

QUARTERLY STATEMENT

OF THE

AFFIRMATIVE DIRECT INSURANCE COMPANY

TO THE

Insurance Department

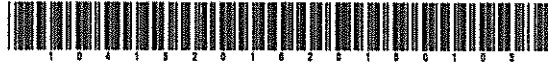
OF THE

STATE OF

**FOR THE QUARTER ENDED
SEPTEMBER 30, 2016**

PROPERTY AND CASUALTY

2016



PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2016

OF THE CONDITION AND AFFAIRS OF THE

AFFIRMATIVE DIRECT INSURANCE COMPANY

NAIC Group Code 3596 3596 NAIC Company Code 10413 Employer's ID Number 13-3571448
(Current) (Prior)

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
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 20 Batterson Park Road, Suite 380
(Street and Number)
Farmington, CT, US 06032-4500, 850-363-4853
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 20 Batterson Park Road, Suite 380, Farmington, CT, US 06032-4500
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 20 Batterson Park Road, Suite 380
(Street and Number)
Farmington, CT, US 06032-4500, 850-363-4853
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.affirmativecasualty.com

Statutory Statement Contact Wayne Johnson, 850-363-4853
(Name) (Area Code) (Telephone Number)
Wayne.Johnson@niskreg.com, 410-246-8490
(E-mail Address) (FAX Number)

OFFICERS

None - Company in Rehabilitation

OTHER

None - Company in Rehabilitation

DIRECTORS OR TRUSTEES

None - Company in Rehabilitation

State of Texas SS:
County of Dallas

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
Wayne Johnson
Receiver

Subscribed and sworn to before me this 10 day of NOVEMBER, 2016
BY: WAYNE JOHNSON

- 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 SEPTEMBER 30, 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	4,811,703		4,811,703	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 (\$ 37,024), cash equivalents (\$) and short-term investments (\$ 272,441)	309,465		309,465	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)	5,121,168		5,121,168	5,303,952
13. Title plants less \$ charged off (for Title insurers only)				
14. Investment income due and accrued	32,979		32,979	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				
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)	5,153,627		5,153,627	5,325,968
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	5,153,627		5,153,627	5,325,968
DETAILS OF WRITE-INS				
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.				
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)	44,555	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	12,798	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	45,000	
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	116,069	66,669
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	116,069	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)	(152,066)	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)	5,037,538	5,259,299
38. Totals (Page 2, Line 28, Col. 3)	5,153,627	5,325,968
DETAILS OF WRITE-INS		
2501. Reserve for Brokerage Fees	45,000	
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)	45,000	
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
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct (written \$)			
1.2 Assumed (written \$)			
1.3 Ceded (written \$)			
1.4 Net (written \$)			
DEDUCTIONS:			
2. Losses incurred (current accident year \$):			
2.1 Direct	(67)	(1,709)	
2.2 Assumed			
2.3 Ceded	(67)	(1,709)	
2.4 Net			
3. Loss adjustment expenses incurred			
4. Other underwriting expenses incurred	257,994		60,449
5. Aggregate write-ins for underwriting deductions			
6. Total underwriting deductions (Lines 2 through 5)	257,994		60,449
7. Net income of protected cells			
8. Net underwriting gain or (loss) (Line 1 minus Line 6 + Line 7)	(257,994)		(60,449)
INVESTMENT INCOME			
9. Net investment income earned	69,902	36,184	48,763
10. Net realized capital gains (losses) less capital gains tax of \$	(33,891)	1,179	1,178
11. Net investment gain (loss) (Lines 9 + 10)	36,011	37,363	49,941
OTHER INCOME			
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)	(221,983)	37,363	(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)	(221,983)	37,363	(10,508)
19. Federal and foreign income taxes incurred		13,194	
20. Net income (Line 18 minus Line 19)(to Line 22)	(221,983)	24,169	(10,508)
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year	5,259,298	5,326,452	5,326,452
22. Net income (from Line 20)	(221,983)	24,169	(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		(56,425)	(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)	(221,760)	(32,256)	(67,154)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	5,037,538	5,294,196	5,259,298
DETAILS OF WRITE-INS			
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
Cash from Operations			
1. Premiums collected net of reinsurance		(1,532)	1,357
2. Net investment income	117,274	70,507	122,997
3. Miscellaneous income			
4. Total (Lines 1 to 3)	117,274	68,974	124,354
5. Benefit and loss related payments	(1,656)	(130)	1,203
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	297,863		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)	296,207	(20)	21,892
11. Net cash from operations (Line 4 minus Line 10)	(178,933)	68,994	102,462
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	1,166,861	641,769	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)	1,166,861	641,769	1,396,769
13. Cost of investments acquired (long-term only):			
13.1 Bonds	1,121,451	1,104,250	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)	1,121,451	1,104,250	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)	45,410	(462,481)	(413,963)
Cash from Financing and Miscellaneous Sources			
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)	47,059	3,569	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)	47,059	3,569	10,286
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)	(86,464)	(389,918)	(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)	309,465	307,226	395,929

