



PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2016
OF THE CONDITION AND AFFAIRS OF THE

Guarantee Insurance Company

NAIC Group Code 3493 0000 NAIC Company Code 11398 Employer's ID Number 22-2222789
(Current) (Prior)

Organized under the Laws of Florida, State of Domicile or Port of Entry FL
Country of Domicile United States of America

Incorporated/Organized 01/25/1965 Commenced Business 04/01/1965

Statutory Home Office 401 E. Las Olas Blvd., Suite 1540, Fort Lauderdale, FL, US 33301
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 401 E. Las Olas Blvd., Suite 1540
(Street and Number)
Fort Lauderdale, FL, US 33301 954-556-1600
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 401 E. Las Olas Blvd., Suite 1540, Fort Lauderdale, FL, US 33301
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 401 E. Las Olas Blvd., Suite 1540
(Street and Number)
Fort Lauderdale, FL, US 33301 954-556-1600
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.guaranteeins.com

Statutory Statement Contact Michael John Sluka, 954-556-1600
(Name) (Area Code) (Telephone Number)
mjluka@guaranteeins.com 954-333-6840
(E-mail Address) (FAX Number)

OFFICERS

President & Chief Executive Officer Michael John Sluka # Secretary Eric Stephen Dawson #
Chief Financial Officer David Alan Skup

OTHER

DIRECTORS OR TRUSTEES

Michael John Sluka David Alan Skup # Richard Franklin Allen
Joseph Edward Babin # Charles Timothy Morris #

State of Florida SS:
County of Broward

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

Michael John Sluka
President & Chief Executive Officer

David Alan Skup
Chief Financial Officer & Treasurer

Eric Stephen Dawson
Secretary

Subscribed and sworn to before me this _____ day of _____

a. Is this an original filing? Yes [] No [X]

- b. If no,
1. State the amendment number.....2
2. Date filed03/24/2017
3. Number of pages attached..... 8

Debra Lynn Gorson
Comm # FF 059463
January 7, 2018

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	79,861,535	0	79,861,535	90,612,101
2. Stocks (Schedule D):				
2.1 Preferred stocks	1,652,126	0	1,652,126	2,143,328
2.2 Common stocks	11,070,006	0	11,070,006	19,587,494
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	0	0	0	0
3.2 Other than first liens	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$0 encumbrances)	0	0	0	0
4.2 Properties held for the production of income (less \$0 encumbrances)	2,463,731	0	2,463,731	2,458,627
4.3 Properties held for sale (less \$0 encumbrances)	0	0	0	0
5. Cash (\$5,769,419 , Schedule E - Part 1), cash equivalents (\$0 , Schedule E - Part 2) and short-term investments (\$2,340,499 , Schedule DA)	8,109,918	0	8,109,918	32,954,882
6. Contract loans (including \$0 premium notes)	0	0	0	0
7. Derivatives (Schedule DB)	0	0	0	0
8. Other invested assets (Schedule BA)	19,768,874	13,000,000	6,768,874	6,639,814
9. Receivable for securities	0	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL)	0	0	0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	122,926,190	13,000,000	109,926,190	154,396,246
13. Title plants less \$0 charged off (for Title insurers only)	0	0	0	0
14. Investment income due and accrued	658,272	0	658,272	641,190
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	22,451,932	0	22,451,932	19,003,009
15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including \$26,775,505 earned but unbilled premiums)	112,315,736	0	112,315,736	111,495,241
15.3 Accrued retrospective premiums (\$0) and contracts subject to redetermination (\$0)	0	0	0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	17,560,790	0	17,560,790	9,426,309
16.2 Funds held by or deposited with reinsured companies	26,179,226	0	26,179,226	26,085,649
16.3 Other amounts receivable under reinsurance contracts	49,344,669	0	49,344,669	47,896,578
17. Amounts receivable relating to uninsured plans	0	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	20,138,543	11,577,665	8,560,878	1,398,666
18.2 Net deferred tax asset	11,603,913	6,986,543	4,617,370	3,180,000
19. Guaranty funds receivable or on deposit	0	0	0	0
20. Electronic data processing equipment and software	0	0	0	0
21. Furniture and equipment, including health care delivery assets (\$0)	0	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
23. Receivables from parent, subsidiaries and affiliates	32,765,000	2,765,000	30,000,000	0
24. Health care (\$0) and other amounts receivable	0	0	0	0
25. Aggregate write-ins for other than invested assets	40,984,750	5,128,570	35,856,180	20,162,035
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	456,929,021	39,457,778	417,471,243	393,684,923
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0	0
28. Total (Lines 26 and 27)	456,929,021	39,457,778	417,471,243	393,684,923
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Deductible Recoverable - Current	11,789,014	2,128,570	9,660,444	5,337,270
2502. Deductible Recoverable - Deferred	5,281,145	0	5,281,145	8,324,765
2503. Reinsurance Trust Receivable	3,000,000	3,000,000	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	20,914,591	0	20,914,591	6,500,000
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	40,984,750	5,128,570	35,856,180	20,162,035

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	77,379,812	95,958,144
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	817,000	2,075,000
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	(11,404,241)	(851,342)
4. Commissions payable, contingent commissions and other similar charges	469,074	216,002
5. Other expenses (excluding taxes, licenses and fees)	918,818	1,772,309
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	7,882,920	6,380,455
7.1 Current federal and foreign income taxes (including \$0 on realized capital gains (losses))	0	0
7.2 Net deferred tax liability	0	0
8. Borrowed money \$0 and interest thereon \$0	0	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$52,523,000 and including warranty reserves of \$0 and accrued accident and health experience rating refunds including \$0 for medical loss ratio rebate per the Public Health Service Act)	73,103,787	21,764,686
10. Advance premium	0	0
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	31,814,000	54,103,000
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	144,591,000	121,467,000
14. Amounts withheld or retained by company for account of others	13,961,559	19,568,501
15. Remittances and items not allocated	0	0
16. Provision for reinsurance (including \$0 certified) (Schedule F, Part 8)	10,173,253	6,390,614
17. Net adjustments in assets and liabilities due to foreign exchange rates	0	0
18. Drafts outstanding	0	0
19. Payable to parent, subsidiaries and affiliates	16,978,188	10,911,938
20. Derivatives	0	0
21. Payable for securities	0	0
22. Payable for securities lending	0	0
23. Liability for amounts held under uninsured plans	0	0
24. Capital notes \$0 and interest thereon \$0	0	0
25. Aggregate write-ins for liabilities	0	7,109,825
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	366,685,170	346,866,132
27. Protected cell liabilities	0	0
28. Total liabilities (Lines 26 and 27)	366,685,170	346,866,132
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	3,600,120	3,600,120
31. Preferred capital stock	0	0
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes	28,601,000	28,601,000
34. Gross paid in and contributed surplus	231,843,628	201,843,628
35. Unassigned funds (surplus)	(213,258,675)	(187,225,957)
36. Less treasury stock, at cost:		
36.1 .....0 shares common (value included in Line 30 \$0)	0	0
36.2 .....0 shares preferred (value included in Line 31 \$0)	0	0
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	50,786,073	46,818,791
38. TOTALS (Page 2, Line 28, Col. 3)	417,471,243	393,684,923
DETAILS OF WRITE-INS		
2501. Unearned Reinsurance Commissions	0	7,109,825
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	7,109,825
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298)(Line 32 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	52,973,360	83,662,680
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	35,885,132	48,034,693
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	7,576,093	13,670,654
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	32,510,974	19,604,148
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	75,972,199	81,309,495
7. Net income of protected cells.....	0	0
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7).....	(22,998,839)	2,353,185
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	2,244,828	2,644,776
10. Net realized capital gains or (losses) less capital gains tax of \$(3,412,783) (Exhibit of Capital Gains (Losses)).....	(6,624,813)	288,457
11. Net investment gain (loss) (Lines 9 + 10).....	(4,379,985)	2,933,233
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$0 amount charged off \$334,730).....	(334,730)	2,847,254
13. Finance and service charges not included in premiums.....	0	0
14. Aggregate write-ins for miscellaneous income.....	189,648	616
15. Total other income (Lines 12 through 14).....	(145,082)	2,847,870
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	(27,523,906)	8,134,288
17. Dividends to policyholders.....	68,347	67,632
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	(27,592,253)	8,066,656
19. Federal and foreign income taxes incurred.....	(4,421,855)	(1,019,078)
20. Net income (Line 18 minus Line 19)(to Line 22).....	(23,170,398)	9,085,734
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	46,818,791	47,457,035
22. Net income (from Line 20).....	(23,170,398)	9,085,734
23. Net transfers (to) from Protected Cell accounts.....	0	0
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$3,225,939.....	4,597,725	(7,488,491)
25. Change in net unrealized foreign exchange capital gain (loss).....	0	0
26. Change in net deferred income tax.....	3,235,950	(3,141,299)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3).....	(6,913,356)	(6,162,898)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	(3,782,639)	568,710
29. Change in surplus notes.....	0	0
30. Surplus (contributed to) withdrawn from protected cells.....	0	0
31. Cumulative effect of changes in accounting principles.....	0	0
32. Capital changes:		
32.1 Paid in.....	0	0
32.2 Transferred from surplus (Stock Dividend).....	0	0
32.3 Transferred to surplus.....	0	0
33. Surplus adjustments:		
33.1 Paid in.....	30,000,000	6,500,000
33.2 Transferred to capital (Stock Dividend).....	0	0
33.3 Transferred from capital.....	0	0
34. Net remittances from or (to) Home Office.....	0	0
35. Dividends to stockholders.....	0	0
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....	0	0
37. Aggregate write-ins for gains and losses in surplus.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	3,967,282	(638,244)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	50,786,073	46,818,791
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598)(Line 5 above).....	0	0
1401. Miscellaneous Income - Net Other.....	189,648	616
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above).....	189,648	616
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798)(Line 37 above).....	0	0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	77,796,410	59,313,442
2. Net investment income	2,741,747	3,493,186
3. Miscellaneous income	5,761,341	439,346
4. Total (Lines 1 through 3)	86,299,498	63,245,974
5. Benefit and loss related payments	69,680,254	38,603,705
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	49,250,948	64,078,965
8. Dividends paid to policyholders	68,347	67,632
9. Federal and foreign income taxes paid (recovered) net of \$0 tax on capital gains (losses)	726,240	(3,896,559)
10. Total (Lines 5 through 9)	119,725,789	98,853,743
11. Net cash from operations (Line 4 minus Line 10)	(33,426,291)	(35,607,769)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	32,781,326	15,680,360
12.2 Stocks	12,299,006	24,469,644
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	1,070,940	3,467,254
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	46,151,272	43,617,258
13. Cost of investments acquired (long-term only):		
13.1 Bonds	22,301,107	23,107,132
13.2 Stocks	5,709,871	20,862,763
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	1,200,000	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	29,210,978	43,969,895
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	16,940,294	(352,637)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	30,000,000	6,500,000
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	(38,358,967)	38,134,349
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(8,358,967)	44,634,349
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(24,844,964)	8,673,943
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	32,954,882	24,280,939
19.2 End of period (Line 18 plus Line 19.1)	8,109,918	32,954,882

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1	2	3	4
		Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	0	0	0	0
2.	Allied lines	0	0	0	0
3.	Farmowners multiple peril	0	0	0	0
4.	Homeowners multiple peril	0	0	0	0
5.	Commercial multiple peril	0	0	0	0
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	0	0	0	0
9.	Inland marine	0	0	0	0
10.	Financial guaranty	0	0	0	0
11.1	Medical professional liability - occurrence	0	0	0	0
11.2	Medical professional liability - claims-made	0	0	0	0
12.	Earthquake	0	0	0	0
13.	Group accident and health	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	0	0	0	0
16.	Workers' compensation	103,388,423	20,530,602	70,945,665	52,973,360
17.1	Other liability - occurrence	0	0	0	0
17.2	Other liability - claims-made	0	0	0	0
17.3	Excess workers' compensation	0	0	0	0
18.1	Products liability - occurrence	0	0	0	0
18.2	Products liability - claims-made	0	0	0	0
19.1, 19.2	Private passenger auto liability	0	0	0	0
19.3, 19.4	Commercial auto liability	0	0	0	0
21.	Auto physical damage	0	0	0	0
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	0	0	0	0
24.	Surety	0	0	0	0
26.	Burglary and theft	0	0	0	0
27.	Boiler and machinery	0	0	0	0
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Warranty	0	0	0	0
31.	Reinsurance - nonproportional assumed property	0	0	0	0
32.	Reinsurance - nonproportional assumed liability	0	0	0	0
33.	Reinsurance - nonproportional assumed financial lines	0	0	0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0
35.	TOTALS	103,388,423	20,530,602	70,945,665	52,973,360
DETAILS OF WRITE-INS					
3401.	.....			
3402.	.....			
3403.	.....			
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1	2	3	4	5
		Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire	0	0	0	0	0
2.	Allied lines	0	0	0	0	0
3.	Farmowners multiple peril	0	0	0	0	0
4.	Homeowners multiple peril	0	0	0	0	0
5.	Commercial multiple peril	0	0	0	0	0
6.	Mortgage guaranty	0	0	0	0	0
8.	Ocean marine	0	0	0	0	0
9.	Inland marine	0	0	0	0	0
10.	Financial guaranty	0	0	0	0	0
11.1	Medical professional liability - occurrence	0	0	0	0	0
11.2	Medical professional liability - claims-made	0	0	0	0	0
12.	Earthquake	0	0	0	0	0
13.	Group accident and health	0	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0	0
15.	Other accident and health	0	0	0	0	0
16.	Workers' compensation	73,103,787	0	(2,158,122)	0	70,945,665
17.1	Other liability - occurrence	0	0	0	0	0
17.2	Other liability - claims-made	0	0	0	0	0
17.3	Excess workers' compensation	0	0	0	0	0
18.1	Products liability - occurrence	0	0	0	0	0
18.2	Products liability - claims-made	0	0	0	0	0
19.1, 19.2	Private passenger auto liability	0	0	0	0	0
19.3, 19.4	Commercial auto liability	0	0	0	0	0
21.	Auto physical damage	0	0	0	0	0
22.	Aircraft (all perils)	0	0	0	0	0
23.	Fidelity	0	0	0	0	0
24.	Surety	0	0	0	0	0
26.	Burglary and theft	0	0	0	0	0
27.	Boiler and machinery	0	0	0	0	0
28.	Credit	0	0	0	0	0
29.	International	0	0	0	0	0
30.	Warranty	0	0	0	0	0
31.	Reinsurance - nonproportional assumed property	0	0	0	0	0
32.	Reinsurance - nonproportional assumed liability	0	0	0	0	0
33.	Reinsurance - nonproportional assumed financial lines	0	0	0	0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0
35.	TOTALS	73,103,787	0	(2,158,122)	0	70,945,665
36.	Accrued retrospective premiums based on experience					0
37.	Earned but unbilled premiums					2,158,122
38.	Balance (Sum of Line 35 through 37)					73,103,787
DETAILS OF WRITE-INS						
3401.	.....				
3402.	.....				
3403.	.....				
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0	0

