

**QUARTERLY STATEMENT**

**OF THE**

**AFFIRMATIVE DIRECT INSURANCE COMPANY**

**TO THE**

**Insurance Department**

**OF THE**

**STATE OF**

**FOR THE QUARTER ENDED  
MARCH 31, 2016**

**PROPERTY AND CASUALTY**

**2016**



PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

QUARTERLY STATEMENT

AS OF MARCH 31, 2016

OF THE CONDITION AND AFFAIRS OF THE

AFFIRMATIVE DIRECT INSURANCE COMPANY

NAIC Group Code 3586 3586 NAIC Company Code 10413 Employer's ID Number 13-3571448

Organized under the Laws of New York State of Domicile or Port of Entry NY

Country of Domicile United States of America

Incorporated/Organized 05/07/1987 Commenced Business 05/07/1987

Statutory Home Office 80 State Street Albany, NY, US 12207-2543

Main Administrative Office 4450 Sojourn Drive, Suite 500 Addison, TX, US 75001-5094

972-728-6300 (Area Code) (Telephone Number)

Main Address P.O. Box 9030 Addison, TX, US 75001-9030

Primary Location of Books and Records 4450 Sojourn Drive, Suite 500 Addison, TX, US 75001-5094

972-728-6300 (Area Code) (Telephone Number)

Internet Website Address www.affirmativedirect.com

Statutory Statement Contact Flora Chen 972-728-6300

FChen@affirmative.com 877-219-7828

OFFICERS

None - Company in Rehabilitation

OTHER

None - Company in Rehabilitation

DIRECTORS OR TRUSTEES

None - Company in Rehabilitation

State of Texas County of Dallas SS:

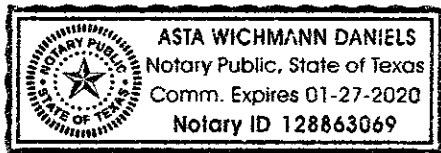
The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any 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.

Wayne Johnson Receiver

Subscribed and sworn to before me this 12th day of May, 2016

Asta Wichmann Daniels Sr. Accountant January 27th, 2020

- a. Is this an original filing? Yes [ X ] No [ ]
b. If no,
1. State the amendment number,
2. Date filed,
3. Number of pages attached.



STATEMENT AS OF MARCH 31, 2016 OF THE AFFIRMATIVE DIRECT INSURANCE COMPANY

**ASSETS**

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	4,890,254		4,890,254	4,908,023
2. Stocks:				
2.1 Preferred stocks .....				
2.2 Common stocks .....				
3. Mortgage loans on real estate:				
3.1 First liens .....				
3.2 Other than first liens.....				
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances) .....				
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....				
4.3 Properties held for sale (less \$ encumbrances) .....				
5. Cash (\$ .....72,544 ), cash equivalents (\$ ..... ) and short-term investments (\$ .....280,229 ) .....	352,773		352,773	395,930
6. Contract loans (including \$ ..... premium notes) .....				
7. Derivatives .....				
8. Other invested assets .....				
9. Receivables for securities .....				
10. Securities lending reinvested collateral assets .....				
11. Aggregate write-ins for invested assets .....				
12. Subtotals, cash and invested assets (Lines 1 to 11) .....	5,243,027		5,243,027	5,303,952
13. Title plants less \$ ..... charged off (for Title insurers only) .....				
14. Investment income due and accrued .....	43,930		43,930	20,880
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection .....				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....				
15.3 Accrued retrospective premiums (\$ ..... ) and contracts subject to redetermination (\$ ..... ) .....				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers .....	(520)		(520)	1,136
16.2 Funds held by or deposited with reinsured companies .....				
16.3 Other amounts receivable under reinsurance contracts .....				
17. Amounts receivable relating to uninsured plans .....				
18.1 Current federal and foreign income tax recoverable and interest thereon .....				
18.2 Net deferred tax asset .....				
19. Guaranty funds receivable or on deposit .....				
20. Electronic data processing equipment and software .....				
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....				
22. Net adjustment in assets and liabilities due to foreign exchange rates .....				
23. Receivables from parent, subsidiaries and affiliates .....	4,058		4,058	
24. Health care (\$ ..... ) and other amounts receivable .....				
25. Aggregate write-ins for other than invested assets .....				
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	5,290,495		5,290,495	5,325,968
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28. Total (Lines 26 and 27) .....	5,290,495		5,290,495	5,325,968
<b>DETAILS OF WRITE-INS</b>				
1101. ....				
1102. ....				
1103. ....				
1198. Summary of remaining write-ins for Line 11 from overflow page .....				
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above) .....				
2501. Prepaid Expense .....				
2502. ....				
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above) .....				

