	\$0

(Continued)

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The change in deferred income taxes reported in surplus before consideration of non-admitted assets is comprised of the following components:

	2023	2022	Change
Total deferred tax assets	\$160	\$66	\$94
Total deferred tax liabilities	37	23	14
Net deferred tax assets/(liabilities)	123	43	80
Statutory valuation allowance adjustment	(123)	(43)	(80)
Net deferred tax assets/(liabilities) after valuation allowance	0	0	0
Tax effect of unrealized gains (losses)	0	0	0
Statutory valuation allowance adjustment allocation to unrealized	0	0	0
Change in net deferred tax	\$0	\$0	\$0

In accordance with NAIC Statutory Accounting Principles, the Company recognizes deferred tax assets and liabilities for the expected future consequences of events that have been included in the financial statements. Deferred tax assets and liabilities are determined on the basis of differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

- E. The significant items causing a difference between the provision for Federal income taxes and the statutory rate are as follows:

	2023		2022	
	Amount	Effective Tax Rate	Amount	Effective Tax Rate
Loss before taxes	(\$165)	21.0%	(\$251)	21.0%
Change in statutory valuation adjustment	80	-10.2%	43	-3.6%
Change in non-admitted assets	(2)	0.3%	2	-0.1%
Other	(1)	0.2%	0	0.0%
Total	(\$88)	11.3%	(\$206)	17.3%
Federal income tax benefit	\$45	-5.7%	(\$219)	18.4%
Tax on capital losses	(133)	17.0%	(19)	1.5%
Change in net deferred taxes	0	0.0%	32	-2.6%
Total statutory income taxes recovered	(\$88)	11.3%	(\$206)	17.3%

F. Operating Loss and Tax Credit Carryforwards

- At December 31, 2023 and 2022, the Company did not have any unused operating loss carryforwards available to offset against future taxable income as the Company's Federal income tax return is consolidated and filed by Amica Mutual Insurance Company.
- The Company does not have any amounts of Federal income taxes incurred and available for recoupment in the event of future net losses.
- The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

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(in thousands)

December 31, 2023 and 2022

G. Consolidated Federal Income Tax Return

The Company's Federal income tax return is consolidated with the following entities:

- a. Amica Mutual Insurance Company
- b. Amica General Agency, LLC
- c. Amica Life Insurance Company

H. Federal or Foreign Federal Income Tax Loss Contingencies

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

Note 8 – Reinsurance

- A. The Company maintains a 100% quota share reinsurance agreement covering all premiums, losses and loss adjustment expenses with Amica Mutual. In return, the Company receives a 20% ceding commission on premiums ceded under this treaty, and it records the commission income as an offset to other underwriting expenses. During 2023 and 2022, the Company earned commissions on this quota share treaty totaling \$10,365 and \$9,197, respectively.

Additionally, Amica P&C is a named insured under Amica Mutual's catastrophe reinsurance program. The Company remains contingently liable in the event that reinsurers are unable to meet the obligations for existing paid and unpaid loss recoverables and unearned premiums ceded under reinsurance agreements.

- B. The effect of reinsurance on premiums for the years ended December 31, 2023 and 2022 are as follows:

Year	Direct Premiums Written	Written Reinsurance Premiums Assumed		Written Reinsurance Premiums Ceded		Net Premiums Written	Change in Unearned Premiums	Net Premiums Earned
		From Affiliates	From Non- Affiliates	To Affiliates	To Non- Affiliates			
2023	\$54,002	\$0	\$0	\$53,937	\$65	\$0	\$0	\$0
2022	\$46,485	\$0	\$0	\$46,380	\$105	\$0	\$0	\$0

- C. The following table summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2023 and 2022:

Year	Assumed		Ceded to Affiliates		Direct Unearned Prem. Reserve
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	
2023	\$0	\$0	\$16,831	\$3,366	\$16,831
2022	\$0	\$0	\$13,630	\$2,726	\$13,630

- D. The Company does not have any existing reinsurance contractual arrangements which allow for additional or return commission which is predicated on loss experience or on any other form of profit sharing arrangements.

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(in thousands)

December 31, 2023 and 2022

Note 9 – Information Concerning Parent, Subsidiaries, Affiliates

A. Amica Mutual Insurance Company

The Company is a party to a quota-share reinsurance agreement with Amica Mutual, in which 100% of all premiums, losses, and loss adjustment expenses are ceded to Amica Mutual. In return, Amica Mutual Insurance Company pays a 20% ceding commission to the Company.