(a) State here basis of computation used in each case Unearned premiums are computed on a pro-rata basis.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1+2+3-4-5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	0	0	0	0	0	0
2. Allied lines	0	0	0	0	0	0
3. Farmowners multiple peril	0	0	0	0	0	0
4. Homeowners multiple peril	0	0	0	0	0	0
5. Commercial multiple peril	0	0	0	0	0	0
6. Mortgage guaranty	0	0	0	0	0	0
8. Ocean marine	0	0	0	0	0	0
9. Inland marine	0	0	0	0	0	0
10. Financial guaranty	0	0	0	0	0	0
11.1 Medical professional liability - occurrence	0	0	0	0	0	0
11.2 Medical professional liability - claims-made	0	0	0	0	0	0
12. Earthquake	0	0	0	0	0	0
13. Group accident and health	0	0	0	0	0	0
14. Credit accident and health (group and individual)	0	0	0	0	0	0
15. Other accident and health	0	0	0	0	0	0
16. Workers' compensation	268,233,724	0	11,637,566	0	176,482,867	103,388,423
17.1 Other liability - occurrence	0	0	0	0	0	0
17.2 Other liability - claims-made	0	0	0	0	0	0
17.3 Excess workers' compensation	0	0	0	0	0	0
18.1 Products liability - occurrence	0	0	0	0	0	0
18.2 Products liability - claims-made	0	0	0	0	0	0
19.1, 19.2 Private passenger auto liability	0	0	0	0	0	0
19.3, 19.4 Commercial auto liability	0	0	0	0	0	0
21. Auto physical damage	0	0	0	0	0	0
22. Aircraft (all perils)	0	0	0	0	0	0
23. Fidelity	0	0	0	0	0	0
24. Surety	0	0	0	0	0	0
26. Burglary and theft	0	0	0	0	0	0
27. Boiler and machinery	0	0	0	0	0	0
28. Credit	0	0	0	0	0	0
29. International	0	0	0	0	0	0
30. Warranty	0	0	0	0	0	0
31. Reinsurance - nonproportional assumed property	XXX	0	0	0	0	0
32. Reinsurance - nonproportional assumed liability	XXX	0	0	0	0	0
33. Reinsurance - nonproportional assumed financial lines	XXX	0	0	0	0	0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0
35. TOTALS	268,233,724	0	11,637,566	0	176,482,867	103,388,423
DETAILS OF WRITE-INS						
3401.						
3402.						
3403.						
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0	0	0

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [] No [X]

If yes: 1. The amount of such installment premiums \$0

2. Amount at which such installment premiums would have been reported had they been reported on an annualized basis \$0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A , Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 -3)				
1. Fire	0	0	0	0	0	0	0	0.0
2. Allied lines	0	0	0	0	0	0	0	0.0
3. Farmowners multiple peril	0	0	0	0	0	0	0	0.0
4. Homeowners multiple peril	0	0	0	0	0	0	0	0.0
5. Commercial multiple peril	0	0	0	0	0	0	0	0.0
6. Mortgage guaranty	0	0	0	0	0	0	0	0.0
8. Ocean marine	0	0	0	0	0	0	0	0.0
9. Inland marine	0	0	0	0	0	0	0	0.0
10. Financial guaranty	0	0	0	0	0	0	0	0.0
11.1 Medical professional liability - occurrence	0	0	0	0	0	0	0	0.0
11.2 Medical professional liability - claims-made	0	0	0	0	0	0	0	0.0
12. Earthquake	0	0	0	0	0	0	0	0.0
13. Group accident and health	0	0	0	0	0	0	0	0.0
14. Credit accident and health (group and individual)	0	0	0	0	0	0	0	0.0
15. Other accident and health	0	0	0	0	0	0	0	0.0
16. Workers' compensation	142,230,971	10,742,660	99,083,492	53,890,139	68,953,774	87,094,282	35,749,631	67.5
17.1 Other liability - occurrence	11,825	934,063	372,563	573,325	8,426,038	8,863,862	135,501	0.0
17.2 Other liability - claims-made	0	0	0	0	0	0	0	0.0
17.3 Excess workers' compensation	0	0	0	0	0	0	0	0.0
18.1 Products liability - occurrence	0	0	0	0	0	0	0	0.0
18.2 Products liability - claims-made	0	0	0	0	0	0	0	0.0
19.1, 19.2 Private passenger auto liability	0	0	0	0	0	0	0	0.0
19.3, 19.4 Commercial auto liability	0	0	0	0	0	0	0	0.0
21. Auto physical damage	0	0	0	0	0	0	0	0.0
22. Aircraft (all perils)	0	0	0	0	0	0	0	0.0
23. Fidelity	0	0	0	0	0	0	0	0.0
24. Surety	0	0	0	0	0	0	0	0.0
26. Burglary and theft	0	0	0	0	0	0	0	0.0
27. Boiler and machinery	0	0	0	0	0	0	0	0.0
28. Credit	0	0	0	0	0	0	0	0.0
29. International	0	0	0	0	0	0	0	0.0
30. Warranty	0	0	0	0	0	0	0	0.0
31. Reinsurance - nonproportional assumed property	XXX	0	0	0	0	0	0	0.0
32. Reinsurance - nonproportional assumed liability	XXX	0	0	0	0	0	0	0.0
33. Reinsurance - nonproportional assumed financial lines	XXX	0	0	0	0	0	0	0.0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
35. TOTALS	142,242,796	11,676,723	99,456,055	54,463,464	77,379,812	95,958,144	35,885,132	67.7
DETAILS OF WRITE-INS								
3401.								
3402.								
3403.								
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0.0
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0	0	0	0	0.0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	0	0	0	0	0	0	0	0	0
2. Allied lines	0	0	0	0	0	0	0	0	0
3. Farmowners multiple peril	0	0	0	0	0	0	0	0	0
4. Homeowners multiple peril	0	0	0	0	0	0	0	0	0
5. Commercial multiple peril	0	0	0	0	0	0	0	0	0
6. Mortgage guaranty	0	0	0	0	0	0	0	0	0
8. Ocean marine	0	0	0	0	0	0	0	0	0
9. Inland marine	0	0	0	0	0	0	0	0	0
10. Financial guaranty	0	0	0	0	0	0	0	0	0
11.1 Medical professional liability - occurrence	0	0	0	0	0	0	0	0	0
11.2 Medical professional liability - claims-made	0	0	0	0	0	0	0	0	0
12. Earthquake	0	0	0	0	0	0	0	0	0
13. Group accident and health	0	0	0	0	0	0	0	(a)	0
14. Credit accident and health (group and individual)	0	0	0	0	0	0	0	0	0
15. Other accident and health	0	0	0	0	0	0	0	(a)	0
16. Workers' compensation	159,219,483	17,279,373	95,576,429	80,922,427	115,497,531	12,962,735	140,428,919	68,953,774	(11,622,083)
17.1 Other liability - occurrence	1,694,490	6,858,909	4,050,064	4,503,335	778,522	6,100,262	2,956,081	8,426,038	217,842
17.2 Other liability - claims-made	0	0	0	0	0	0	0	0	0
17.3 Excess workers' compensation	0	0	0	0	0	0	0	0	0
18.1 Products liability - occurrence	0	0	0	0	0	0	0	0	0
18.2 Products liability - claims-made	0	0	0	0	0	0	0	0	0
19.1, 19.2 Private passenger auto liability	0	0	0	0	0	0	0	0	0
19.3, 19.4 Commercial auto liability	0	0	0	0	0	0	0	0	0
21. Auto physical damage	0	0	0	0	0	0	0	0	0
22. Aircraft (all perils)	0	0	0	0	0	0	0	0	0
23. Fidelity	0	0	0	0	0	0	0	0	0
24. Surety	0	0	0	0	0	0	0	0	0
26. Burglary and theft	0	0	0	0	0	0	0	0	0
27. Boiler and machinery	0	0	0	0	0	0	0	0	0
28. Credit	0	0	0	0	0	0	0	0	0
29. International	0	0	0	0	0	0	0	0	0
30. Warranty	0	0	0	0	0	0	0	0	0
31. Reinsurance - nonproportional assumed property	XXX	0	0	0	XXX	0	0	0	0
32. Reinsurance - nonproportional assumed liability	XXX	0	0	0	XXX	0	0	0	0
33. Reinsurance - nonproportional assumed financial lines	XXX	0	0	0	XXX	0	0	0	0
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
35. TOTALS	160,913,973	24,138,282	99,626,493	85,425,762	116,276,053	19,062,997	143,385,000	77,379,812	(11,404,241)
DETAILS OF WRITE-INS									
3401.									
3402.									
3403.									
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0	0	0	0	0	0

(a) Including \$ 0 for present value of life indemnity claims.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	42,014,322	0	0	42,014,322
1.2 Reinsurance assumed	1,711,103	0	0	1,711,103
1.3 Reinsurance ceded	36,392,437	0	0	36,392,437
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	7,332,988	0	0	7,332,988
2. Commission and brokerage:				
2.1 Direct excluding contingent	0	25,068,069	0	25,068,069
2.2 Reinsurance assumed, excluding contingent	0	3,816,361	0	3,816,361
2.3 Reinsurance ceded, excluding contingent	0	69,981,525	0	69,981,525
2.4 Contingent - direct	0	0	0	0
2.5 Contingent - reinsurance assumed	0	0	0	0
2.6 Contingent - reinsurance ceded	0	0	0	0
2.7 Policy and membership fees	0	0	0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	(41,097,095)	0	(41,097,095)
3. Allowances to managers and agents	0	0	0	0
4. Advertising	0	729,177	0	729,177
5. Boards, bureaus and associations	0	1,404,227	0	1,404,227
6. Surveys and underwriting reports	0	5,349,968	0	5,349,968
7. Audit of assureds' records	0	707,360	0	707,360
8. Salary and related items:				
8.1 Salaries	3	20,506,687	2	20,506,692
8.2 Payroll taxes	0	1,546,743	0	1,546,743
9. Employee relations and welfare	13,377	3,245,266	8,918	3,267,561
10. Insurance	14,729	1,552,689	9,819	1,577,237
11. Directors' fees	0	884,855	0	884,855
12. Travel and travel items	31,304	3,368,324	20,869	3,420,497
13. Rent and rent items	12,892	3,334,733	8,595	3,356,220
14. Equipment	2,076	1,972,895	1,384	1,976,355
15. Cost or depreciation of EDP equipment and software	0	0	0	0
16. Printing and stationery	2,741	804,927	1,827	809,495
17. Postage, telephone and telegraph, exchange and express	13,273	1,766,283	8,849	1,788,405
18. Legal and auditing	152,710	10,935,979	101,807	11,190,496
19. Totals (Lines 3 to 18)	243,105	58,110,113	162,070	58,515,288
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$	0	15,682,511	0	15,682,511
20.2 Insurance department licenses and fees	0	383,704	0	383,704
20.3 Gross guaranty association assessments	0	0	0	0
20.4 All other (excluding federal and foreign income and real estate)	0	(609,886)	0	(609,886)
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	15,456,329	0	15,456,329
21. Real estate expenses	0	0	7,542	7,542
22. Real estate taxes	0	0	0	0
23. Reimbursements by uninsured plans	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses	0	41,627	719	42,346
25. Total expenses incurred	7,576,093	32,510,974	170,331 (a)	40,257,398
26. Less unpaid expenses - current year	(11,404,241)	918,818	0	(10,485,423)
27. Add unpaid expenses - prior year	(851,342)	1,772,309	0	920,967
28. Amounts receivable relating to uninsured plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured plans, current year	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	18,128,992	33,364,465	170,331	51,663,788
DETAILS OF WRITE-INS				
2401. Reinsurance Commutation Gain	0	4,084,694	0	4,084,694
2402. Miscellaneous Expense	0	(4,043,067)	0	(4,043,067)
2403. Investment Fees	0	0	719	719
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498)(Line 24 above)	0	41,627	719	42,346