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$ ..... )		
2. Reinsurance payable on paid losses and loss adjustment expenses		
3. Loss adjustment expenses		
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	45,911	41,970
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1 Current federal and foreign income taxes (including \$ ..... on realized capital gains (losses))	13,466	13,466
7.2 Net deferred tax liability	270	270
8. Borrowed money \$ ..... and interest thereon \$ .....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ ..... and including warranty reserves of \$ ..... and accrued accident and health experience rating refunds including \$ ..... for medical loss ratio rebate per the Public Health Service Act)		
10. Advance premium		
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties		
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ ..... certified)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	21,377	10,963
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ ..... and interest thereon \$ .....		
25. Aggregate write-ins for liabilities	50,000	
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	131,024	66,669
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	131,024	66,669
29. Aggregate write-ins for special surplus funds		
30. Common capital stock	2,500,000	2,500,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	2,689,624	2,689,624
35. Unassigned funds (surplus)	(30,153)	69,675
36. Less treasury stock, at cost:		
36.1 ..... shares common (value included in Line 30 \$ ..... )		
36.2 ..... shares preferred (value included in Line 31 \$ ..... )		
37. Surplus as regards policyholders (Lines 29 to 35, less 36)	5,159,471	5,259,299
38. Totals (Page 2, Line 28, Col. 3)	5,290,495	5,325,968
<b>DETAILS OF WRITE-INS</b>		
2501. Reserve for Brokerage Fees	50,000	
2502. ....		
2503. ....		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	50,000	
2901. ....		
2902. ....		
2903. ....		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998)(Line 29 above)		
3201. ....		
3202. ....		
3203. ....		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298)(Line 32 above)		

**STATEMENT OF INCOME**

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct (written \$ ..... )			
1.2 Assumed (written \$ ..... )			
1.3 Ceded (written \$ ..... )			
1.4 Net (written \$ ..... )			
<b>DEDUCTIONS:</b>			
2. Losses incurred (current accident year \$ ..... ):			
2.1 Direct .....	(67)		
2.2 Assumed .....			
2.3 Ceded .....	(67)		
2.4 Net .....			
3. Loss adjustment expenses incurred .....			
4. Other underwriting expenses incurred .....	113,469		60,449
5. Aggregate write-ins for underwriting deductions .....			
6. Total underwriting deductions (Lines 2 through 5) .....	113,469		60,449
7. Net income of protected cells .....			
8. Net underwriting gain or (loss) (Line 1 minus Line 6 + Line 7) .....	(113,469)		(60,449)
<b>INVESTMENT INCOME</b>			
9. Net investment income earned .....	13,419	10,699	48,763
10. Net realized capital gains (losses) less capital gains tax of \$ .....			1,178
11. Net investment gain (loss) (Lines 9 + 10) .....	13,419	10,699	49,941
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ ..... amount charged off \$ ..... ) .....			
13. Finance and service charges not included in premiums .....			
14. Aggregate write-ins for miscellaneous income .....			
15. Total other income (Lines 12 through 14) .....			
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) .....	(100,050)	10,699	(10,508)
17. Dividends to policyholders .....			
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) .....	(100,050)	10,699	(10,508)
19. Federal and foreign income taxes incurred .....		(1,377)	
20. Net income (Line 18 minus Line 19)(to Line 22) .....	(100,050)	12,076	(10,508)
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year .....	5,259,298	5,326,452	5,326,452
22. Net income (from Line 20) .....	(100,050)	12,076	(10,508)
23. Net transfers (to) from Protected Cell accounts .....			
24. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....			
25. Change in net unrealized foreign exchange capital gain (loss) .....			
26. Change in net deferred income tax .....		(5,090)	(56,424)
27. Change in nonadmitted assets .....	223		(222)
28. Change in provision for reinsurance .....			
29. Change in surplus notes .....			
30. Surplus (contributed to) withdrawn from protected cells .....			
31. Cumulative effect of changes in accounting principles .....			
32. Capital changes:			
32.1 Paid in .....			
32.2 Transferred from surplus (Stock Dividend) .....			
32.3 Transferred to surplus .....			
33. Surplus adjustments:			
33.1 Paid in .....			
33.2 Transferred to capital (Stock Dividend) .....			
33.3 Transferred from capital .....			
34. Net remittances from or (to) Home Office .....			
35. Dividends to stockholders .....			
36. Change in treasury stock .....			
37. Aggregate write-ins for gains and losses in surplus .....			
38. Change in surplus as regards policyholders (Lines 22 through 37) .....	(99,827)	6,986	(67,154)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38) .....	5,159,471	5,333,438	5,259,298
<b>DETAILS OF WRITE-INS</b>			
0501. ....			
0502. ....			
0503. ....			
0598. Summary of remaining write-ins for Line 5 from overflow page .....			
0599. Totals (Lines 0501 through 0503 plus 0598)(Line 5 above) .....			
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....			
1499. Totals (Lines 1401 through 1403 plus 1498)(Line 14 above) .....			
3701. ....			
3702. ....			
3703. ....			
3798. Summary of remaining write-ins for Line 37 from overflow page .....			
3799. Totals (Lines 3701 through 3703 plus 3798)(Line 37 above) .....			