Amica Mutual performs certain managerial and other operational functions for the benefit of Amica P&C. Amica Mutual allocates such costs to Amica P&C based on the estimated costs of the services performed. The written agreement between the companies indicates that settlement of these costs be made within fifty-five days of the end of the month to which it applies. The costs charged from Amica Mutual to Amica P&C amounted to \$9,776 and \$10,682 in 2023 and 2022, respectively. The Company also reimburses Amica Mutual for advertising expenses incurred on the Company's behalf. The advertising costs allocated to Amica P&C, and subsequently reimbursed, totaled \$4,011 and \$3,400 in 2023 and 2022, respectively.

B. Amounts Due to or from Related Parties

The Company reported \$466 and \$617 due to Amica Mutual at December 31, 2023 and December 31, 2022, respectively. These balances are for the net amount of management fee and reinsurance contract premiums, which are offset by the net amount of premiums received and underwriting expenses paid by Amica Mutual on behalf of the Company. In addition, the Company reported an amount due to Amica Mutual for Federal income taxes of \$11 at December 31, 2023 and an amount recoverable from Amica Mutual for Federal income taxes of \$49 at December 31, 2022. The management and service contracts require that the intercompany balances be settled within fifty-five days of the month to which it applies.

Note 10 – Contingencies

Lawsuits arise against the Company in the normal course of business. The ultimate resolution of such proceedings will not, in our opinion, have a material impact on the Company's financial position.

Note 11 – Dividend Restrictions

The State of Rhode Island has limitations on the amount of ordinary dividends that may be paid to stockholders in any twelve-month period. These limitations are based on net income and surplus. For 2023 and 2022, any dividends paid by the Company would be categorized as "extraordinary" for purposes of the Rhode Island statute, and would require the Insurance Commissioner's approval before being paid.

Note 12 – Subsequent Events

Subsequent events have been considered through April 29, 2024 for audited financial statements issued on April 29, 2024.

There were no events occurring subsequent to the end of the year that merited recognition or disclosure in these statements.

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AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
SUMMARY INVESTMENT SCHEDULE
December 31, 2023

Schedule 1

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement			
	1 Amount	2 Percentage of Column 1 Line 13	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage of Column 5 Line 13
1. Long-Term Bonds (Schedule D, Part 1):						
1.01 U.S. governments	12,834,592	15.869	12,834,592		12,834,592	15.869
1.02 All other governments		0.000				0.000
1.03 U.S. states, territories and possessions, etc. guaranteed	1,966,370	2.412	1,966,370		1,966,370	2.412
1.04 U.S. political subdivisions of states, territories, and possessions, guaranteed	7,361,824	9.032	7,361,824		7,361,824	9.032
1.05 U.S. special revenue and special assessment obligations, etc. non- guaranteed	19,727,606	24.203	19,727,606		19,727,606	24.203
1.06 Industrial and miscellaneous	32,454,242	39.816	32,454,242		32,454,242	39.816
1.07 Hybrid securities		0.000				0.000
1.08 Parent, subsidiaries and affiliates		0.000				0.000
1.09 SVO identified funds		0.000				0.000
1.10 Unaffiliated bank loans		0.000				0.000
1.11 Unaffiliated certificates of deposit		0.000				0.000
1.12 Total long-term bonds	74,444,634	91.332	74,444,634		74,444,634	91.332
2. Preferred stocks (Schedule D, Part 2, Section 1):						
2.01 Industrial and miscellaneous (Unaffiliated)		0.000				0.000
2.02 Parent, subsidiaries and affiliates		0.000				0.000
2.03 Total preferred stocks		0.000				0.000
3. Common stocks (Schedule D, Part 2, Section 2):						
3.01 Industrial and miscellaneous Publicly traded (Unaffiliated)		0.000				0.000
3.02 Industrial and miscellaneous Other (Unaffiliated)		0.000				0.000
3.03 Parent, subsidiaries and affiliates Publicly traded		0.000				0.000
3.04 Parent, subsidiaries and affiliates Other		0.000				0.000
3.05 Mutual funds		0.000				0.000
3.06 Unit Investment trusts		0.000				0.000
3.07 Closed-end funds		0.000				0.000
3.08 Exchange traded funds		0.000				0.000
3.09 Total common stocks		0.000				0.000
4. Mortgage loans (Schedule B):						
4.01 Farm mortgages		0.000				0.000
4.02 Residential mortgages		0.000				0.000
4.03 Commercial mortgages	4,053,425	4.973	4,053,425		4,053,425	4.973
4.04 Mezzanine real estate loans		0.000				0.000
4.05 Total valuation allowance		0.000				0.000
4.06 Total mortgage loans	4,053,425	4.973	4,053,425		4,053,425	4.973
5. Real estate (Schedule A):						
5.01 Properties occupied by company		0.000				0.000
5.02 Properties held for production of income		0.000				0.000
5.03 Properties held for sale		0.000				0.000
5.04 Total real estate		0.000				0.000
6. Cash, cash equivalents and short-term investments:						
6.01 Cash (Schedule E, Part 1)	697,034	0.855	697,034		697,034	0.855
6.02 Cash equivalents (Schedule E, Part 2)	2,314,336	2.839	2,314,336		2,314,336	2.839
6.03 Short-term investments (Schedule DA)		0.000				0.000
6.04 Total cash, cash equivalents and short-term investments	3,011,370	3.694	3,011,370		3,011,370	3.694
7. Contract loans		0.000				0.000
8. Derivatives (Schedule DB)		0.000				0.000
9. Other invested assets (Schedule BA)		0.000				0.000
10. Receivables for securities	342	0.000	342		342	0.000
11. Securities Lending (Schedule DL, Part 1)		0.000		XXX	XXX	XXX
12. Other invested assets (Page 2, Line 11)		0.000				0.000
13. Total invested assets	81,509,771	100.000	81,509,771		81,509,771	100.000