(a) Includes management fees of \$ 42,396,823 to affiliates and \$ 0 to non-affiliates.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 109,023	148,943
1.1 Bonds exempt from U.S. tax	(a) 556,950	598,679
1.2 Other bonds (unaffiliated)	(a) 1,289,192	1,233,319
1.3 Bonds of affiliates	(a) 0	0
2.1 Preferred stocks (unaffiliated)	(b) 102,738	102,738
2.11 Preferred stocks of affiliates	(b) 0	0
2.2 Common stocks (unaffiliated)	314,953	299,896
2.21 Common stocks of affiliates	0	0
3. Mortgage loans	(c) 47,250	47,250
4. Real estate	(d) 114,000	114,000
5. Contract loans	0	0
6. Cash, cash equivalents and short-term investments	(e) 63,107	52,288
7. Derivative instruments	(f) 0	0
8. Other invested assets	159,630	159,630
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	2,756,843	2,756,743
11. Investment expenses		(g) 170,331
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h) 303,173
14. Depreciation on real estate and other invested assets		(i) 38,411
15. Aggregate write-ins for deductions from investment income		0
16. Total deductions (Lines 11 through 15)		511,915
17. Net investment income (Line 10 minus Line 16)		2,244,828
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 38,577 accrual of discount less \$ 514,167 amortization of premium and less \$ 87,016 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 658 accrual of discount less \$ 4,221 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 38,411 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	48,217	0	48,217	0	0
1.1 Bonds exempt from U.S. tax	0	0	0	0	0
1.2 Other bonds (unaffiliated)	(44,986)	0	(44,986)	202,007	0
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	(5,172)	0	(5,172)	7,764	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	(6,637,676)	(3,398,365)	(10,036,041)	11,126,890	0
2.21 Common stocks of affiliates	0	0	0	(3,512,996)	0
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash, cash equivalents and short-term investments	386	0	386	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	(6,639,231)	(3,398,365)	(10,037,596)	7,823,665	0
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens.....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	43,515	43,515
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB)	0	0	0
8. Other invested assets (Schedule BA)	13,000,000	13,000,000	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL)	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	13,000,000	13,043,515	43,515
13. Title plants (for Title insurers only)	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	0	40,823	40,823
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	0	1,544	1,544
15.3 Accrued retrospective premiums and contracts subject to redetermination	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	11,577,665	10,178,999	(1,398,666)
18.2 Net deferred tax asset	6,986,543	8,413,902	1,427,359
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software	0	0	0
21. Furniture and equipment, including health care delivery assets	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	2,765,000	0	(2,765,000)
24. Health care and other amounts receivable	0	0	0
25. Aggregate write-ins for other than invested assets	5,128,570	865,639	(4,262,931)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	39,457,778	32,544,422	(6,913,356)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
28. Total (Lines 26 and 27)	39,457,778	32,544,422	(6,913,356)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501. Deductible Recoverables	2,128,570	865,639	(1,262,931)
2502. Reinsurance Trust Receivable	3,000,000	0	(3,000,000)
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	5,128,570	865,639	(4,262,931)

1. Summary of Significant Accounting Policies**A. Accounting Practices**

The accompanying financial statements of Guarantee Insurance Company (the "Company") are presented in accordance with the NAIC Accounting Practices and Procedures Manual ("NAIC SAP") and on the basis of accounting practices prescribed or permitted by the Florida Office of Insurance Regulation ("FLOIR"). There are no differences in the Company's net income or capital and surplus calculated on an NAIC basis and an FLOIR basis.

	State of Domicile	2016	2015
<u>NET INCOME</u>			
Guarantee Insurance Company			
state basis	Florida	(23,170,398)	9,085,734
State prescribed practices that			
increase (decrease) NAIC SAP	Florida	-	-
State permitted practices that			
increase (decrease) NAIC SAP	Florida	-	-
		<u>(23,170,398)</u>	<u>9,085,734</u>
<u>SURPLUS</u>			
Guarantee Insurance Company			
state basis	Florida	50,786,073	46,818,791
State prescribed practices that			
increase (decrease) NAIC SAP	Florida	-	-
State permitted practices that			
increase (decrease) NAIC SAP	Florida	-	-
		<u>50,786,053</u>	<u>46,818,791</u>

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

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

C. Accounting Practices

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct, assumed and ceded business. Certain assumed business is booked on a collected premium basis based on reports received from the ceding insurer.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable. Ceding allowances in excess of acquisition costs are deferred, and recognized as they are earned.

In addition, the company uses the following accounting practices:

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at either amortized cost, using the interest method, or the lower of amortized cost or fair market value depending on NAIC rating code.
3. Common stocks are stated at fair market value.
4. Preferred stocks are stated in accordance with the guidance provided in SSAP No. 32.
5. The Company holds no first-lien mortgage loans on real estate.
6. Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair value, depending on NAIC rating code. Amortized cost is determined using a retrospective adjustment method.
7. The Company has no investments in insurance subsidiaries.
8. The Company has no investments in limited partnerships except for investments in master limited partnerships which are accounted for as common stocks.
9. The Company holds no derivatives.
10. The Company has no premium deficiency reserve, and does not anticipate investment income as a factor in the premium deficiency calculation.
11. 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 necessarily based on assumptions and estimates and, while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability is continually reviewed and any adjustments are reflected in the period determined.

Estimating liabilities for unpaid claims and reinsurance recoveries for asbestos-related illnesses and toxic waste cleanup claims is subject to significant uncertainties that are generally not present for other types of claims. The ultimate cost of these claims cannot be reasonably estimated using traditional loss estimating techniques. The Company establishes liabilities for reported asbestos-related and toxic waste clean-up claims, including costs of related litigation, as information permits. This information includes the status of current law and coverage litigation, whether an insurable event has occurred, which policies and policy years might be applicable and which reinsurers may be liable, if any. In addition, incurred but not reported liabilities have been established by management to cover potential additional exposure on both known and unasserted claims.

12. The Company has not modified its capitalization policy from the prior period.
13. The Company has no pharmaceutical rebate receivables.

D. Going Concern

Not applicable.

2. Accounting Changes and Corrections of Errors

Not applicable

3. Business Combinations and Goodwill

A. Statutory Purchase Method

Not applicable

B. Statutory Merger

Not applicable

C. Impairment Loss

Not applicable

4. Discontinued Operations

A. Not applicable – the Company does not have any discontinued operations classified as held for sale.

B. Not applicable – there are no changes in plan of sale for discontinued operations.

C. Not applicable – there have been no disposals of discontinued operations.

D. Not applicable – there have been no disposals of discontinued operations.

Discontinued Operation #001 (Not held for sale) - The Company, under former ownership, stopped the acceptance of new or renewal business in 1987 and considered the results of its operations since that date as discontinued operations related to the administration and settlement of outstanding claims on the business written in 1987 and prior years, which is also referred to as run-off or legacy business. The Company was acquired by new ownership in 2003 and began writing new business in the first quarter of 2004. The Company does not segregate its investment income or operating expenses between the legacy run-off business and its current business; however, the Company does identify specific asset and liability accounts related to the unpaid losses and related reinsurance accounts as well as incurred losses and loss adjustment expenses specifically related to the run-off of the legacy business. The Company does not hold its legacy business for sale and, accordingly, there is no expected disposal date. Assets include recoverables from reinsurers, securities pledged as collateral and funds held for payment of claims and liabilities include reserves, unremitted losses payable and funds held from reinsurers.

The amounts related to Discontinued Operations and the effect on the Company's Balance Sheet and Statement of Income as of December 31, 2016 and for the year then ended are as follows:

Balance Sheet:

Assets

a. Line 5	Cash	\$	0
b. Line 28	Totals		4,465,672

Liabilities, Surplus and Other Funds

c. Line 28	Total Liabilities	\$	10,010,278
d. Line 37	Surplus		(5,544,606)
e. Line 38	Total		4,465,672

Statement of Income:

f.	Premiums	\$	0
g. Line 6	Total underwriting deductions		476,649
h. Line 8	Net underwriting gain or loss		(476,649)
i. Line 18	Net loss after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes		(476,649)
j. Line 19	Federal and foreign income taxes incurred (benefit)		(162,061)
k. Line 20	Net Loss		(314,588)

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

The Company does not hold any mortgage loans.

B. Debt Restructuring

The Company has no debt investments that have been restructured.

C. Reverse Mortgages

The Company does not hold any reverse mortgages.

D. Loan-Backed Securities

1. Descriptions of sources used to determine prepayment assumptions.

Prepayment assumptions for mortgage-backed securities, collateralized mortgage obligations and other structured settlements were generated using a purchased prepayment model. The prepayment model uses a number of factors to estimate prepayment activity including time of year (seasonality), current levels of interest rates (refinancing incentive), economic activity (including housing turnover) and term and age of the underlying collateral (burnout, seasoning).

2. All securities within the scope of this statement with a recognized other-than-temporary impairment.

None.

3. Securities with a recognized other-than-temporary impairment currently held by the reporting entity.

None.

4. All impaired securities for which an other-than temporary impairment has not been recognized.

a. The aggregate amount of unrealized losses:

1.	Less than 12 Months	\$	212,385
2.	12 Months or Longer	\$	980

b. The aggregate related fair value of securities with unrealized losses:

1.	Less than 12 Months	\$	13,827,578
2.	12 Months or Longer	\$	1,749,020

5. The Company does not intend to sell, nor is it more likely than not to be required to sell, these debt securities; the Company expects to fully recover the amortized cost of the securities when they matures or are called.

E. Repurchase Agreements and/or Securities Lending Transactions

The Company has made no investment in repurchase agreements.

F. Real Estate

The Company has not recognized any real estate impairment losses, sold or held any investments classified as held for sale, engaged in any retail land sales operations, or held any real estate investments with participating mortgage loan features during 2015 or 2016.

G. For Investments in Low-Income Housing Tax Credits (LIHTC)

The Company has made no investment in LIHTC.

H. Restricted Assets

1. Restricted Assets (including pledged)

Restricted Asset Category	Gross Restricted							Percentage		
	Current Year							8	9	10
	1	2	3	4	5	6	7			
Total General Account (G/A)	General Account Supporting Protected Cell Account Activity	Total Restricted Assets	Protected Cell Account Supporting G/A Activity	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Assets	
a. Subject to contractual obligations for which liability is not shown										
b. Collateral held under security lending agreements										
c. Subject to repurchase agreements										
d. Subject to reverse repurchase agreements										
e. Subject to dollar repurchase agreements										
f. Subject to dollar reverse repurchase agreements										
g. Placed under option contracts.										
h. Letter stock or securities restricted as to sale										
i. FHLB capital stock.										
j. On deposit with states.	\$ 8,471,919	\$ -	\$ -	\$ -	\$ 8,471,919	\$ 8,617,664	\$ (145,745)	\$ 8,471,919	1.85%	2.03%
k. On deposit with other regulatory bodies.	5,189,771	-	-	-	5,189,771	4,756,692	433,079	5,189,771	1.14%	1.24%
l. Pledged as collateral to FHLB.										
m. Pledged as collateral not captured in other categories.	1,244,643	-	-	-	1,244,643	1,244,256	387	1,244,643	0.27%	0.30%
n. Other restricted assets.										
o. Total Restricted Assets.	\$ 14,906,333	\$ -	\$ -	\$ -	\$ 14,906,333	\$ 14,618,612	\$ 287,721	\$ 14,906,333	3%	4%

2. Detail of Assets Pledged as Collateral Not Captured in Other Categories

Description of Assets	Gross Restricted							Percentage		
	Current Year							8	9	10
	1	2	3	4	5	6	7			
Total General Account (G/A)	General Account Supporting Protected Cell Account Activity	Total Restricted Assets	Protected Cell Account Supporting G/A Activity	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Assets	
Pledged as collateral under reinsurance agreements.	1,244,643	-	-	-	1,244,643	1,244,256	387	1,244,643	0%	0%
Total	\$ 1,244,643	\$ -	\$ -	\$ -	\$ 1,244,643	\$ 1,244,256	\$ 387	\$ 1,244,643	0%	0%

3. Detail of Other Restricted Assets

Not Applicable.

A. Collateral Received and Reflected as Assets.

Not Applicable.

I. Working Capital Investments

Not Applicable.

J. Offsetting and Netting of Assets and Liabilities

Not Applicable.

K. Structured Notes

CUSIP Identification	Actual Cost	Fair Value	Book/Adjusted Carrying Value	Mortgage- Referenced Security (Yes/No)
020002BB6	\$ 979,875	\$ 930,510	\$ 965,418	No
060505DT8	331,500	311,625	311,625	No
060505EL4	322,950	313,500	313,500	No
172967GD7	299,250	304,125	299,271	No
172967HZ7	308,850	302,625	302,625	No
316773CM0	384,000	373,000	373,000	No
381427AA1	34,231	34,938	34,387	No
46625HHA1	546,623	507,395	508,910	No
48124BAC9	287,573	296,484	293,825	No
61761JQK8	298,470	297,000	297,000	No
949746PM7	305,505	282,150	280,615	No
949746RN3	322,500	314,970	319,483	No
Total	\$ 4,421,327	\$ 4,268,322	\$ 4,299,659	

L. 5* Securities

None.

6. Joint Ventures, Partnerships and Limited Liability Companies

A. Detail for Those Greater than 10% of Admitted Assets

The Company has no investments in joint ventures, partnerships or limited liability companies.

B. Write-downs for Impairments

Not applicable

7. Investment Income

A. Accrued Investment Income

The Company did not exclude any investment income due and accrued from surplus.

B. Amounts Nonadmitted

Not applicable

8. Derivative Instruments

The Company holds no positions in derivative instruments.