**CASH FLOW**

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance .....		(15,302)	1,357
2. Net investment income .....	51,947	3,318	122,997
3. Miscellaneous income .....			
4. Total (Lines 1 to 3) .....	51,947	(11,985)	124,354
5. Benefit and loss related payments .....	(1,656)	67	1,203
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
7. Commissions, expenses paid and aggregate write-ins for deductions .....	153,338		20,580
8. Dividends paid to policyholders .....			
9. Federal and foreign income taxes paid (recovered) net of \$ ..... tax on capital gains (losses) .....		110	109
10. Total (Lines 5 through 9) .....	151,682	177	21,892
11. Net cash from operations (Line 4 minus Line 10) .....	(99,735)	(12,161)	102,462
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds .....			1,396,769
12.2 Stocks .....			
12.3 Mortgage loans .....			
12.4 Real estate .....			
12.5 Other invested assets .....			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....			
12.7 Miscellaneous proceeds .....			
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....			1,396,769
13. Cost of investments acquired (long-term only):			
13.1 Bonds .....		161,459	1,810,732
13.2 Stocks .....			
13.3 Mortgage loans .....			
13.4 Real estate .....			
13.5 Other invested assets .....			
13.6 Miscellaneous applications .....			
13.7 Total investments acquired (Lines 13.1 to 13.6) .....		161,459	1,810,732
14. Net increase (or decrease) in contract loans and premium notes .....			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....		(161,459)	(413,963)
<b>Cash from Financing and Miscellaneous Sources</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes .....			
16.2 Capital and paid in surplus, less treasury stock .....			
16.3 Borrowed funds .....			
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....			
16.5 Dividends to stockholders .....			
16.6 Other cash provided (applied) .....	56,578	16,329	10,286
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	56,578	16,329	10,286
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(43,157)	(157,292)	(301,215)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year .....	395,929	697,144	697,144
19.2 End of period (Line 18 plus Line 19.1) .....	352,772	539,852	395,929

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

## NOTES TO FINANCIAL STATEMENTS

## 1. Summary of Significant Accounting Policies and Going Concern

## A. Accounting Practices

The financial statements of Affirmative Direct Insurance Company (the Company or Direct) have been prepared on the basis of accounting practices prescribed or permitted by the New York Department of Insurance.

The New York Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of New York for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under New York Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual (NAIC SAP) has been fully adopted by the State of New York, as it relates to these financial statements. The Superintendent of Insurance has the right to permit practices that deviate from NAIC SAP, but has not adopted any such practices for purposes of preparing the accompanying financial statements.

	State of <u>Domicile</u>	2016	2015
<u>NET INCOME</u>			
(1) State basis	NY	\$ (100,050)	\$ (10,508)
(2) State prescribed practices that increase/(decrease) NAIC SAP		-	-
(3) State permitted practices that increase/(decrease) NAIC SAP		-	-
(4) NAIC SAP basis		<u>\$ (100,050)</u>	<u>\$ (10,508)</u>
<u>SURPLUS</u>	NY		
(5) State basis		\$ 5,159,470	\$ 5,259,298
(6) State prescribed practices that increase/(decrease) NAIC SAP		-	-
(7) State permitted practices that increase/(decrease) NAIC SAP		-	-
(8) NAIC SAP		<u>\$ 5,159,470</u>	<u>\$ 5,259,298</u>

## C. Accounting Policy

6. The Company has no loan-backed securities.

## D. Going Concern

The Company was ordered into rehabilitation in Louisiana on September 17, 2015.

The parent of Affirmative Direct Insurance Company, Affirmative Casualty Insurance Company, was ordered into rehabilitation in Louisiana on September 17, 2015 and subsequently was ordered into liquidation on April 11, 2016.

The up-stream parent of Affirmative Direct Insurance Company, Affirmative Insurance Company, was ordered into rehabilitation in Illinois on September 16, 2015 and subsequently was ordered into liquidation on March 24, 2016.

Affirmative Insurance Holdings, Inc., the parent company of Affirmative Insurance Company, and certain of its subsidiaries filed voluntary petitions for relief under chapter 11 in the United States Bankruptcy Court for the District of Delaware on October 14, 2015 and subsequently it was placed into Chapter 7 on March 11, 2016.

The Company is under the control of a Court Appointed Receiver therefore the Company has no directors.

## 5. Investments

## D. Loan-Backed Securities

The Company has no loan-backed securities.

## E. Repurchase Agreements and/or Securities Lending Transactions

The Company has no repurchase agreements or securities lending transactions.

## I. Working Capital Finance Investments

The Company has no working capital finance investments.

## J. Offsetting and Netting of Assets and Liabilities

The Company did not offset or net any assets or liabilities related to derivative, repurchase and reverse repurchase, or securities borrowing and securities lending assets and liabilities.

## 11. Debt or Holding Company Obligations

This is not applicable to the Company.

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

## A. Defined Benefit Plans

The Company does not have a defined benefit plan because the Company does not have any employees.

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

B. The Company does not have transfer or receivable of financial assets.

C. The Company does not have wash sales.

## NOTES TO FINANCIAL STATEMENTS

### 20. Fair Value Measurements

#### A. Inputs Used for Assets and Liabilities Measured and Reported at Fair Value

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

The Company utilizes a hierarchy of valuation techniques for the disclosure of fair value estimates based on whether the significant inputs into the valuation are observable. In determining the level of hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Company's significant market assumptions. The Company measures certain assets at fair value on a recurring basis, including investment securities classified as short-term investments. Following is a brief description of the type of valuation information that qualifies a financial asset or liability for each level:

Level 1 — Unadjusted quoted market prices for identical assets or liabilities in active markets which are accessible by the Company.

Level 2 — Observable prices in active markets for similar assets or liabilities. Prices for identical or similar assets or liabilities in markets that are not active. Directly observable market inputs for substantially the full term of the asset or liability, e.g., interest rates and yield curves at commonly quoted intervals, volatilities, prepayment speeds, default rates, and credit spreads. Market inputs that are not directly observable, but are derived from or corroborated by observable market data.