See accompanying independent auditors' report.

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
 SUPPLEMENTAL INVESTMENT RISK INTERROGATORIES
 December 31, 2023

Schedule 2

Of The AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
 ADDRESS (City, State and Zip Code) Lincoln , RI 02865-1166
 NAIC Group Code 0028 NAIC Company Code 12287 Federal Employer's Identification Number (FEIN) 26-0115568

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 \$ 97,503,613

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

	1	2	3	4
	Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
2.01	Federal National Mortgage Association	Bonds	\$ 3,534,749	3.6 %
2.02	Texas Water Development Board	Bonds	\$ 2,975,634	3.1 %
2.03	DKS Government Money Market Series - Institutional	Money Market Fund	\$ 2,314,336	2.4 %
2.04	Colorado Housing and Finance Authority, Inc.	Bonds	\$ 2,005,000	2.1 %
2.05	Virginia Housing Development Authority	Bonds	\$ 1,738,534	1.8 %
2.06	Tennessee Housing Development Agency	Bonds	\$ 1,628,834	1.7 %
2.07	State Of Washington	Bonds	\$ 1,272,289	1.3 %
2.08	Texas Electric Market Stabilization Funding N LLO	Bonds	\$ 1,195,384	1.2 %
2.09	State Of Tennessee	Bonds	\$ 1,154,728	1.2 %
2.10	Federal Home Loan Mortgage Corporation	Bonds	\$ 1,071,956	1.1 %

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	\$ 69,347,505	71.1 %	3.07 NAIC 1	\$	%
3.02	NAIC 2	\$ 5,097,130	5.2 %	3.08 NAIC 2	\$	%
3.03	NAIC 3	\$	%	3.09 NAIC 3	\$	%
3.04	NAIC 4	\$	%	3.10 NAIC 4	\$	%
3.05	NAIC 5	\$	%	3.11 NAIC 5	\$	%
3.06	NAIC 6	\$	%	3.12 NAIC 6	\$	%

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [x] No []
 If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10.
 4.02 Total admitted assets held in foreign investments \$ %
 4.03 Foreign-currency-denominated investments \$ %
 4.04 Insurance liabilities denominated in that same foreign currency \$ %

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
 SUPPLEMENTAL INVESTMENT RISK INTERROGATORIES
 December 31, 2023

Schedule 2

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

	<u>1</u>	<u>2</u>	
5.01 Countries designated NAIC-1	\$	%
5.02 Countries designated NAIC-2	\$	%
5.03 Countries designated NAIC-3 or below	\$	%

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

	<u>1</u>	<u>2</u>	
Countries designated NAIC - 1:			
6.01 Country 1:	\$	%
6.02 Country 2:	\$	%
Countries designated NAIC - 2:			
6.03 Country 1:	\$	%
6.04 Country 2:	\$	%
Countries designated NAIC - 3 or below:			
6.05 Country 1:	\$	%
6.06 Country 2:	\$	%

7. Aggregate unhedged foreign currency exposure	<u>1</u>	<u>2</u>	
	\$	%

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

	<u>1</u>	<u>2</u>	
8.01 Countries designated NAIC-1	\$	%
8.02 Countries designated NAIC-2	\$	%
8.03 Countries designated NAIC-3 or below	\$	%