9. Income Taxes

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

1.		12/31/2016		
		(1) Ordinary	(2) Capital	(3) Total
(a)	Gross deferred tax assets	7,755,752	3,848,161	11,603,913
(b)	Statutory valuation allowance adj	-	-	-
(c)	Adjusted gross deferred tax assets	7,755,752	3,848,161	11,603,913
(d)	Deferred tax assets nonadmitted	6,986,543	-	6,986,543
(e)	Subtotal net admitted deferred tax asset	769,209	3,848,161	4,617,370
(f)	Deferred tax liabilities	-	-	-
(g)	Net admitted deferred tax asset	769,209	3,848,161	4,617,370

		12/31/2015		
		(4) Ordinary	(5) Capital	(6) Total
(a)	Gross deferred tax assets	5,085,695	6,508,207	11,593,902
(b)	Statutory valuation allowance adj	-	-	-
(c)	Adjusted gross deferred tax assets	5,085,695	6,508,207	11,593,902
(d)	Deferred tax assets nonadmitted	5,085,695	3,328,207	8,413,902
(e)	Subtotal net admitted deferred tax asset	-	3,180,000	3,180,000
(f)	Deferred tax liabilities	-	-	-
(g)	Net admitted deferred tax asset	-	3,180,000	3,180,000

		Change		
		(7) Ordinary	(8) Capital	(9) Total
(a)	Gross deferred tax assets	2,670,057	(2,660,046)	10,011
(b)	Statutory valuation allowance adj	-	-	-
(c)	Adjusted gross deferred tax assets	2,670,057	(2,660,046)	10,011
(d)	Deferred tax assets nonadmitted	1,900,848	(3,328,207)	(1,427,359)
(e)	Subtotal net admitted deferred tax asset	769,209	668,161	1,437,370
(f)	Deferred tax liabilities	-	-	-
(g)	Net admitted deferred tax asset	769,209	668,161	1,437,370

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2. Admission Calculation Components
SSAP 101

		12/31/2016		
		(1)	(2)	(3)
		Ordinary	Capital	Total
(a)	Federal income taxes paid in prior years recoverable through loss carrybacks	-	-	-
(b)	Adjusted gross deferred tax assets expected to be realized after application of the threshold limitation	769,209	3,848,161	4,617,370
	1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	5,085,695	6,508,207	11,593,902
	2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	4,617,370
(c)	Adjusted gross deferred tax assets offset by gross deferred tax liabilities	-	-	-
(d)	Deferred tax assets admitted as a result of application of SSAP 101	769,209	3,848,161	4,617,370

		12/31/2015		
		(4)	(5)	(6)
		Ordinary	Capital	Total
(a)	Federal income taxes paid in prior years recoverable through loss carrybacks	-	-	-
(b)	Adjusted gross deferred tax assets expected to be realized after application of the threshold limitation	-	3,180,000	3,180,000
	1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	5,085,695	6,508,207	11,593,902
	2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	3,180,000
(c)	Adjusted gross deferred tax assets offset by gross deferred tax liabilities	-	-	-
(d)	Deferred tax assets admitted as a result of application of SSAP 101	-	3,180,000	3,180,000

		Change		
		(7)	(8)	(9)
		Ordinary	Capital	Total
(a)	Federal income taxes paid in prior years recoverable through loss carrybacks	-	-	-
(b)	Adjusted gross deferred tax assets expected to be realized after application of the threshold limitation	769,209	668,161	1,437,370
	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	1,437,370
(c)	Adjusted gross deferred tax assets offset by gross deferred tax liabilities	-	-	-
(d)	Deferred tax assets admitted as a result of application of SSAP 101	769,209	668,161	1,437,370

3.	2016	2015
(a) Ratio percentage used to determine recovery period and threshold limitation amount	10%	10%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation	46,168,703	43,678,931

4. Impact of Tax-planning strategies

N/A - none.

B. Deferred tax liabilities are not recognized for the following amounts:

Not applicable

C. Current income taxes incurred consist of the following major components:

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1. Current Income Tax		(1)	(2)	(3)
		2016	2015	Change
(a)	Federal	(4,421,855)	(1,019,078)	(3,402,777)
(b)	Foreign	-	-	-
(c)	Subtotal	(4,421,855)	(1,019,078)	(3,402,777)
(d)	Federal income tax on capital gains	(3,412,783)	148,599	(3,561,382)
(e)	Utilization of tax loss carryforwards	-	-	-
(f)	Other	-	-	-
(g)	Federal and foreign income taxes incurred	(7,834,638)	(870,479)	(6,964,159)
2. Deferred Tax Assets		(1)	(2)	(3)
		2016	2015	Change
(a)	Ordinary			
	(1) Discounting of unpaid losses	2,784,695	3,605,696	(821,001)
	(2) Unearned premium reserve	4,971,057	1,479,999	3,491,058
	(99) Subtotal	7,755,752	5,085,695	2,670,057
(b)	Statutory valuation allowance adj	-	-	-
(c)	Nonadmitted	6,986,543	5,085,695	1,900,848
(d)	Admitted ordinary deferred tax assets	769,209	-	769,209
(e)	Capital	-	-	-
	(1) Unrealized losses	3,848,161	6,508,207	(2,660,046)
	(99) Subtotal	3,848,161	6,508,207	(2,660,046)
(f)	Statutory valuation allowance adj	-	-	-
(g)	Nonadmitted	-	3,328,207	3,328,207
(h)	Admitted capital deferred tax assets	3,848,161	3,180,000	(2,660,046)
(i)	Admitted deferred taxes	4,617,370	3,180,000	(1,890,837)
3. Deferred tax liabilities				
(a)	Ordinary	-	-	-
	(99) Subtotal	-	-	-
(b)	Capital	-	-	-
	(99) Subtotal	-	-	-
(c)	Deferred tax liabilities	-	-	-
4. Net deferred tax assets/liabilities		4,617,370	3,180,000	(1,890,837)

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

Among the more significant book to tax adjustments were the following:

	Amount	Tax Effect
Income (loss) before taxes	(27,592,253)	(9,381,366)
Loss reserve discount	(5,065,985)	(1,722,435)
Unearned premium adjustment	10,267,820	3,491,059
Tax exempt interest	(748,444)	(254,471)
Other -net	95,810	32,575
Taxable income	(23,043,052)	(7,834,638)

E. Operating Loss and Tax Credit Carry Forwards

The company has a net operating loss carry forward arising from the current year's taxable loss. The consolidated group in which the company files a consolidated return also has a loss and since the consolidated group originated in 2010, there is no taxable income available to carry back the current year's loss.

F. Consolidated Federal Income Tax Return

The Company is a member of an affiliated group for federal income tax purposes, the members of which plan to file a consolidated federal income tax return for 2016 with their parent, Guarantee Insurance Group, Inc. The Company has recorded federal income tax based upon its taxable income determined on a separate company basis pursuant to an approved written agreement.

10. Information Concerning Parent, Subsidiaries and Affiliates

A, B, C

During 2016, the following changes occurred within the Company's holding company system:

On February 24, 2016, Contego Services Group, LLC filed a Certificate of Ownership and Merger merging Contego Recovery, LLC with and into Contego Services Group, LLC. Following the merger transaction, Contego Recovery, LLC withdrew its certificates of authority from departments of state wherever filed. Contego Services Group, LLC filed a DBA (doing business as) with departments of state in applicable states as Contego Recovery.

On April 12, 2016, Patriot Services, Inc. filed a Certificate of Ownership and Merger Merging Patriot Legal Services, Inc. with and into Patriot Services, Inc.

On April 20, 2016, Patriot Risk Services, Inc. filed a Certificate of Ownership and Merger Merging Patriot Benefits Administrators, Inc. with and into Patriot Risk Services, Inc.

On May 12, 2016, Patriot Services, Inc. contributed Forza Lien, Inc. to Patriot Risk Services, Inc.

On May 12, 2016, Trigen Insurance Solutions, Inc. contributed Trigen Hospitality Group, Inc. to Patriot Underwriters, Inc.

On July 21, 2016, Patriot Technology Solutions, Inc. contributed Decision UR, LLC to Patriot Care Management, Inc. via a Contribution Agreement effective as of July 1, 2016 for accounting purposes.

On October 12, 2016, the Florida Office of Insurance Regulation approved the redomestication of Ashmere Insurance Company ("Ashmere") from the state of Illinois to the state of Florida and its subsequent acquisition by National Fidelity Insurance Holdings, Inc. ("National Fidelity"). Control of Ashmere was effected pursuant to a Stock Purchase Agreement, dated as of September 17, 2014, subsequently amended on March 6, 2015, August 27, 2015, and December 28, 2015, and amended and restated on October 12, 2016 (collectively, the "Purchase Agreement"), between National Fidelity and Guilford Holdings, Inc., a Delaware corporation (hereinafter referred to as "the Seller"). A copy of the Purchase Agreement was submitted to the Office with the Acquisition Application dated as of April 17, 2016. Ashmere maintains its home office address and principal executive office at 401 E Las Olas Blvd., Suite 1540, Fort Lauderdale, Florida. Pursuant to the Office's Consent Order, Case No.: 197614-16-CO, approving the transactions, National Fidelity and Ashmere acknowledge that Ashmere will be an affiliate of Guarantee Insurance Company (Item 21).

On November 7, 2016, Guarantee Insurance Group filed a voluntary cancellation notice with the Delaware Secretary of State to dissolve Blue Ridge Insurance Company, LLC; a voluntary cancellation notice filing is pending with the Delaware Department of Insurance to dissolve Blue Ridge Insurance Company, LLC's Certificate of Authority to act as a special purpose captive insurance company. In anticipation of the impending Delaware Department of Insurance dissolution, Blue Ridge Insurance Company, LLC is removed from the organizational chart, effective as of November 7, 2016.

Patriot National made changes to its organizational chart effective as of January 1, 2017. The corporate changes are listed below, and the entities will keep the same tax ID numbers.

Each of the following were converted from a Delaware corporation to a Delaware LLC:

- Patriot Services, LLC
- Patriot Risk Consultants, LLC

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- Patriot Audit Services, LLC
- Forza Lien. LLC
- Patriot Captive Management, LLC
- Patriot Technology Solutions, LLC
- Patriot Care Management, LLC

Additionally, the following mergers took place which effectively remove these entities from the Patriot National organization chart:

- CompLinx Insurance Agency, Inc. was dissolved by merger into Patriot Underwriters.
- Patriot Care, Inc. was dissolved by merger into Patriot Care Management, Inc.
- InsureLinx, Inc. was dissolved by merger into Patriot Technology Solutions, Inc.
- Vikaran Technology Solutions, Inc. was dissolved by merger into Patriot Technology Solutions, Inc.

The Company has contracted with various affiliated companies to provide certain services. The affiliated companies, the nature of the services and the amounts paid during 2016 are as follows:

Guarantee Insurance Group (Expense Reimburse/Mgmt Svcs Agreement)	\$ 6,542,000
Guarantee Insurance Group (Tax Allocation Agreement)	\$ (8,560,878)
Patriot Risk Services, Inc. (Claims Administration Services Agreement)	\$ 6,537,965
Patriot Care Management, Inc. (Managed Care Services Agreement)	\$ 42,622,541
Patriot Underwriters, Inc. (Program Administration Agreement)	\$ 62,489,352
Contego Services Group (Investigation/Loss Control/Subro Svcs Agreement)	\$ 10,775,370

- D. At December 31, 2016, the Company had a payable to Patriot Underwriters, Inc. of \$12,309,514 and to Patriot Risk Services, Inc. of \$4,668,674 for services rendered under the above agreements. The Company also had balances due Patriot Care Management, Inc. of \$10,004,250 and Contego Services, Inc. of \$1,683,835, both included in the Company's gross loss adjustment expense reserve at December 31, 2016, for services rendered under the above agreements. The Company recorded a receivable due from Guarantee Insurance Group, Inc. of \$30,000,000 at December 31, 2016 in accordance with SSAP #72 (see footnote 22 for additional information). At December 31, 2016, the Company had expense advances due from its ultimate controlling person of \$2,765,000, all of which was nonadmitted in accordance with SSAP #4 and #20.
- E. The Company has no guarantees or undertakings for the benefit of any affiliate or related party, which results in material contingent exposure of the Company.
- F. On June 30, 2015, the Office of Insurance Regulation approved an Expense Allocation Agreement between the Company and its holding company, Guarantee Insurance Group, Inc., whereby the holding company will furnish certain staff, office space and insurance coverages to the Company and for which the Company will pay the holding company as further described in the affiliate contract. The Expense Allocation Agreement was effective April 1, 2015.
- G. The Company's ultimate controlling person is Steven M. Mariano. See Schedule Y.
- H. Not applicable.
- I. Not applicable.
- J. Not applicable.
- K. Not applicable.
- L. Not applicable
- M. All SCA Investments

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(1) Balance Sheet Value (Admitted and Nonadmitted) ALL SCAs (Except 8b1 entities)				
SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP 97 8a entities				
PATRIOT NATIONAL, INC.	7.4%	\$ 9,004,888	\$ 9,004,888	\$ -
Total SSAP 97 8a entities	7.4%	9,004,888	9,004,888	-
b. SSAP 97 8b(ii) entities				
Total SSAP 97 8b(ii) entities				
c. SSAP 97 8b(iii) entities				
Total SSAP 97 8b(iii) entities				
d. SSAP 97 8b(iv) entities				
Total SSAP 97 8b(iv) entities				
e. Total SSAP 97 8b entities (b+c+d)	0.0%	-	-	-
f. Aggregate Total (a+e)	7.4%	\$ 9,004,888	\$ 9,004,888	\$ -

(2) NAIC Filing Response Information						
SCA Entity	Type of NAIC Filing*	Date of Filing to NAIC	NAIC Valuation Amount	NAIC Response Received	NAIC Disallowed Resub Req	Code **
a. SSAP 97 8a entities						
PATRIOT NATIONAL, INC.	S2	5/31/2016	\$ 6,808,013	Y	N	I
Total SSAP 97 8a entities	XXX	XXX	6,808,013	XXX	XXX	XXX
b. SSAP 97 8b(ii) entities						
Total SSAP 97 8b(ii) entities	XXX	XXX		XXX	XXX	XXX
c. SSAP 97 8b(iii) entities						
Total SSAP 97 8b(iii) entities	XXX	XXX		XXX	XXX	XXX
d. SSAP 97 8b(iv) entities						
Total SSAP 97 8b(iv) entities	XXX	XXX		XXX	XXX	XXX
e. Total SSAP 97 8b entities (b+c+d)	XXX	XXX	-	XXX	XXX	XXX
f. Aggregate Total (a+e)	XXX	XXX	\$ 6,808,013	XXX	XXX	XXX
* - S1-suB 1; S2-sub2 or RDF-Resubmission of Disallowed Filing						
** - I-immaterial or M-material						

N. Investment in Insurance SCAs

None.

11. Debt

A. Debt

Not applicable.

B. FHLB Agreements

Not applicable.

12. Retirement Plans, Deferred Compensation, Post-Employment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A, B, C, D - Defined Benefit Plan

Not applicable.

E. Defined Contribution Plan

- a. The Company' employees participate in a 401(k) plan sponsored by its Parent, Guarantee Insurance Group, Inc. The Company matches employee contributions at a rate of 50% up to a maximum of 6% of an employee's annual base salary. During 2016 and 2015, the Company expense for the matching program, through allocation from the Parent, was \$102,444 and \$76,850, respectively. At December 31, 2016, the fair value of plan assets was approximately \$1,755,700.

F. Multiemployer Plans

- a. Not applicable.

G. Consolidated/Holding Company Plans

- a. See note 12E.