Level 3 — Unobservable inputs based on the Company's own judgment as to assumptions a market participant would use, including inputs derived from extrapolation and interpolation that are not corroborated by observable market data

The Company evaluates the various types of financial assets and liabilities to determine the appropriate fair value hierarchy based upon trading activity and the observability of market inputs. The Company employs control processes to validate the reasonableness of the fair value estimates of its assets and liabilities, including those estimates based on prices and quotes obtained from independent third-party sources. The Company's procedures generally include, but are not limited to, initial and ongoing evaluation of methodologies used by independent third-parties and monthly analytical reviews of the prices against current pricing trends and statistics.

Where possible, the Company utilizes quoted market prices to measure fair value. For assets and liabilities that have quoted market prices in active markets, the Company uses the quoted market prices as fair value and includes these prices in the amounts disclosed in Level 1 of the hierarchy. When quoted market prices in active markets are unavailable, the Company determines fair values based on independent external valuation information obtained from independent pricing services, which utilizes various models and valuation techniques based on a range of inputs including pricing models, quoted market prices of publicly traded securities with similar duration and yield, time value, yield curve, prepayment speeds, default rates and discounted cash flows. In most cases, these estimates are determined based on independent third-party valuation information, and the amounts are disclosed as Level 2 or Level 3 of the fair value hierarchy depending on the level of observable market inputs. Additional pricing services are used as a comparison to ensure that realistic fair values are used in pricing the investment portfolio.

(1) Financial assets measured at fair value on a recurring basis at March 31, 2016

The following table provides information as of March 31, 2016 about the Company's financial assets measured at fair value on a recurring basis:

Description	(Level 1)	(Level 2)	(Level 3)	Total
A. Assets at fair value				
Bonds:				
Short-term Investments	280,229	-	-	280,229
Total Bonds	280,229	-	-	280,229
Total assets on balance sheet at fair value	280,229	-	-	280,229
B. Liabilities on balance sheet at fair value				
Total liabilities on balance sheet at fair value	-	-	-	-

##### 2. Rollforward of Level 3 Items

The Company has no assets or liabilities measured at fair value in the Level 3 category.

##### 3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year no transfers into or out of Level 3 were required.

##### 4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

The Company has no assets or liabilities measured at fair value in the Level 2 category.

The Company has no assets or liabilities measured at fair value in the Level 3 category.

##### 5. Derivative Fair Values

The Company has no investments in derivative.



## NOTES TO FINANCIAL STATEMENTS

### B. Other Fair Value Disclosures

Not applicable

### C. Fair Values for All Financial Instruments by Levels 1, 2, 3

The table below reflects the fair values and admitted values of all admitted assets and liabilities that are financial instruments excluding those accounted for under the equity method (subsidiaries, joint ventures and ventures). The fair values are also categorized into the fair value three-level hierarchy as described above in Note 20A.

Type of Financial Instrument	Aggregate Fair Value	Admitted Value	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Financial Instruments - assets						
Bonds:						
U.S. Treasury & Govt Agencies	3,051,335	3,048,799	3,051,335			
Corporate Debt Securities	1,844,552	1,841,455		1,844,552		
Cash & Short-term	352,773	352,773	352,773			
Total Assets	5,248,661	5,243,027	3,404,108	1,844,552	-	-
Financial Instruments - liabilities						
Total liabilities	-	-	-	-	-	-

### D. Financial Instruments for which Not Practicable to Estimate Fair Values

Not applicable

### 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Company does not have any retroactively rated contracts or contracts subject to redetermination.

### 25. Change in Incurred Losses and Loss Adjustment Expenses

The Company cedes 100% of its incurred losses and loss adjustment expenses to AIC and other reinsurers. The net change in incurred losses or loss adjustment expenses year to date as of March 31, 2016 was zero.

### 36. Financial Guaranty Insurance

The Company is not a financial guaranty insurer.

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [ X ]
- 1.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]
- 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 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 and 1A.
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [ ] No [ X ]
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [ X ]
- 4.2 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	2	3
Name of Entity	NAIC Company Code	State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes [ ] No [ X ] N/A [ ]
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/2012
- 6.2 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. .... 12/31/2012
- 6.3 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). .... 02/27/2014
- 6.4 By what department or departments?  
New York Department of Insurance.
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? ..... Yes [ ] No [ ] N/A [ X ]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? ..... Yes [ ] No [ ] N/A [ X ]
- 7.1 Has this 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 ]
- 7.2 If yes, give full information:
- 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	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

## GENERAL INTERROGATORIES

- 9.1 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  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.
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior managers been amended? ..... Yes  No
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? ..... Yes  No
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

### FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes  No
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: ..... \$ 4,058

### INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes  No
- 11.2 If yes, give full and complete information relating thereto:
12. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$
13. Amount of real estate and mortgages held in short-term investments: ..... \$
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes  No
- 14.2 If yes, please complete the following:
- |   | 1<br>Prior Year-End<br>Book/Adjusted<br>Carrying Value | 2<br>Current Quarter<br>Book/Adjusted<br>Carrying Value |
|---|--|---|
| 14.21 Bonds .....   | \$ .....   | \$ .....  |
| 14.22 Preferred Stock .....   | \$ .....   | \$ .....  |
| 14.23 Common Stock .....  | \$ .....   | \$ .....  |
| 14.24 Short-Term Investments .....  | \$ .....   | \$ .....  |
| 14.25 Mortgage Loans on Real Estate .....   | \$ .....   | \$ .....  |
| 14.26 All Other .....   | \$ .....   | \$ .....  |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) ..... | \$ .....   | \$ .....  |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....                       | \$ .....   | \$ .....  |
- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes  No
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes  No
- If no, attach a description with this statement.

