

## STATEMENT AS OF SEPTEMBER 30, 2016 OF THE AFFIRMATIVE CASUALTY INSURANCE COMPANY

## ASSETS

				Current Year		Prior Year	
	Inset 1	Inset 2	Inset 3	1	2	3	4
				Assets	Non-admitted Assets	Net Admitted Assets (Cols. 1-2)	Net Admitted Assets
1. Bonds (Schedule D)				764,068		764,068	778,704
2. Stocks (Schedule D)						-	
2.1 Preferred stocks (Schedule D)						-	
2.2 Common stocks (Schedule D)				5,159,471		5,159,471	5,259,298
3. Mortgage loans on real estate (Schedule B):							
3.1 First liens							
3.2 Other than first liens							
4. Real estate (Schedule A):							
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 (Schedule E Part 1), cash equivalents (Schedule E Part 2) and short-term investments (Schedule DA)	3,443,002		1,761,568	5,204,570		5,204,570	7,871,385
6. Contract loans (including \$... premium notes)						-	
7. Derivatives (Schedule DB)						-	
8. Other invested assets (Schedule BA)				8,304,575		8,304,575	11,028,763
9. Receivables for securities						-	
10. Securities lending reinvested collateral assets (Schedule DL)						-	
11. Aggregate write-ins for invested assets						-	74,462
12. Subtotals, cash and invested assets (Lines 1 to 11)				19,432,684	-	19,432,684	25,012,612
13. Title plants less \$... Charged off (for Title insurers only)						-	
14. Investment income due and accrued				15,032		15,032	6,763
15. Premiums and considerations:						-	
15.1 Uncollected premiums and agents' balances in the course of collection						-	4,048,567
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						-	
16. Reinsurance:						-	
16.1 Amounts recoverable from reinsurers				39,488,037	39,413,919	74,118	7,104,183
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				249,360	249,360	-	
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				851		851	851
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)				59,185,964	39,663,279	19,522,685	36,172,976
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts							
28. Total (Lines 26 and 27)				59,185,964	39,663,279	19,522,685	36,172,976
<b>DETAILS OF WRITE-INS</b>							
1101. Other Receivable						-	74,462
1199. Total						-	74,462

**STATEMENT AS OF SEPTEMBER 30, 2016 OF THE AFFIRMATIVE CASUALTY INSURANCE COMPANY**  
**LIABILITIES, SURPLUS AND OTHER FUNDS**

	Inset	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)		24,178,326	26,908,576
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		-	-
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)		1,935,924	1,714,988
4. Commissions payable, contingent commissions and other similar charges		184,769	184,769
5. Other expenses (excluding taxes, licenses and fees)		222,433	237,285
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		1,057,335	1,297,482
7.1 Current federal and foreign income taxes (including \$... on realized capital gains (losses))		373,871	373,871
7.2 Net deferred tax liability			-
8. Borrowed money \$... and interest thereon \$...			
9. Unearned premiums (Part 1A, Line 38, Column 5)(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)			15,475,213
10. Advance premium		-	-
11. Dividends declared and unpaid:			
11.1 Stockholders			
11.2 Policyholders			
12. Ceded reinsurance premiums payable (net of ceding commissions)		(71,873)	(67,688)
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)			
14. Amounts withheld or retained by company for account of others			
15. Remittances and items not allocated			
16. Provision for reinsurance (including \$... certified) (Schedule F, Part 8)		14,100	14,100
17. Net adjustments in assets and liabilities due to foreign exchange rates			
18. Drafts outstanding			
19. Payable to parent, subsidiaries and affiliates		189,223	49,097
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		4,568,093	1,790,946
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)		32,652,201	47,978,639
27. Protected cell liabilities			
28. Total liabilities (Lines 26 and 27)		32,652,201	47,978,639
29. Aggregate write-ins for special surplus funds			
30. Common capital stock		3,000,000	3,000,000
31. Preferred capital stock			
32. Aggregate write-ins for other than special surplus			
33. Surplus Notes			
34. Gross paid in and contributed surplus		3,300,000	3,300,000
35. Unassigned funds (surplus)		(19,429,516)	(18,105,663)
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)(Page 4, Line 39)		(13,129,516)	(11,805,663)
38. TOTALS (Page 2, Line 28, Col. 3)		19,522,685	36,172,976
<b>DETAILS OF WRITE-INS</b>			
2501. Escheat Payable		1,900,786	1,366,479
2502. ULAE Payable to GA		2,588,807	345,967
2503. Other Payable		78,500	78,500
2599. Total		4,568,093	1,790,946

**STATEMENT AS OF SEPTEMBER 30, 2016 OF THE AFFIRMATIVE CASUALTY INSURANCE COMPANY**  
**STATEMENT OF INCOME**

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4)	2,505,235	3,882,667
<b>DEDUCTIONS:</b>		
2. Losses incurred (Part 2, Line 35, Column 7)	1,650,658	2,705,959
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	1,006,260	302,566
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	1,733,295	1,251,421
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	4,390,213	4,259,946
7. Net income of protected cells		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(1,884,978)	(377,279)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	1,800,381	322,741
10. Net realized capital gains or (losses) less capital gains tax of \$... (Exhibit of Capital Gains (Losses))		-
11. Net investment gain or (loss) (Lines 9 + 10)	1,800,381	322,741
<b>OTHER INCOME</b>		
12. Net gain (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	76,304	32,500
15. Total other income (Lines 12 through 14)	76,304	32,500
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(8,293)	(22,038)
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)	(8,293)	(22,038)
19. Federal and foreign income taxes incurred	-	(74,787)
20. Net income (Line 18 minus Line 19)(to Line 22)	(8,293)	52,749
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	(11,805,662)	27,278,179
22. Net income (from Line 20)	(8,293)	52,749
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$...	(1,304,398)	583,281
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax		(314,278)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 26, Column 3)	(11,163)	(39,402,756)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		(2,837)
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 (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders (Lines 22 through 37)	(1,323,854)	(39,083,841)
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	(13,129,516)	(11,805,662)
<b>DETAILS OF WRITE-INS</b>		
1401. Other Income	76,304	32,500
1499. Total		