H. Postemployment Benefits and Compensated Absences

- a. Not applicable.

I. Impact of Medicare Modernization Act on Postretirement Benefits

- a. Not applicable.

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

1. Outstanding Shares

The Company has 60,000 common shares authorized of which 36,001 are issued and outstanding. Par value per share is \$100.

2. Dividend Rate of Preferred Stock

Not applicable.

3-5. Dividend Restrictions

Not applicable.

6. Restrictions on Unassigned Funds

Not applicable.

7. Mutual Surplus Advances

Not applicable.

8. Company Stock Held for Special Purposes

Not applicable.

9. Changes in Special Surplus Funds

Not applicable

10. Changes in Unassigned Funds

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The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains (losses) is \$(11,318,119). The change in unrealized gain/loss, as recorded on the Statement of Income of \$4,597,725 is net of the applicable deferred tax asset (liability) of \$(3,225,939).

11. Surplus Notes

The Company has issued the following surplus notes in exchange for cash:

Date Issued	Interest Rate	Par Value	Carrying Value of Note	Principal/Interest Paid Current Year	Total Principal/Interest Paid	Unapproved Principal/Interest	Date of Maturity
7/12/2004	3.0%	62,000	62,000	-	-	23,153	7/12/2017
9/30/2004	3.0%	71,000	71,000	-	-	26,049	9/30/2017
9/30/2004	3.0%	218,000	218,000	-	-	79,981	9/30/2017
11/27/2013	3.0%	28,250,000	28,250,000	-	-	2,616,795	11/27/2022
131199 Total		\$28,601,000	\$ 28,601,000	-	-	\$ 2,745,978	

The surplus notes, issued to Essex Holdings, Inc. (#1 above), Segregated Portfolio 104, Caledonian Reinsurance SPC (#2 and 3 above), and guarantee Underwriters, Inc. (#4 above) have the following repayment conditions and restrictions:

Repayment of the principal and interest shall be subordinated to the prior payment of, or provision for, all general liabilities of the Company and the claims of policyholders and creditors of the Company, but shall rank superior to the claim, interest and equity shares or shareholders of the Company, and such subordination shall be equally applicable in the case of any merger, consolidation, liquidation, rehabilitation, reorganization, dissolution, sale or other disposal of all, or substantially all of the assets (including the assumption, whether by reinsurance or otherwise, of the major portion of the business of the Company in force pursuant to reinsurance agreement or agreements approved by the FLOIR.

Each payment of interest on and principal of the surplus notes may be made only with the prior approval of the FLOIR and only to the extent it is paid out of surplus, excluding capital, and only if the Company maintains its reserves and its minimum capital and surplus as required by the FLOIR. Accordingly, no interest has been accrued.

12. And 13. Quasi Reorganizations

Not applicable

14. Contingencies

A. Contingent Commitments

The Company has no material contingent liabilities, except the Company is contingently liable under structured settlement arrangements. See Footnote #27.

B. Assessments

The Company is subject to guaranty fund assessments by the states in which it writes business. Guaranty fund assessments are accrued when they become probable and estimable, generally at the

time of insolvencies. Other recurring state assessments are accrued as a percentage of premiums written.

C. Gain Contingencies

Not applicable

D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits

Not Applicable.

E. Product Warranties

Not applicable.

F. Joint and Several Liabilities

Not applicable.

G. All Other Contingencies

Litigation. The Company is subject to litigation in the ordinary course of company business. The Company does not believe any outcomes will have a material adverse impact.

15. Leases

A. Lessee Leasing Arrangements

1. The Company's parent company, Guarantee Insurance Group, is responsible for all corporate leases and allocates rent to the Company as part of its overall expense allocation. Rental expense allocated for 2016 and 2015 amounted to \$3,356,220 and \$2,975,697, respectively.
2. As of December 31, 2016, there are no minimum aggregate rental commitments for leases due to the assumption of the leases by the Company's parent.
3. The Company is not involved in any material sale-leaseback transactions.

B. Lessor Leasing Arrangements

1. Operating Leases

Not applicable

2. Leveraged Leases

Not applicable

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

The Company does not engage in swaps, futures or options.

The Company is exposed to credit-related losses in the event that a bond issuer may default on its obligation. The Company mitigates its exposure to these credit related losses by maintaining bonds with high credit ratings. The Company also is exposed to credit related losses in the event that a reinsurer is unable to honor its liabilities to the Company. The Company mitigates its exposure to losses from insolvent reinsurers by continuously monitoring the credit ratings of all the Company's reinsurers.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales

Not applicable

B. Transfers and Servicing of Financial Assets

Not applicable

C. Wash Sales

Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Name and Address of Managing General Agent or Third Party Administration	FEIN Number	Exclusive Contract	Type of Business Written	Types of Authority Granted	Total Direct Premium Written/ Produced By
Patriot Underwriters, Inc. 401 E. Las Olas Blvd. Suite 1650 Ft. Lauderdale, FL 33301	46-3500045	Yes	Workers' Compensation	U,B,P	\$ 268,234,000
Total					<u><u>\$ 268,234,000</u></u>

20. Fair Value Measurement

A. Assets Measured at Fair Value:

(1) Fair Value Measurements at Reporting Date

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<u>Description for each class of asset or liability</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
a. Assets at Fair Value				
Bonds				
Hybrid		1,597,750		1,597,750
Total bonds	-	1,597,750	-	1,597,750
Preferred Stock				
Industrial & misc - unaffiliated	-	448,573	-	448,573
Total preferred stock	-	448,573	-	448,573
Common Stock				
Industrial & misc - unaffiliated	2,065,118	-	-	2,065,118
Parent, Subs, & Affiliates	9,004,888	-	-	9,004,888
Total common stock	11,070,006	-	-	11,070,006
TOTAL ASSETS AT FAIR VALUE	11,070,006	2,046,323	-	13,116,329
b. Liabilities at Fair Value				
NONE	-	-	-	-
TOTAL LIABILITIES AT FAIR VALUE	-	-	-	-

(2) Fair Value Measurements in Level 3 of the Fair Value Hierarchy

<u>Description</u>	<u>Beginning Balance 1/1/2016</u>	<u>Transfers into Level 3</u>	<u>Transfers out of Level 3</u>	<u>Total G/L in Net Income</u>	<u>Total G/L in Surplus</u>	<u>Purchases</u>	<u>Issuances</u>	<u>Sales</u>	<u>Settlements</u>	<u>Ending Balance 12/31/2015</u>
a. Assets										
Common stock - Indus & Misc	5,260,750	-	(5,260,750)	-	-	-	-	-	-	-
TOTAL ASSETS	5,260,750	-	(5,260,750)	-	-	-	-	-	-	-
b. Liabilities										
NONE	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-	-	-	-	-

(3) Transfers:

As of December 31, 2015, the Company's investment manager included eight common stocks issues as level three securities. A reassessment of those issues has concluded that the securities were more properly included as level two securities.

(4) Description of Valuation Techniques:

Pricing for the level three securities above was performed by a third party pricing service, using a market approach pricing methodology, including a pricing model which uses prices, risk factors and other relevant market information of securities with similar characteristics.

B. Not applicable.

C. Aggregate Fair Value:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Practicable Carrying Value
Bonds	1,597,750	1,597,750	-	1,597,750	-	-
Preferred Stock	448,573	448,573	-	448,573	-	-
Common Stock	11,070,006	11,070,006	11,070,006	-	-	-

D. Not Practical to Estimate Fair Value.

Not applicable.

21. Other Items

A. Extraordinary Items

Not applicable

B. Troubled Debt Restructuring

Not applicable

C. Other Disclosures and Unusual Items

The Company records an allowance for doubtful accounts as a provision against the possibility of any billed earned premium receivables becoming uncollectible as well as follows SSAP #6 respecting the non-admission of any other amounts over 90 days past due.

D. Business Interruption Insurance Recoveries

Not applicable

E. State Transferable Tax Credits

Not applicable

F. Subprime Mortgage Related Risk Exposure

The Company does not have any exposure to subprime rated mortgages. All loan-backed securities held in the Company's investment portfolio are commercial mortgage backed securities and currently hold NAIC designation 1.

G. Insurance-Linked Securities (ILS) Contracts

Not applicable

22. Events Subsequent

On February 28, 2017, the Company received approval from the Florida Office of Insurance Regulation to record a post-balance sheet date capital contribution from its parent in accordance with SSAP #72. A contribution of \$30 million was received on February 27, 2017.

23. Reinsurance

A. Unsecured Reinsurance Recoverables

The Company has aggregate recoverables (unsecured portion) due from twenty-six reinsurers which exceed 3% of policyholders' surplus.

NAIC Code: 20087
 Federal ID #: 47-0355979
 Name of Reinsurer: National Indemnity Company
 Amount: \$23,652,000

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NAIC Code: 23612
Federal ID #: 31-1169435
Name of Reinsurer: Midwest Employers Casualty Company
Amount: \$10,670,000

NAIC Code: 26433
Federal ID #: 13-6108721
Name of Reinsurer: Harco National Insurance Company
Amount: \$3,133,000

NAIC Code: 11835
Federal ID #: 04-1590940
Name of Reinsurer: Paris Re America Insurance Company
Amount: \$2,590,000

NAIC Code: 25364
Federal ID #: 13-1675535
Name of Reinsurer: Swiss Reinsurance America Corporation
Amount: \$13,693,000

NAIC Code: 15105
Federal ID #: 43-0727872
Name of Reinsurer: Safety National Casualty Corporation
Amount: \$12,804,000

NAIC Code: None
Federal ID #: AA-1128003
Name of Reinsurer: Catlin U S Syndicate 2003
Amount: \$11,338,000

NAIC Code: None
Federal ID #: AA-1127084
Name of Reinsurer: Chaucer Syndicate 1084
Amount: \$11,866,000

NAIC Code: None
Federal ID #: AA-1128001
Name of Reinsurer: Amlin Syndicate 2001
Amount: \$11,866,000

NAIC Code: None
Federal ID #: AA-1128084
Name of Reinsurer: Barbican Syndicate 1955
Amount: \$8,306,000

NAIC Code: None
Federal ID #: AA-1340125
Name of Reinsurer: Hannover RK
Amount: \$21,473,000

NAIC Code: None
Federal ID #: AA-3190829
Name of Reinsurer: Alterra Bermuda
Amount: \$6,311,000

NAIC Code: None
Federal ID #: AA-3190838
Name of Reinsurer: Tokio Millennium
Amount: \$5,572,000

NAIC Code: None
Federal ID #: AA-3770342
Name of Reinsurer: Ancora Re
Amount: \$9,860,000

NAIC Code: 01276
Federal ID #: AA-3190339
Name of Reinsurer: Renaissance Reinsurance
Amount: \$3,152,000

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NAIC Code: None
 Federal ID #: AA-3194122
 Name of Reinsurer: Davinci Reinsurance
 Amount: \$1,697,000

B. Reinsurance Recoverable in Dispute

The Company has no reinsurance recoverables for paid losses and loss adjustment expenses that exceed 5% of policyholders' surplus for an individual reinsurer or 10% of policyholders' surplus in aggregate, which are in dispute.

C. Reinsurance Assumed and Ceded

(1) "As-if cancellation" calculation – ceded reinsurance

Ceded unearned premium reserve	52,527,000
Average ceding commission rate	35.8%
Commission on ceded UPR	18,803,047
Unearned ceded commission offset	-
Net "as-if cancellation" effect	18,803,047

The Company has no exposure to return of commission on assumed reinsurance.

- (2) As of December 31, 2016, the Company has no unsettled experience-rated commission arrangements. Certain ceded contracts contain profit commission features, however, such are not effective unless there is a final commutation, none of which have occurred.
- (3) The Company owns no protected cell risk entities.

D. Uncollectible Reinsurance

Not Applicable.

E. Commutation of Ceded Reinsurance

The Company has reported in its operations in the current year results of commutation of ceded reinsurance with the reinsurers listed below:

2015

	<u>Atlas Re</u>	<u>Ancora Re</u>	<u>Green Oak Re</u>	<u>AL 500</u>	<u>TOTAL</u>
(1) Losse & LAE Incurred	\$ 11,012	\$ -	\$ -	\$ 243	\$ 11,255
(2) Premiums Earned	\$ 477	\$ -	\$ -	\$ 3	\$ 480
(3) Other (UEP/commutation fees)	\$ 19,412	\$ 5,811	\$ 33,869	\$ 73	\$ 59,165

F. Retroactive Reinsurance

Not applicable

G. Reinsurance Accounted for as a Deposit

Not applicable

H. Transfers of Run-off Agreements

Not applicable

I. Certified Reinsurer Downgraded or Status Subject to Revocation

Not applicable

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

Not applicable

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A, B, C

During 2016 and 2015, the Company had no written premiums pertaining to retrospectively rated policies.

D. Not applicable.

E. Not applicable.

F. Not applicable.

25. Change in Incurred Losses and Loss Adjustment Expenses

Core Business

The Company experienced approximately \$7 million of development on its core business, primarily in older years in which the Company previously experienced high severity in several discrete blocks of business. As discussed last year, the Company's strategic strengthening review and revised underwriting guidelines/authorities have shown significant reductions in core business development in recent accident years.

Legacy and NCCI Pool business

The Company is a mandatory participant in the NCCI Workers Compensation Pool and has a legacy prior ownership pool exposure to asbestos and environmental claims runoff. During 2016, the Company booked approximately \$5.9 million in prior year development resulting from this non-core run-off asbestos and environmental business and the National Workers Compensation Reinsurance Association's involuntary risk pool.

Reinsurance Commutations

In 2016, the Company recognized approximately \$11.2 million of accident years 2014 and 2015 development resulting from commutations with some of the Company's segregated cell reinsurers exchange for consideration outlined in footnote 23 E to the Financial Statement. This "development" did not significantly impact results of operations or surplus since the value of the reserves taken back to the Company's retention was largely offset by reduction in funds withheld liabilities for ceded reinsurance. Therefore, it is not equivalent to the development discussed in the first paragraph above, although affects Schedule P in the same manner.