## GENERAL INTERROGATORIES

16. For the reporting entity's security lending program, state the amount of the following as of the current statement date:
- 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 .....\$ .....
  - 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 .....\$ .....
  - 16.3 Total payable for securities lending reported on the liability page. ....\$ .....

17. 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 [ X ] No [ ]
- 17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Comerica Bank & Trust, NA .....	411 W. Lafayette Blvd., Detroit, MI 48226 .....

- 17.2 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)

- 17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? ..... Yes [ ] No [ X ]

- 17.4 If yes, give full information relating thereto:

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

- 17.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

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

- 18.2 If no, list exceptions:

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? ..... Yes [ ] No [ ] N/A [ X ]  
If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? ..... Yes [ ] No [ X ]  
If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? ..... Yes [ ] No [ X ]

3.2 If yes, give full and complete information thereto.

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves") discounted at a rate of interest greater than zero? ..... Yes [ ] No [ X ]

4.2 If yes, complete the following schedule:

			TOTAL DISCOUNT				DISCOUNT TAKEN DURING PERIOD			
1	2	3	4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Discount Rate	Unpaid Losses	Unpaid LAE	IBNR	TOTAL	Unpaid Losses	Unpaid LAE	IBNR	TOTAL
TOTAL										

5. Operating Percentages:

5.1 A&H loss percent ..... %

5.2 A&H cost containment percent ..... %

5.3 A&H expense percent excluding cost containment expenses ..... %

6.1 Do you act as a custodian for health savings accounts? ..... Yes [ ] No [ X ]

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

6.3 Do you act as an administrator for health savings accounts? ..... Yes [ ] No [ X ]

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

**SCHEDULE F - CEDED REINSURANCE**

1 NAIC Company Code	2 ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Type of Reinsurer	6 Certified Reinsurer Rating (1 through 6)	7 Effective Date of Certified Reinsurer Rating
<b>NONE</b>						

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year to Date - Allocated by States and Territories

States, etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1. Alabama .....AL	L			(67)			
2. Alaska .....AK	N						
3. Arizona .....AZ	L						
4. Arkansas .....AR	N						
5. California .....CA	N						
6. Colorado .....CO	N						
7. Connecticut .....CT	N						
8. Delaware .....DE	N						
9. District of Columbia .....DC	N						
10. Florida .....FL	N						
11. Georgia .....GA	N						
12. Hawaii .....HI	N						
13. Idaho .....ID	N						
14. Illinois .....IL	L						
15. Indiana .....IN	L						
16. Iowa .....IA	L						
17. Kansas .....KS	N						
18. Kentucky .....KY	L						
19. Louisiana .....LA	L						
20. Maine .....ME	N						
21. Maryland .....MD	N						
22. Massachusetts .....MA	N						
23. Michigan .....MI	N						
24. Minnesota .....MN	N						
25. Mississippi .....MS	N						
26. Missouri .....MO	N						
27. Montana .....MT	L						
28. Nebraska .....NE	N						
29. Nevada .....NV	L						
30. New Hampshire .....NH	N						
31. New Jersey .....NJ	N						
32. New Mexico .....NM	N						
33. New York .....NY	L						
34. North Carolina .....NC	N						
35. North Dakota .....ND	N						
36. Ohio .....OH	L						
37. Oklahoma .....OK	N						
38. Oregon .....OR	L						
39. Pennsylvania .....PA	N						
40. Rhode Island .....RI	N						
41. South Carolina .....SC	N						
42. South Dakota .....SD	N						
43. Tennessee .....TN	N						
44. Texas .....TX	L						
45. Utah .....UT	N						
46. Vermont .....VT	N						
47. Virginia .....VA	N						
48. Washington .....WA	N						
49. West Virginia .....WV	N						
50. Wisconsin .....WI	L						
51. Wyoming .....WY	N						
52. American Samoa .....AS	N						
53. Guam .....GU	N						
54. Puerto Rico .....PR	N						
55. U.S. Virgin Islands .....VI	N						
56. Northern Mariana Islands .....MP	N						
57. Canada .....CAN	N						
58. Aggregate Other Alien OT	XXX						
59. Totals	(a) 14			(67)			
DETAILS OF WRITE-INS							
58001. ....	XXX						
58002. ....	XXX						
58003. ....	XXX						
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX						
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)	XXX						

(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.

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

**STATEMENT AS OF MARCH 31, 2016 OF THE AFFIRMATIVE DIRECT INSURANCE COMPANY  
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 – ORGANIZATIONAL CHART**

1. Affirmative Insurance Company, the up-stream parent of the Company, was ordered into rehabilitation in Illinois on September 16, 2015 and subsequently was ordered into liquidation on March 24, 2016.
2. Affirmative Insurance Company of Michigan, an affiliate of the Company, was ordered into rehabilitation in Michigan on October 29, 2015.
3. Affirmative Casualty Insurance Company, the parent of the Company, was ordered into rehabilitation in Louisiana on September 17, 2015 and subsequently was ordered into liquidation on April 11, 2016.
4. Affirmative Direct Insurance Company was ordered into rehabilitation in Louisiana on September 17, 2015.
5. Affirmative Insurance Holdings, Inc., the up-stream parent of the Company, and certain of its subsidiaries filed voluntary petitions for relief under chapter 11 in the United States Bankruptcy Court for the District of Delaware on October 14, 2015 and subsequently it was placed into Chapter 7 on March 11, 2016.