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

	<u>1</u>	<u>2</u>	
Countries designated NAIC - 1:			
9.01 Country 1:	\$	%
9.02 Country 2:	\$	%
Countries designated NAIC - 2:			
9.03 Country 1:	\$	%
9.04 Country 2:	\$	%
Countries designated NAIC - 3 or below:			
9.05 Country 1:	\$	%
9.06 Country 2:	\$	%

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

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	
	Issuer	NAIC Designation			
10.01	\$	%
10.02	\$	%
10.03	\$	%
10.04	\$	%
10.05	\$	%
10.06	\$	%
10.07	\$	%
10.08	\$	%
10.09	\$	%
10.10	\$	%

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
 SUPPLEMENTAL INVESTMENT RISK INTERROGATORIES
 December 31, 2023

Schedule 2

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

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

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

	<u>1</u>	<u>2</u>	
11.02 Total admitted assets held in Canadian Investments	\$	%
11.03 Canadian-currency-denominated Investments	\$	%
11.04 Canadian-denominated Insurance liabilities	\$	%
11.05 Unhedged Canadian currency exposure	\$	%

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.

	<u>1</u>	<u>2</u>	<u>3</u>	
12.02 Aggregate statement value of Investments with contractual sales restrictions	\$	%
Largest three Investments with contractual sales restrictions:				
12.03	\$	%
12.04	\$	%
12.05	\$	%

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.

	<u>1</u>	<u>2</u>	<u>3</u>	
	Issuer			
13.02	\$	%
13.03	\$	%
13.04	\$	%
13.05	\$	%
13.06	\$	%
13.07	\$	%
13.08	\$	%
13.09	\$	%
13.10	\$	%
13.11	\$	%

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
 SUPPLEMENTAL INVESTMENT RISK INTERROGATORIES
 December 31, 2023

Schedule 2

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

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [] 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	\$ %
Largest three investments held in nonaffiliated, privately placed equities:			
14.03	\$ %
14.04	\$ %
14.05	\$ %

Ten largest fund managers:

	1	2	3	4
	Fund Manager	Total Invested	Diversified	Nondiversified
14.06 DWS Distributors, Inc.	\$	2,314,336	\$	2,314,336
14.07	\$	\$
14.08	\$	\$
14.09	\$	\$
14.10	\$	\$
14.11	\$	\$
14.12	\$	\$
14.13	\$	\$
14.14	\$	\$
14.15	\$	\$

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

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [] 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	\$ %
Largest three investments in general partnership interests:			
15.03	\$ %
15.04	\$ %
15.05	\$ %

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
 SUPPLEMENTAL INVESTMENT RISK INTERROGATORIES
 December 31, 2023

Schedule 2

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 [] No [X]

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

	1	2	3
Type (Residential, Commercial, Agricultural)			
16.02 Commercial	\$ 677,219		0.7 %
16.03 Commercial	\$ 558,067		0.6 %
16.04 Commercial	\$ 423,783		0.4 %
16.05 Commercial	\$ 397,057		0.4 %
16.06 Commercial	\$ 333,810		0.3 %
16.07 Commercial	\$ 330,927		0.3 %
16.08 Commercial	\$ 250,657		0.3 %
16.09 Commercial	\$ 244,215		0.3 %
16.10 Commercial	\$ 195,403		0.2 %
16.11 Commercial	\$ 116,405		0.1 %

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

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

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

Loan to Value	Residential		Commercial		Agricultural	
	1	2	3	4	5	6
17.01 above 95%	\$	%	\$	%	\$	%
17.02 91 to 95%	\$	%	\$	%	\$	%
17.03 81 to 90%	\$	%	\$	%	\$	%
17.04 71 to 80%	\$	%	\$ 811,878	0.8 %	\$	%
17.05 below 70%	\$	%	\$ 3,241,546	3.3 %	\$	%

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	\$		%
18.03	\$		%
18.04	\$		%
18.05	\$		%
18.06	\$		%

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

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
 SUPPLEMENTAL INVESTMENT RISK INTERROGATORIES
 December 31, 2023

Schedule 2

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

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

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		3	Written	
	1	2		4	5
21.01 Hedging	\$	%	\$	\$	%
21.02 Income generation	\$	%	\$	\$	%
21.03 Other	\$	%	\$	\$	%

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

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

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

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

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
GENERAL INTERROGATORIES
December 31, 2023

Schedule 3

- 7.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions:
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 36 of SSAP No. 62R - Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or, Yes [] No [X]
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [X] No []
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [] No [] N/A [X]

See accompanying independent auditors' report.