Reallocation of Medical Bill Repricing Credit

The Company is entitled to a medical bill repricing credit from its repricing vendor should a claim, subject to repricing charges, remain open for eighteen months or longer. The Company accrues an estimate of the total repricing credit using historical charges prior to any credit. Should claims in a given accident year close out faster than historical expectation, the credit allocation is redistributed based on remaining open claim counts by accident year. This movement of reserve credit can create the appearance of adverse development where the percentage count closed during the year is relatively high compared to the open count

Claim closure rates

The Company continues to show high claim closure rates on more current accident years. Specifically, 2013 and prior years are 99% closed, 2014 is 96% closed and 2015 is approximately 91% closed.

As of December 31, 2016, open and closed workers' compensation claim counts by accident year were as follows:

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Accident Year	Open Claims	Open Claims as a % of Reported Claims	Closed Claims	Closed Claims as a % of Reported Claims	Total Reported Claims
Prior	5	0.1%	9,243	99.9%	9,248
2007	9	0.2%	4,968	99.8%	4,977
2008	28	0.4%	7,100	99.6%	7,128
2009	68	1.0%	6,516	99.0%	6,584
2010	111	1.5%	7,226	98.5%	7,337
2011	159	1.9%	8,089	98.1%	8,248
2012	212	2.0%	10,637	98.0%	10,849
2013	356	2.6%	13,268	97.4%	13,624
2014	628	4.2%	14,178	95.8%	14,806
2015	1,286	9.3%	12,505	90.7%	13,791
2016	3,748	30.4%	8,584	69.6%	12,332
	6,610	6.1%	102,314	93.9%	108,924
2013 and Prior	948	1.4%	67,047	98.6%	67,995

26. Intercompany Pooling Arrangements

Not applicable

27. Structured Settlements

The Company has purchased the following annuities for which the Company is contingently liable for the satisfaction of the claim settlement obligations transferred for the annuity issuers as follows:

A.		Loss Reserves Eliminated by Annuities	Unrecorded Loss Contingencies
		\$ 9,446,963	\$ 5,418,013
B.		Life Insurance Company & Location	Licensed in Company's State of Domicile Yes/No
			Statement Value (PV of Annuities)
	Liberty Life Assurance Company Dover, New Hampshire	Yes	177,607
	First Colony Life Ins Company Lynchburg, Virginia	Yes	47,309
	Federal Home Life Ins Company Battle Creek, MI	Yes	118,082
	Prudential Ins Co of America Shelton, Connecticut	Yes	607,627
	Hartford Life Ins Company Simsbury, Connecticut	Yes	126,437
	American General Life Ins Co Amarillo, Texas	Yes	103,328
	Metlife Tower Resources Group New York, New York	Yes	1,433,730
	Pacific Life Ins Company Omaha, Nebraska	Yes	1,275,089
	Berkshire Hathaway Life Ins Co of Neb Omaha, Nebraska	Yes	322,567
	United States Life Insurance Company New York New York, New York	Yes	1,206,237
	Total		5,418,013

28. Health Care Receivables

Not applicable

29. Participating Accident and Health Policies

Not applicable

30. Premium Deficiency Reserves

As of December 31, 2016, the Company reported no premium deficiency reserves. The Company did not consider anticipated investment income when calculating its premium deficiency reserves.

31. High Deductibles

As of December 31, 2016, the amount of reserve credit recorded for high deductibles on unpaid claims was \$29,479,377 and the amount billed and recoverable on paid claims was \$14,941,589.

32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

A. Tabular Discounts

Not applicable

B. Non-Tabular Discount

Not applicable

C. Changes in Discount Assumptions

Not applicable

33. Asbestos/Environmental Reserves

A. The Company has legacy exposure to asbestos/environmental claims. The Company's exposure arises from previously written excess layer general liability policies and participations in reinsurance assumed contracts through underwriting management organizations. The Company ceased offering direct general liability coverage in 1983. Participations on assumed reinsurance ended with the 1982 underwriting year.

The Company establishes full case basis reserves for all known losses reported by cedants and computes incurred but not reported losses based on previous paid and incurred experience.

The Company's asbestos/environmental related reserves for incurred losses and loss adjustment expenses (including coverage dispute costs) for each of the five most recent calendar years were as follows.

Asbestos Reserves

A. Asbestos Reserves

	2012	2013	2014	2015	2016
Gross of Reinsurance:					
Beginning Reserves	5,769,139	8,108,119	5,766,724	7,163,612	12,207,918
Incurred Losses & LAE	3,030,127	(1,793,116)	2,324,997	6,656,717	(136,660)
Calendar Year Payments	691,147	548,279	928,109	1,612,411	1,035,958
Ending Reserves	8,108,119	5,766,724	7,163,612	12,207,918	11,035,300
Net of Reinsurance:					
Beginning Reserves	2,899,036	4,218,850	2,719,602	3,398,285	5,988,227
Incurred Losses & LAE	1,753,102	(1,166,279)	1,273,872	3,243,820	1,184,482
Calendar Year Payments	433,288	332,969	595,189	643,877	646,009
Ending Reserves	4,218,850	2,719,602	3,398,285	5,988,227	6,526,699

B. Bulk and IBNR Reserves:

(1) Direct Basis	460,135
(2) Assumed Reinsurance Basis	4,380,221
(3) Net of Ceded Reinsurance Basis	2,810,501

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C. Ending Reserve for LAE included in A:

(1) Direct Basis	1,164,368
(2) Assumed Reinsurance Basis	119,720
(3) Net of Ceded Reinsurance Basis	629,871

D. Environmental

	2012	2013	2014	2015	2016
<u>Gross of Reinsurance:</u>					
Beginning Reserves	\$926,262	\$1,120,840	\$982,642	\$1,068,848	1,450,335
Incurring Losses & LAE	422,564	84,338	356,644	509,667	282,050
Calendar Year Payments	227,986	222,536	270,438	128,178	238,360
Ending Reserves	\$1,120,840	\$982,642	\$1,068,848	1,450,335	1,494,025
<u>Net of Reinsurance:</u>					
Beginning Reserves	\$658,274	\$736,557	\$630,056	\$644,517	\$950,111
Incurring Losses & LAE	180,189	-1,261	156,004	373,895	307,899
Calendar Year Payments	101,906	105,240	141,542	68,302	153,193
Ending Reserves	\$736,557	\$630,056	\$644,517	950,111	1,104,818

E. Bulk and IBNR Reserves:

(1) Direct Basis	163,118
(2) Assumed Reinsurance Basis	421,770
(3) Net of Ceded Reinsurance Basis	389,456

F. Ending Reserve for LAE included in D:

(1) Direct Basis	769,226
(2) Assumed Reinsurance Basis	3,423
(3) Net of Ceded Reinsurance Basis	506,160

34. Subscriber Savings Accounts

Not applicable

35. Multiple Peril Crop Insurance

Not applicable

36. Financial Guaranty Instruments

Not applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
If yes, complete Schedule Y, Parts 1, 1A and 2
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State Regulating? Florida
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2015
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2013
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/30/2015
- 3.4 By what department or departments?
Florida Office of Insurance Regulation
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [] N/A []
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes [] No [X]
4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes [X] No []
4.22 renewals? Yes [X] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.
- | 1
Name of Entity | 2
NAIC Company Code | 3
State of Domicile |
|---------------------|------------------------|------------------------|
| | | |
- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 6.2 If yes, give full information:
.....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
7.21 State the percentage of foreign control; 0.0 %
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY
GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 BDO LLP USA
 111 Brickell Avenue, Suite 2801
 Miami, FL 33131
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
 10.2 If the response to 10.1 is yes, provide information related to this exemption:

 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
 10.4 If the response to 10.3 is yes, provide information related to this exemption:

 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
 10.6 If the response to 10.5 is no or n/a, please explain

 11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Daniel A. Reppert, FCAS, MAAA
 Financial Risk Analysts, LLC
 706 Northeast Drive, Suite 4
 Davidson, NC 28036
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 12.11 Name of real estate holding company
 12.12 Number of parcels involved 0
 12.13 Total book/adjusted carrying value \$ 0
- 12.2 If, yes provide explanation:

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 (c) Compliance with applicable governmental laws, rules and regulations;
 (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 (e) Accountability for adherence to the code.
 14.11 If the response to 14.1 is No, please explain:

 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).

 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY
GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|---|----------|---|
| 20.11 To directors or other officers..... | \$ | 0 |
| 20.12 To stockholders not officers..... | \$ | 0 |
| 20.13 Trustees, supreme or grand (Fraternal Only) | \$ | 0 |
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|---|----------|---|
| 20.21 To directors or other officers..... | \$ | 0 |
| 20.22 To stockholders not officers..... | \$ | 0 |
| 20.23 Trustees, supreme or grand (Fraternal Only) | \$ | 0 |
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|---------------------------------|----------|---|
| 21.21 Rented from others..... | \$ | 0 |
| 21.22 Borrowed from others..... | \$ | 0 |
| 21.23 Leased from others | \$ | 0 |
| 21.24 Other | \$ | 0 |
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- | | |
|---|---|
| 22.21 Amount paid as losses or risk adjustment \$ | 0 |
| 22.22 Amount paid as expenses | 0 |
| 22.23 Other amounts paid | 0 |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 30,000,000

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)..... Yes [X] No []
- 24.02 If no, give full and complete information relating thereto

- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
 N/A - none.
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ 0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ 0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]
- 24.09 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY
GENERAL INTERROGATORIES

24.10 For the reporting entity's security lending program state the amount of the following as December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$	0
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$	0
24.103 Total payable for securities lending reported on the liability page	\$	0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes No

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements	\$	0
25.22 Subject to reverse repurchase agreements	\$	0
25.23 Subject to dollar repurchase agreements	\$	0
25.24 Subject to reverse dollar repurchase agreements	\$	0
25.25 Placed under option agreements	\$	0
25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$	0
25.27 FHLB Capital Stock	\$	0
25.28 On deposit with states	\$	8,471,919
25.29 On deposit with other regulatory bodies	\$	5,189,771
25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$	1,244,643
25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$	0
25.32 Other	\$	0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No

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

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes No

27.2 If yes, state the amount thereof at December 31 of the current year. \$

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes No

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

1 Name of Custodian(s)	2 Custodian's Address
Bank of New York, Mellon	10161 Centurion Parkway Jacksonville, FL 32256
UBS Financial Services, Inc.	440 Royal Palm Way Suite 300 Boca Raton, FL 33480-4135
Morgan Stanley Smith Barney, LLC	17505 W. Catawba Avenue Suite 300 Cornelius, NC 28031

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

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Wells Fargo Bank	Corporate Trust Services 150 E. 42nd Street, 40th Floor New York, NY 10017	Cash and securities on deposit with Wells Fargo Bank are under the auspices of a reinsurance trust agreement modeled after New York Regulation 114. .

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes No

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

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

**ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY
GENERAL INTERROGATORIES**

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

1 Name of Firm or Individual	2 Affiliation
New England Asset Management, Inc.	U.....
Morgan Stanley Smith Barney, LLC	U.....

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets?..... Yes [X] No []

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets?..... Yes [] No [X]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
105900	New England Asset Management, Inc. ....	.....	Securities and Exchange Commission ...	DS.....
149777	Morgan Stanley Smith Barney, LLC .....	.....	Securities and Exchange Commission ...	DS.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? Yes [] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 - Total		0

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	81,752,034	82,324,328	572,294
30.2 Preferred stocks	1,652,126	1,764,513	112,387
30.3 Totals	83,404,160	84,088,841	684,681

30.4 Describe the sources or methods utilized in determining the fair values:

Fair values are based on values either published by the NAIC's Security Valuation Office (SVO) or from an independent pricing service vendor such as: BofA Merrill Lynch indeces, Reuters, S&P, Bloomberg, Markit, MarkitiBoxx, PricingDirect or Interactive Data Corp. Under certain circumstances, if an SVO price is unavailable, a price may be obtained from a broker. Short term securities, including Government money market funds, and cash equivalents are valued at amortized cost. Non-Government money market funds are valued at net present value.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
.....

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [X] No []

32.2 If no, list exceptions:
.....

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY
GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$643,965

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
NCCI Holdings, Inc. ....	.516,426

34.1 Amount of payments for legal expenses, if any?\$1,167,157

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?\$905,305

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
Greenberg Traurig, PA .....	.905,305

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]

1.2 If yes, indicate premium earned on U. S. business only. \$ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ 0
 1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ 0

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$ 0

1.6 Individual policies:

	Most current three years:	
1.61 Total premium earned	\$	0
1.62 Total incurred claims	\$	0
1.63 Number of covered lives		0
All years prior to most current three years		
1.64 Total premium earned	\$	0
1.65 Total incurred claims	\$	0
1.66 Number of covered lives		0

1.7 Group policies:

	Most current three years:	
1.71 Total premium earned	\$	0
1.72 Total incurred claims	\$	0
1.73 Number of covered lives		0
All years prior to most current three years		
1.74 Total premium earned	\$	0
1.75 Total incurred claims	\$	0
1.76 Number of covered lives		0

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	0	0
2.2 Premium Denominator	52,973,360	83,662,680
2.3 Premium Ratio (2.1/2.2)	0.000	0.000
2.4 Reserve Numerator	0	0
2.5 Reserve Denominator	139,896,358	118,946,488
2.6 Reserve Ratio (2.4/2.5)	0.000	0.000

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [X] No []

3.2 If yes, state the amount of calendar year premiums written on:

3.21 Participating policies	\$	12,650,445
3.22 Non-participating policies	\$	255,583,283

4. For mutual reporting Entities and Reciprocal Exchanges Only:

4.1 Does the reporting entity issue assessable policies? Yes [] No []

4.2 Does the reporting entity issue non-assessable policies? Yes [] No []

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? % 0.0

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ 0

5. For Reciprocal Exchanges Only:

5.1 Does the Exchange appoint local agents? Yes [] No []

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation.....	Yes []	No []	N/A []
5.22 As a direct expense of the exchange.....	Yes []	No []	N/A []

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No []

5.5 If yes, give full information

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
Excess of loss reinsurance has been purchased.
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process.
The Company quantifies insured payroll exposures by zip code and street address.
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
Not applicable.
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No []
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.
.....
- 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 ratio cap, an aggregate limit or any similar provisions)? Yes [X] No []
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions: 71
- 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 [X] 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 [X] No []
- 8.2 If yes, give full information
See note 23 to financial statements - commutation of segregated cells.
- 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 32 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 [] No [X]
(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 [X] No [] N/A []

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes [] No [X]
- 11.2 If yes, give full information
.....
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
 12.11 Unpaid losses\$0
 12.12 Unpaid underwriting expenses (including loss adjustment expenses)\$0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount which is secured by letters of credit, collateral, and other funds\$ 0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [X] N/A []
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
 12.41 From0.0 %
 12.42 To0.0 %
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [X] No []
- 12.6 If yes, state the amount thereof at December 31 of the current year:
 12.61 Letters of credit\$23,052,000
 12.62 Collateral and other funds\$163,883,000
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):\$ 0
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount:0
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [] No [X]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
.....
- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [] No []
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [] No []
- 14.5 If the answer to 14.4 is no, please explain:
.....
- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [X] No []
- 15.2 If yes, give full information
Premium audit adjustments, if financed, are guaranteed by the Company.
- 16.1 Does the reporting entity write any warranty business? Yes [] No [X]
If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home	0	0	0	0	0
16.12 Products	0	0	0	0	0
16.13 Automobile	0	0	0	0	0
16.14 Other*	0	0	0	0	0

* Disclose type of coverage:
.....