Affirmative Insurance Group	Texas	56-2347246	3596
Affirmative Insurance Company	Illinois	34-1385465	42609
Affirmative Insurance Company of Michigan	Michigan	20-4352159	12569
Affirmative Casualty Insurance Company	Louisiana	72-1301527	10295
Affirmative Direct Insurance Company	New York	13-3571448	10413
Affirmative Real Estate Investment, LLC	Louisiana	46-2046285	
1500 Main, LLC	Louisiana	46-2035429	



STATEMENT AS OF MARCH 31, 2016 OF THE AFFIRMATIVE DIRECT INSURANCE COMPANY

**SCHEDULE Y**  
**PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
3596	Affirmative Insurance Holdings, Inc.	00076	56-2347246				Affirmative Insurance Group, Inc.	TX	UIP	Affirmative Insurance Holdings, Inc.	Other	0.000	J. Christopher Flowers	1
3596	Affirmative Insurance Holdings, Inc.	42609	34-1385465				Affirmative Insurance Company	IL	UIP	Affirmative Insurance Group, Inc.	Other	0.000	J. Christopher Flowers	1
3596	Affirmative Insurance Holdings, Inc.	12569	20-4352159				Affirmative Insurance Company of Michigan	MI	IA	Affirmative Insurance Company	Other	0.000	J. Christopher Flowers	1
3596	Affirmative Insurance Holdings, Inc.	10295	72-1301527				Affirmative Casualty Insurance Company	LA	UDP	Affirmative Insurance Company	Other	0.000	J. Christopher Flowers	1
3596	Affirmative Insurance Holdings, Inc.	10413	13-3571448				Affirmative Direct Insurance Company	NY	RE	Affirmative Casualty Insurance Company	Ownership	100.000	J. Christopher Flowers	1
	Affirmative Insurance Holdings, Inc.	00000	46-2046285				Affirmative Real Estate Investment, LLC	LA	NIA	Affirmative Insurance Company	Other	0.000	J. Christopher Flowers	1
	Affirmative Insurance Holdings, Inc.	00000	46-2035429				1500 Main, LLC	LA	NIA	Affirmative Insurance Company	Other	0.000	J. Christopher Flowers	1

Asterisk	Explanation
1	Other includes (a) investment entities in which J. Christopher Flowers has (or may be deemed to have) a direct controlling interest and (b) holding companies of operating companies in which Mr. Flowers has (or may be deemed to have) an indirect controlling interest.

**PART 1 - LOSS EXPERIENCE**

Line of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire				
2. Allied Lines				
3. Farmowners multiple peril				
4. Homeowners multiple peril				
5. Commercial multiple peril				
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine				
10. Financial guaranty				
11.1 Medical professional liability - occurrence				
11.2 Medical professional liability - claims-made				
12. Earthquake				
13. Group accident and health				
14. Credit accident and health				
15. Other accident and health				
16. Workers' compensation				
17.1 Other liability - occurrence				
17.2 Other liability - claims-made				
17.3 Excess workers' compensation				
18.1 Products liability - occurrence				
18.2 Products liability - claims-made				
19.1,19.2 Private passenger auto liability				
19.3,19.4 Commercial auto liability				
21. Auto physical damage		(67)		
22. Aircraft (all perils)				
23. Fidelity				
24. Surety				
26. Burglary and theft				
27. Boiler and machinery				
28. Credit				
29. International				
30. Warranty				
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business				
35. Totals		(67)		
<b>DETAILS OF WRITE-INS</b>				
3401.				
3402.				
3403.				
3498. Summary of remaining write-ins for Line 34 from overflow page				
3499. Totals (Lines 3401 through 3403 plus 3498)(Line 34 above)				

**PART 2 - DIRECT PREMIUMS WRITTEN**

Line of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire			
2. Allied Lines			
3. Farmowners multiple peril			
4. Homeowners multiple peril			
5. Commercial multiple peril			
6. Mortgage guaranty			
8. Ocean marine			
9. Inland marine			
10. Financial guaranty			
11.1 Medical professional liability - occurrence			
11.2 Medical professional liability - claims-made			
12. Earthquake			
13. Group accident and health			
14. Credit accident and health			
15. Other accident and health			
16. Workers' compensation			
17.1 Other liability - occurrence			
17.2 Other liability - claims-made			
17.3 Excess workers' compensation			
18.1 Products liability - occurrence			
18.2 Products liability - claims-made			
19.1,19.2 Private passenger auto liability			
19.3,19.4 Commercial auto liability			
21. Auto physical damage			
22. Aircraft (all perils)			
23. Fidelity			
24. Surety			
26. Burglary and theft			
27. Boiler and machinery			
28. Credit			
29. International			
30. Warranty			
31. Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
32. Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
33. Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business			
35. Totals			
<b>NONE</b>			
<b>DETAILS OF WRITE-INS</b>			
3401.			
3402.			
3403.			
3498. Summary of remaining write-ins for Line 34 from overflow page			
3499. Totals (Lines 3401 through 3403 plus 3498)(Line 34 above)			

STATEMENT AS OF MARCH 31, 2016 OF THE AFFIRMATIVE DIRECT INSURANCE COMPANY

**PART 3 (000 omitted)**

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1+2)	2016 Loss and LAE Payments on Claims Reported as of Prior Year-End	2016 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2016 Loss and LAE Payments (Cols. 4+5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols.7+8+9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols.4+7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/ Deficiency (Cols. 5+8+9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/ Deficiency (Cols. 11+12)
1. 2013 + Prior .....													
2. 2014 .....													
3. Subtotals 2014 + Prior .....													
4. 2015 .....													
5. Subtotals 2015 + Prior .....													
6. 2016 .....	XXX	XXX	XXX	XXX			XXX				XXX	XXX	XXX
7. Totals .....													
8. Prior Year-End Surplus As Regards Policyholders	5,259										Col. 11, Line 7 As % of Col. 1 Line 7	Col. 12, Line 7 As % of Col. 2 Line 7	Col. 13, Line 7 As % of Col. 3 Line 7
											1.	2.	3.
													Col. 13, Line 7 As a % of Col. 1 Line 8
													4.

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

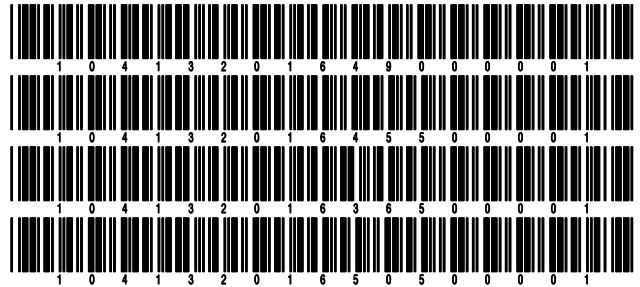
	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement? .....	NO
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement? .....	NO
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement? .....	NO
4. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC with this statement? .....	NO

Explanations:

- 1.
- 2.
- 3.
- 4.

Bar Codes:

1. Trusteed Surplus Statement [Document Identifier 490]
2. Supplement A to Schedule T [Document Identifier 455]
3. Medicare Part D Coverage Supplement [Document Identifier 365]
4. Director and Officer Supplement [Document Identifier 505]



**SCHEDULE A - VERIFICATION**

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		
2.2 Additional investment made after acquisition .....		
3. Current year change in encumbrances .....		
4. Total gain (loss) on disposals .....		
5. Deduct amounts received on disposals .....		
6. Total foreign exchange change in book/adjusted carrying value .....		
7. Deduct current year's other than temporary impairment recognized .....		
8. Deduct current year's depreciation .....		
9. Book/adjusted carrying value at the end of current period (Lines 1+2+3+4-5+6-7-8) .....		
10. Deduct total nonadmitted amounts .....		
11. Statement value at end of current period (Line 9 minus Line 10)		

**NONE**

**SCHEDULE B - VERIFICATION**

Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year .....		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		
2.2 Additional investment made after acquisition .....		
3. Capitalized deferred interest and other .....		
4. Accrual of discount .....		
5. Unrealized valuation increase (decrease) .....		
6. Total gain (loss) on disposals .....		
7. Deduct amounts received on disposals .....		
8. Deduct amortization of premium and mortgage interest and commitment fees .....		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....		
10. Deduct current year's other than temporary impairment recognized .....		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....		
12. Total valuation allowance .....		
13. Subtotal (Line 11 plus Line 12) .....		
14. Deduct total nonadmitted amounts .....		
15. Statement value at end of current period (Line 13 minus Line 14)		

**NONE**

**SCHEDULE BA - VERIFICATION**

Other Long-Term Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition .....		
2.2 Additional investment made after acquisition .....		
3. Capitalized deferred interest and other .....		
4. Accrual of discount .....		
5. Unrealized valuation increase (decrease) .....		
6. Total gain (loss) on disposals .....		
7. Deduct amounts received on disposals .....		
8. Deduct amortization of premium and depreciation .....		
9. Total foreign exchange change in book/adjusted carrying value .....		
10. Deduct current year's other than temporary impairment recognized .....		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....		
12. Deduct total nonadmitted amounts .....		
13. Statement value at end of current period (Line 11 minus Line 12)		

**NONE**

**SCHEDULE D - VERIFICATION**

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	4,908,022	4,568,936
2. Cost of bonds and stocks acquired .....		1,810,732
3. Accrual of discount .....	120	599
4. Unrealized valuation increase (decrease) .....		1,178
5. Total gain (loss) on disposals .....		1,396,769
6. Deduct consideration for bonds and stocks disposed of .....		76,654
7. Deduct amortization of premium .....	17,888	
8. Total foreign exchange change in book/adjusted carrying value .....		
9. Deduct current year's other than temporary impairment recognized .....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	4,890,254	4,908,022
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11)	4,890,254	4,908,022