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F - Part 3 that it excludes from Schedule F - Part 5? Yes No

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F - Part 5. Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$	2,235,795
17.12 Unfunded portion of Interrogatory 17.11	\$	0
17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11.....	\$	0
17.14 Case reserves portion of Interrogatory 17.11	\$	0
17.15 Incurred but not reported portion of Interrogatory 17.11	\$	0
17.16 Unearned premium portion of Interrogatory 17.11	\$	0
17.17 Contingent commission portion of Interrogatory 17.11	\$	0

Provide the following information for all other amounts included in Schedule F - P art 3 and excluded from Schedule F - Part 5, not included above.

17.18 Gross amount of unauthorized reinsurance in Schedule F - Part 3 excluded from Schedule F - Part 5	\$	0
17.19 Unfunded portion of Interrogatory 17.18	\$	0
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18.....	\$	0
17.21 Case reserves portion of Interrogatory 17.18	\$	0
17.22 Incurred but not reported portion of Interrogatory 17.18	\$	0
17.23 Unearned premium portion of Interrogatory 17.18	\$	0
17.24 Contingent commission portion of Interrogatory 17.18	\$	0

18.1 Do you act as a custodian for health savings accounts? Yes No

18.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$0

18.3 Do you act as an administrator for health savings accounts? Yes No

18.4 If yes, please provide the balance of funds administered as of the reporting date. \$0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2016	2 2015	3 2014	4 2013	5 2012
Gross Premiums Written (Page 8, Part 1B Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	279,871,290	288,531,047	288,161,687	242,453,952	216,013,059
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
6. Total (Line 35)	279,871,290	288,531,047	288,161,687	242,453,952	216,013,059
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	103,388,423	64,828,635	114,374,992	67,281,737	107,043,461
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
12. Total (Line 35)	103,388,423	64,828,635	114,374,992	67,281,737	107,043,461
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(22,998,839)	2,353,185	(17,425,474)	(16,731,189)	(22,320,077)
14. Net investment gain or (loss) (Line 11)	(4,379,985)	2,933,233	3,811,685	2,009,370	4,089,435
15. Total other income (Line 15)	(145,082)	2,847,870	(25,941,879)	(2,944,020)	(1,096,340)
16. Dividends to policyholders (Line 17)	68,347	67,632	167,921	14,428	78,123
17. Federal and foreign income taxes incurred (Line 19)	(4,421,855)	(1,019,078)	(13,737,089)	(6,773,624)	(5,155,916)
18. Net income (Line 20)	(23,170,398)	9,085,734	(25,986,500)	(10,906,643)	(14,249,189)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	417,471,243	393,684,923	420,590,301	393,968,902	323,044,908
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	22,451,932	19,003,009	18,021,927	12,484,200	8,358,194
20.2 Deferred and not yet due (Line 15.2)	112,315,736	111,495,241	97,712,767	107,063,107	151,087,309
20.3 Accrued retrospective premiums (Line 15.3)	0	0	0	0	0
21. Total liabilities excluding protected cell business (Page 3, Line 26)	366,685,170	346,866,132	373,133,266	336,248,806	279,113,999
22. Losses (Page 3, Line 1)	77,379,812	95,958,144	104,935,081	82,230,395	76,385,396
23. Loss adjustment expenses (Page 3, Line 3)	(11,404,241)	(851,342)	8,753,134	28,654,410	30,638,904
24. Unearned premiums (Page 3, Line 9)	73,103,787	21,764,686	38,550,595	27,550,401	35,818,362
25. Capital paid up (Page 3, Lines 30 & 31)	3,600,120	3,600,120	3,600,120	3,600,120	3,600,120
26. Surplus as regards policyholders (Page 3, Line 37)	50,786,073	46,818,791	47,457,035	57,720,096	43,930,909
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(33,426,291)	(35,607,769)	(45,095,121)	6,130,451	11,984,771
Risk-Based Capital Analysis					
28. Total adjusted capital	50,786,073	46,818,791	47,457,035	57,720,096	43,930,909
29. Authorized control level risk-based capital	22,715,394	21,601,393	21,909,242	17,239,969	13,802,018
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line divided by Page 2, Line 12, Col. 3) x100.0					
30. Bonds (Line 1)	72.7	58.7	53.0	33.8	69.8
31. Stocks (Lines 2.1 & 2.2)	11.6	14.1	23.6	16.3	11.0
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	2.2	1.6	1.6	0.4	0.0
34. Cash, cash equivalents and short-term investments (Line 5)	7.4	21.3	15.4	37.0	18.8
35. Contract loans (Line 6)	0.0	0.0	0.0	0.0	0.0
36. Derivatives (Line 7)	0.0	0.0	0.0	0.0	0.0
37. Other invested assets (Line 8)	6.2	4.3	6.4	12.5	0.0
38. Receivables for securities (Line 9)	0.0	0.0	0.0	0.0	0.4
39. Securities lending reinvested collateral assets (Line 10)	0.0	0.0	0.0	0.0	0.0
40. Aggregate write-ins for invested assets (Line 11)	0.0	0.0	0.0	0.0	0.0
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Schedule D, Summary, Line 12, Col. 1)	0	0	0	0	0
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Col. 1)	0	0	0	0	0
44. Affiliated common stocks (Schedule D, Summary, Line 24, Col. 1)	9,004,888	6,808,013	0	0	0
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
46. Affiliated mortgage loans on real estate	0	0	0	0	0
47. All other affiliated	0	0	0	0	0
48. Total of above Lines 42 to 47	9,004,888	6,808,013	0	0	0
49. Total Investment in Parent included in Lines 42 to 47 above	0	0	0	0	0
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	17.7	14.5	0.0	0.0	0.0

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2016	2 2015	3 2014	4 2013	5 2012
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	4,597,725	(7,488,491)	(2,463,385)	(452,244)	(647,304)
52. Dividends to stockholders (Line 35)	0	0	0	0	0
53. Change in surplus as regards policyholders for the year (Line 38)	3,967,282	(638,244)	(10,263,061)	13,789,187	(2,798,616)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	153,919,519	144,342,960	117,920,374	101,977,420	115,026,779
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
59. Total (Line 35)	153,919,519	144,342,960	117,920,374	101,977,420	115,026,779
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	54,463,464	57,011,630	58,309,734	39,763,916	47,560,200
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	0	0	0	0	0
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	0	0	0	0	0
65. Total (Line 35)	54,463,464	57,011,630	58,309,734	39,763,916	47,560,200
Operating Percentages (Page 4) (Line divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	67.7	57.4	77.1	80.0	75.7
68. Loss expenses incurred (Line 3)	14.3	16.3	6.0	31.1	39.8
69. Other underwriting expenses incurred (Line 4)	61.4	23.4	33.4	11.7	6.1
70. Net underwriting gain (loss) (Line 8)	(43.4)	2.8	(16.6)	(22.9)	(21.5)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	31.6	25.8	53.4	17.1	6.9
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	82.0	73.8	83.2	111.2	115.4
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	203.6	138.5	208.1	116.6	243.7
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P - Part 2 - Summary, Line 12, Col. 11)	33,680	32,715	28,004	180	51,791
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	71.9	68.9	48.5	0.4	110.8
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred two years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	57,903	58,151	26,568	55,356	44,096
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	122.0	100.7	60.5	118.5	175.0

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [] No []
 If no, please explain:

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY
SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES
SCHEDULE P - PART 1 - SUMMARY

(\$000 OMITTED)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						10 Salvage and Subrogation Received	11 Total Net Paid Cols (4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported Direct and Assumed
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
				4	5	6	7	8	9			
1. Prior.....	XXX	XXX	XXX	4,087	2,885	814	253	18	0	0	1,781	XXX
2. 2007.....	73,219	49,403	23,816	40,580	22,773	12,426	7,346	3,641	0	0	26,528	XXX
3. 2008.....	100,070	50,150	49,920	74,262	36,124	18,276	10,995	5,208	0	0	50,627	XXX
4. 2009.....	105,527	69,820	35,707	76,380	41,548	21,467	14,183	5,251	0	0	47,367	XXX
5. 2010.....	142,551	90,071	52,480	98,923	65,431	30,252	22,242	8,257	0	0	49,759	XXX
6. 2011.....	183,043	89,013	94,030	115,482	56,882	36,623	23,591	3,660	0	0	75,292	XXX
7. 2012.....	208,012	104,161	103,851	104,379	55,279	33,212	22,391	1,922	0	0	61,843	XXX
8. 2013.....	227,303	154,238	73,065	108,821	71,733	41,816	28,282	1,455	0	0	52,077	XXX
9. 2014.....	281,362	176,317	105,045	100,367	59,275	34,192	22,120	667	0	0	53,831	XXX
10. 2015.....	292,356	208,693	83,663	88,175	58,048	26,577	21,088	182	0	0	35,798	XXX
11. 2016.....	271,023	218,050	52,973	34,062	29,206	8,648	11,066	25	0	0	2,463	XXX
12. Totals	XXX	XXX	XXX	845,518	499,184	264,303	183,557	30,286	0	0	457,366	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Unpaid				
	13	14	15	16	17	18	19	20	21	22			
1. Prior.....	9,048	4,231	8,131	4,246	(686)	237	(1,207)	125	116	0	0	6,563	XXX
2. 2007.....	1,839	853	953	1,010	(220)	79	(265)	113	62	0	0	314	XXX
3. 2008.....	4,400	1,738	1,253	1,325	208	429	(772)	229	89	0	0	1,457	XXX
4. 2009.....	7,806	1,856	1,045	1,749	399	368	(941)	304	92	0	0	4,124	XXX
5. 2010.....	8,550	2,371	1,130	3,687	(443)	328	(1,798)	569	154	0	0	638	XXX
6. 2011.....	22,398	15,599	950	4,162	734	2,270	(3,201)	911	200	0	0	(1,861)	XXX
7. 2012.....	15,394	4,585	2,636	8,502	(325)	744	(2,557)	1,116	218	0	0	419	XXX
8. 2013.....	18,138	5,116	8,531	13,518	1,516	1,525	531	2,693	217	0	0	6,081	XXX
9. 2014.....	21,704	9,555	10,578	20,486	3,358	3,422	3,097	6,788	217	0	0	(1,297)	XXX
10. 2015.....	34,351	20,733	14,367	37,750	8,308	7,306	5,888	13,096	185	0	0	(15,786)	XXX
11. 2016.....	41,424	32,988	86,252	47,438	16,464	14,295	23,435	7,692	162	0	0	65,324	XXX
12. Totals	185,052	99,625	135,826	143,873	29,313	31,003	22,210	33,636	1,712	0	0	65,976	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred / Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
1. Prior.....	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	8,702	(2,139)
2. 2007.....	59,016	32,174	26,842	80.6	65.1	112.7	0	0	0.0	929	(615)
3. 2008.....	102,924	50,840	52,084	102.9	101.4	104.3	0	0	0.0	2,590	(1,133)
4. 2009.....	111,499	60,008	51,491	105.7	85.9	144.2	0	0	0.0	5,246	(1,122)
5. 2010.....	145,025	94,628	50,397	101.7	105.1	96.0	0	0	0.0	3,622	(2,984)
6. 2011.....	176,846	103,415	73,431	96.6	116.2	78.1	0	0	0.0	3,587	(5,448)
7. 2012.....	154,879	92,617	62,262	74.5	88.9	60.0	0	0	0.0	4,943	(4,524)
8. 2013.....	181,025	122,867	58,158	79.6	79.7	79.6	0	0	0.0	8,035	(1,954)
9. 2014.....	174,180	121,646	52,534	61.9	69.0	50.0	0	0	0.0	2,241	(3,538)
10. 2015.....	178,033	158,021	20,012	60.9	75.7	23.9	0	0	0.0	(9,765)	(6,021)
11. 2016.....	210,472	142,685	67,787	77.7	65.4	128.0	0	0	0.0	47,250	18,074
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	77,380	(11,404)

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016	11 One Year	12 Two Year
1. Prior.....	12,333	12,278	10,377	12,576	13,373	6,234	21,173	23,505	24,604	23,258	(1,346)	(247)
2. 2007.....	17,432	20,052	21,925	21,955	22,236	21,128	23,553	23,427	23,916	24,463	547	1,036
3. 2008.....	XXX	29,417	32,318	36,578	41,081	40,208	43,779	45,524	45,901	48,829	2,928	3,305
4. 2009.....	XXX	XXX	21,552	27,632	34,981	45,586	44,219	44,694	43,256	50,906	7,650	6,212
5. 2010.....	XXX	XXX	XXX	23,958	25,598	53,639	43,675	43,935	42,530	46,498	3,968	2,563
6. 2011.....	XXX	XXX	XXX	XXX	46,714	68,979	62,940	69,535	70,122	73,724	3,602	4,189
7. 2012.....	XXX	XXX	XXX	XXX	XXX	40,773	37,388	52,495	65,296	69,687	4,391	17,192
8. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	52,053	53,669	71,306	69,386	(1,920)	15,717
9. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	55,981	58,549	63,917	5,368	7,936
10. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	20,907	29,399	8,492	XXX
11. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	62,996	XXX	XXX
12. Totals											33,680	57,903