STATEMENT AS OF MARCH 31, 2016 OF THE AFFIRMATIVE DIRECT INSURANCE COMPANY

**SCHEDULE D - PART 1B**

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. NAIC 1 (a) .....	4,169,524	348,827	93,773	(83,719)	4,340,859			4,169,524
2. NAIC 2 (a) .....	763,672			65,951	829,623			763,672
3. NAIC 3 (a) .....								
4. NAIC 4 (a) .....								
5. NAIC 5 (a) .....								
6. NAIC 6 (a) .....								
7. Total Bonds	4,933,197	348,827	93,773	(17,768)	5,170,482			4,933,197
<b>PREFERRED STOCK</b>								
8. NAIC 1 .....								
9. NAIC 2 .....								
10. NAIC 3 .....								
11. NAIC 4 .....								
12. NAIC 5 .....								
13. NAIC 6 .....								
14. Total Preferred Stock .....								
15. Total Bonds and Preferred Stock	4,933,197	348,827	93,773	(17,768)	5,170,482			4,933,197

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ .....280,229 ; NAIC 2 \$ ..... ; NAIC 3 \$ ..... ; NAIC 4 \$ ..... ; NAIC 5 \$ ..... ; NAIC 6 \$ .....

S102

**SCHEDULE DA - PART 1**

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year-to-Date	5 Paid for Accrued Interest Year-to-Date
9199999 Totals	280,229	XXX	280,229	81	

**SCHEDULE DA - VERIFICATION**

Short-Term Investments

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	25,175	690,336
2. Cost of short-term investments acquired .....	348,827	244,067
3. Accrual of discount .....		
4. Unrealized valuation increase (decrease) .....		
5. Total gain (loss) on disposals .....		
6. Deduct consideration received on disposals .....	93,773	909,228
7. Deduct amortization of premium .....		
8. Total foreign exchange change in book/adjusted carrying value .....		
9. Deduct current year's other than temporary impairment recognized .....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	280,229	25,175
11. Deduct total nonadmitted amounts .....		
12. Statement value at end of current period (Line 10 minus Line 11)	280,229	25,175

Schedule DB - Part A - Verification - Options, Caps, Floors, Collars, Swaps and Forwards

**N O N E**

Schedule DB - Part B - Verification - Futures Contracts

**N O N E**

Schedule DB - Part C - Section 1 - Replication (Synthetic Asset) Transactions (RSATs) Open

**N O N E**

Schedule DB-Part C-Section 2-Reconciliation of Replication (Synthetic Asset) Transactions Open

**N O N E**

Schedule DB - Verification - Book/Adjusted Carrying Value, Fair Value and Potential Exposure of  
Derivatives

**N O N E**

Schedule E - Verification - Cash Equivalents

**N O N E**

Schedule A - Part 2 - Real Estate Acquired and Additions Made

**N O N E**

Schedule A - Part 3 - Real Estate Disposed

**N O N E**

Schedule B - Part 2 - Mortgage Loans Acquired and Additions Made

**N O N E**

Schedule B - Part 3 - Mortgage Loans Disposed, Transferred or Repaid

**N O N E**

Schedule BA - Part 2 - Other Long-Term Invested Assets Acquired and Additions Made

**N O N E**

Schedule BA - Part 3 - Other Long-Term Invested Assets Disposed, Transferred or Repaid

**N O N E**

Schedule D - Part 3 - Long-Term Bonds and Stocks Acquired

**N O N E**

Schedule D - Part 4 - Long-Term Bonds and Stocks Sold, Redeemed or Otherwise Disposed Of

**N O N E**



Schedule DB - Part A - Section 1 - Options, Caps, Floors, Collars, Swaps and Forwards Open

**N O N E**

Schedule DB - Part B - Section 1 - Futures Contracts Open

**N O N E**

Schedule DB - Part B - Section 1B - Brokers with whom cash deposits have been made

**N O N E**

Schedule DB - Part D - Section 1 - Counterparty Exposure for Derivative Instruments Open

**N O N E**

Schedule DB - Part D-Section 2 - Collateral for Derivative Instruments Open - Pledged By

**N O N E**

Schedule DB - Part D-Section 2 - Collateral for Derivative Instruments Open - Pledged To

**N O N E**

Schedule DL - Part 1 - Reinvested Collateral Assets Owned

**N O N E**

Schedule DL - Part 2 - Reinvested Collateral Assets Owned

**N O N E**

**SCHEDULE E - PART 1 - CASH**

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	
UBS BANK CASH ..... UBS Financial Services, Inc. ....		0.000				2,779	450	.XXX.
Capital One Bank ..... Baton Rouge, Louisiana .....					18,743	16,122	72,094	.XXX.
0199998. Deposits in ... 1 depositories that do not exceed the allowable limit in any one depository (See instructions) - Open Depositories	XXX	XXX						XXX
0199999. Totals - Open Depositories	XXX	XXX			18,743	18,901	72,544	XXX
0299998. Deposits in ... depositories that do not exceed the allowable limit in any one depository (See instructions) - Suspended Depositories	XXX	XXX						XXX
0299999. Totals - Suspended Depositories	XXX	XXX						XXX
0399999. Total Cash on Deposit	XXX	XXX			18,743	18,901	72,544	XXX
0499999. Cash in Company's Office	XXX	XXX	XXX	XXX				XXX
0599999. Total - Cash	XXX	XXX			18,743	18,901	72,544	XXX

**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned End of Current Quarter

1 Description	Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due and Accrued	8 Amount Received During Year
<b>NONE</b>							
8699999 - Total Cash Equivalents							