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016		
1. Prior.....	.000	3,139	4,855	5,998	7,885	(670)	14,496	12,979	14,303	16,066	XXX	XXX
2. 2007.....	5,397	13,434	18,560	19,987	20,890	20,085	21,624	22,542	22,633	22,887	XXX	XXX
3. 2008.....	XXX	9,343	24,214	32,105	37,673	37,088	40,108	43,610	44,474	45,419	XXX	XXX
4. 2009.....	XXX	XXX	8,584	20,495	29,419	38,048	37,841	41,114	40,059	42,116	XXX	XXX
5. 2010.....	XXX	XXX	XXX	7,411	18,324	40,638	30,201	39,130	39,079	41,502	XXX	XXX
6. 2011.....	XXX	XXX	XXX	XXX	14,921	36,829	48,784	63,394	67,802	71,632	XXX	XXX
7. 2012.....	XXX	XXX	XXX	XXX	XXX	1,414	18,081	38,842	52,963	59,921	XXX	XXX
8. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	9,859	30,691	47,726	50,622	XXX	XXX
9. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,871	34,970	53,164	XXX	XXX
10. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,043	35,616	XXX	XXX
11. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,438	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016
1. Prior.....	4,213	2,513	899	1,167	953	5,200	1,047	5,266	5,394	2,737
2. 2007.....	5,007	1,666	733	435	463	292	44	(204)	168	(317)
3. 2008.....	XXX	9,385	2,254	728	968	1,024	458	(334)	(1,109)	(858)
4. 2009.....	XXX	XXX	5,192	1,946	834	2,470	825	(920)	(2,063)	(1,523)
5. 2010.....	XXX	XXX	XXX	11,159	1,274	6,057	4,938	(1,625)	(2,437)	(4,374)
6. 2011.....	XXX	XXX	XXX	XXX	20,175	18,107	5,614	(1,306)	(4,466)	(7,502)
7. 2012.....	XXX	XXX	XXX	XXX	XXX	28,225	6,847	1,706	29	(8,469)
8. 2013.....	XXX	XXX	XXX	XXX	XXX	XXX	29,626	9,213	7,794	(5,274)
9. 2014.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	31,691	11,947	(13,666)
10. 2015.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(26)	(35,696)
11. 2016.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	43,927

ANNUAL STATEMENT FOR THE YEAR 2016 OF THE GUARANTEE INSURANCE COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	L	1,701,982	1,690,628	0	741,065	585,823	1,734,226	0
2. Alaska	AK	N	0	0	0	0	0	0	0
3. Arizona	AZ	N	0	0	0	0	0	0	0
4. Arkansas	AR	L	5,064,662	5,094,014	0	1,896,087	1,146,848	3,635,702	0
5. California	CA	L	0	0	0	11,825	(9,645)	172,470	0
6. Colorado	CO	L	1,843,663	1,603,484	0	740,965	943,201	1,210,945	0
7. Connecticut	CT	N	0	0	0	0	0	0	0
8. Delaware	DE	L	1,301,746	2,215,994	0	752,507	1,556,422	1,598,535	0
9. District of Columbia	DC	L	2,184,458	2,100,490	0	524,191	775,227	760,887	0
10. Florida	FL	L	61,028,121	57,559,947	68,347	35,339,327	31,958,500	67,038,374	0
11. Georgia	GA	L	19,800,985	19,469,430	0	9,392,187	5,848,818	16,990,179	0
12. Hawaii	HI	L	0	0	0	0	0	0	0
13. Idaho	ID	L	334,473	375,627	0	123,974	1,378	115,803	0
14. Illinois	IL	N	0	0	0	0	0	0	0
15. Indiana	IN	L	9,260,809	9,188,965	0	3,987,171	1,834,348	7,474,919	0
16. Iowa	IA	N	0	0	0	0	0	0	0
17. Kansas	KS	N	0	0	0	0	0	0	0
18. Kentucky	KY	L	2,303,755	1,777,672	0	962,169	864,094	3,031,357	0
19. Louisiana	LA	L	4,282,170	3,777,691	0	1,643,954	2,338,781	2,020,994	0
20. Maine	ME	L	136,731	181,436	0	138,465	(365,261)	153,088	0
21. Maryland	MD	L	4,050,649	3,768,145	0	1,137,326	2,168,171	2,152,431	0
22. Massachusetts	MA	L	0	0	0	0	0	0	0
23. Michigan	MI	L	6,047,997	6,094,659	0	2,377,481	6,390,525	6,246,382	0
24. Minnesota	MN	L	0	0	0	0	0	0	0
25. Mississippi	MS	L	3,571,315	3,599,139	0	2,630,624	4,903,220	5,504,474	0
26. Missouri	MO	L	7,319,811	6,832,755	0	4,662,415	3,026,275	9,456,149	0
27. Montana	MT	L	223,179	136,787	0	67,418	84,383	148,227	0
28. Nebraska	NE	L	4,336,036	4,224,370	0	2,355,503	2,191,954	3,782,393	0
29. Nevada	NV	L	1,884,305	1,798,609	0	733,021	241,274	945,821	0
30. New Hampshire	NH	L	0	0	0	0	0	0	0
31. New Jersey	NJ	L	32,022,515	29,916,266	0	17,160,441	18,689,570	38,401,280	0
32. New Mexico	NM	L	1,189,170	942,569	0	367,560	398,699	554,517	0
33. New York	NY	L	36,766,643	35,918,404	0	16,993,707	18,785,478	31,791,277	0
34. North Carolina	NC	L	10,337,622	11,031,304	0	4,515,342	5,431,214	7,155,973	0
35. North Dakota	ND	L	0	0	0	0	0	0	0
36. Ohio	OH	N	0	0	0	0	0	0	0
37. Oklahoma	OK	L	8,200,376	8,789,189	0	3,091,198	1,124,490	6,363,827	0
38. Oregon	OR	L	1,124,627	1,049,520	0	187,934	144,754	251,383	0
39. Pennsylvania	PA	L	15,630,015	14,341,670	0	11,003,494	10,554,157	23,722,338	0
40. Rhode Island	RI	N	0	0	0	0	0	0	0
41. South Carolina	SC	L	10,957,346	9,998,242	0	5,485,645	8,642,622	11,508,226	0
42. South Dakota	SD	L	260,888	214,480	0	80,827	196,072	208,164	0
43. Tennessee	TN	L	3,582,720	4,014,220	0	2,982,465	3,964,720	4,915,653	0
44. Texas	TX	L	2,185,789	2,575,706	0	622,170	828,012	1,165,695	0
45. Utah	UT	N	0	0	0	0	0	0	0
46. Vermont	VT	L	0	0	0	0	0	0	0
47. Virginia	VA	L	9,050,371	8,745,937	0	8,632,506	9,452,167	15,610,912	0
48. Washington	WA	L	0	0	0	0	7,297	7,297	0
49. West Virginia	WV	L	271,160	480,047	0	858,025	(401,434)	1,317,145	0
50. Wisconsin	WI	L	(22,365)	(22,431)	0	43,807	(195,433)	42,982	0
51. Wyoming	WY	N	0	0	0	0	0	0	0
52. American Samoa	AS	N	0	0	0	0	0	0	0
53. Guam	GU	N	0	0	0	0	0	0	0
54. Puerto Rico	PR	N	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	N	0	0	0	0	0	0	0
56. Northern Mariana Islands	MP	N	0	0	0	0	0	0	0
57. Canada	CAN	N	0	0	0	0	0	0	0
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0
59. Totals	(a)	41	268,233,724	259,484,965	68,347	142,242,796	144,106,721	277,190,025	0
DETAILS OF WRITE-INS									
58001.		XXX							
58002.		XXX							
58003.		XXX							
58998. Summary of remaining write-ins for Line 58 from overflow page		XXX	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)		XXX	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation of premiums by states, etc.

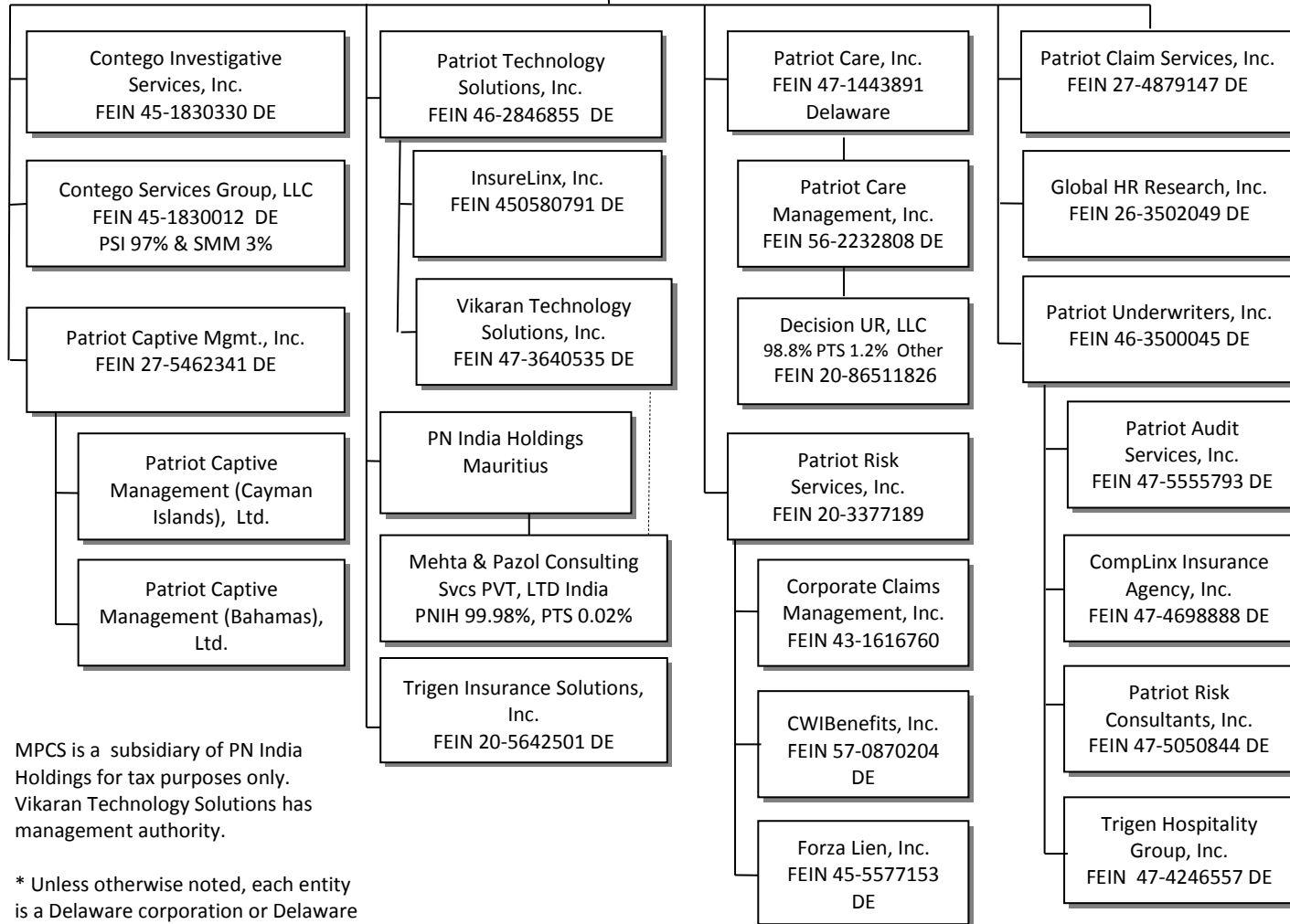
Actual premiums are based on the state where the insured resides.

(a) Insert the number of L responses except for Canada and Other Alien.

**ANNUAL STATEMENT FOR THE YEAR 2016 OF GUARANTEE INSURANCE COMPANY
SCHEDULE Y PART 1 ORGANIZATIONAL CHART**

Patriot National, Inc.
FEIN 46-4151376
Delaware NYSE PN
(Mr. Mariano majority shareholder)

Patriot Services, Inc.
FEIN 32-0361695
Delaware



Steven M. Mariano

Steven Mariano Trust [Florida]
96.2% Direct Beneficial Ownership

Other Investors
3.8%

Guarantee Insurance Group, Inc.
FEIN 73-1665490
Delaware

Guarantee Insurance Company
FEIN 22-2222789 NAIC 11398
Florida

Guarantee Underwriters, Inc.
FEIN 20-5642483
Delaware

Six Points Ventures III, LLC
FEIN 46-0586091
Delaware

Old Guard Re, SPC
Cayman Islands

Steven M. Mariano

Deerfield Insurance Holdings, Inc.
FEIN 47-4580554 DE
SMM 49.8% Ownership

Other Investors
50.2%

National Fidelity Holdings, Inc.
FEIN 47-4430509 DE

National Fidelity Ins Agency, Inc.
FEIN 47-4591813 DE

Ashmere Insurance Company NAIC 40398
FEIN 36-3155373 FL

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MPCS is a subsidiary of PN India Holdings for tax purposes only. Vikaran Technology Solutions has management authority.

* Unless otherwise noted, each entity is a Delaware corporation or Delaware limited liability company and is 100% controlled by its immediate parent.

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Assets Line 25

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
2504. Comutations Receivable	20,657,613	0	20,657,613	0
2505. Current Suspense Items	256,978	0	256,978	0
2506. SSAP 72 Contribution Receivable	0	0	0	6,500,000
2597. Summary of remaining write-ins for Line 25 from overflow page	20,914,591	0	20,914,591	6,500,000

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