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

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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 Domicile	2016	2015
NET INCOME			
(1) State basis (Page 4, Line 20, Columns 1 & 3)	NY	(221,983)	(10,508)
(2) State Prescribed Practices that increase/(decrease) NAIC SAP			
(3) State Permitted Practices that increase/(decrease) NAIC SAP			
(4) NAIC SAP (1-2-3=4)	NY	(221,983)	(10,508)
SURPLUS			
(5) State basis (Page 3, Line 37, Columns 1 & 2)	NY	5,037,538	5,259,299
(6) State Prescribed Practices that increase/(decrease) NAIC SAP			
(7) State Permitted Practices that increase/(decrease) NAIC SAP			
(8) NAIC SAP (5-6-7=8)	NY	5,037,538	5,259,299

A. Accounting Policy

6. The Company has no loan-backed securities.

5. Investments

D. Loan-Backed Securities

The Company has no loan-backed securities.

B. 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.

STATEMENT AS OF SEPTEMBER 30, 2016 OF THE AFFIRMATIVE DIRECT INSURANCE COMPANY

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 September 30, 2016

The following table provides information as of September 30, 2016 about the Company's financial assets measured at fair value on a recurring basis:

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Bonds: Short-term investments	272,440			272,440
Total assets at fair value	272,440			272,440

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
b. Liabilities at fair value				
.....				
Total liabilities 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 derivatives.

B. Other Fair Value Disclosure

STATEMENT AS OF SEPTEMBER 30, 2016 OF THE AFFIRMATIVE DIRECT INSURANCE COMPANY

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 in Note 20A.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds-U.S. Treasury & Gov't Agencies . . .	2,992,300	2,988,347	2,992,300
Bonds-Corporate Debt Securities	1,838,792	1,823,356	1,078,641	760,151
Cash & Short-term	309,465	309,465	309,465

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

Not applicable.

21. Other Items

C. Other Disclosures

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 parent of Affirmative Casualty 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.

The Company's parent entered into a stock purchase agreement on September 6, 2016 in order to sell all of the outstanding shares of the Company and its licenses. The acquiring entity has filed a Form "A" with the NYDFS.

22. Subsequent Events

None.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

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

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. AIC is now in liquidation. The net change in incurred losses or loss adjustment expenses year to date as of September 30, 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 Name of Entity	2 NAIC Company Code	3 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 []
If yes, attach an explanation.
- 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 Financial Services
- 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 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 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: \$

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
Prior Year-End
Book/Adjusted
Carrying Value | 2
Current Quarter
Book/Adjusted
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
 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
 If yes, attach an explanation.

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

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

4.2 If yes, complete the following schedule:

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

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

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

STATEMENT AS OF SEPTEMBER 30, 2016 OF THE AFFIRMATIVE DIRECT INSURANCE COMPANY

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

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

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories			Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
States, etc.	Active Status	1	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				(1,376)		
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			(67)	(333)		
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	DT	XXX						
59. Totals	(a)	14			(67)	(1,709)		
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 SEPTEMBER 30, 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 SEPTEMBER 30, 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	Domestic Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership, Management, Attorney-in-Fact, Indirect, Other)	Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	
3596	Affirmative Insurance Holdings, Inc.	00076	56-2347246				Affirmative Insurance Group, Inc.	TX	UPP	Affirmative Insurance Holdings, Inc.	Other	0.000	J. Christopher Fleeters	1
3596	Affirmative Insurance Holdings, Inc.	43609	34-1386465				Affirmative Insurance Company	IL	UPP	Affirmative Insurance Group, Inc.	Other	0.000	J. Christopher Fleeters	1
3596	Affirmative Insurance Holdings, Inc.	12569	29-4337159				Affirmative Insurance Company of Michigan	MI	IA	Affirmative Insurance Company	Other	0.000	J. Christopher Fleeters	1
3596	Affirmative Insurance Holdings, Inc.	02895	72-1301527				Affirmative Casualty Insurance Company	LA	CEP	Affirmative Insurance Company	Other	0.000	J. Christopher Fleeters	1
3596	Affirmative Insurance Holdings, Inc.	18413	10-2571448				Affirmative Direct Insurance Company	NY	FE	Affirmative Casualty Insurance Company	Ownership	100.000	J. Christopher Fleeters	1
3596	Affirmative Insurance Holdings, Inc.	00000	46-2346285				Affirmative Real Estate Investment, LLC	LA	N/A	Affirmative Insurance Company	Other	0.000	J. Christopher Fleeters	1
3596	Affirmative Insurance Holdings, Inc.	00000	46-2035429				1520 Main, LLC	LA	N/A	Affirmative Insurance Company	Other	0.000	J. Christopher Fleeters	1

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

PART 1 - LOSS EXPERIENCE

Line of Business	Current Year to Date			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		(67)		
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	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)		
DETAILS OF WRITE-INS				
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			
DETAILS OF WRITE-INS			
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)			

NONE

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.

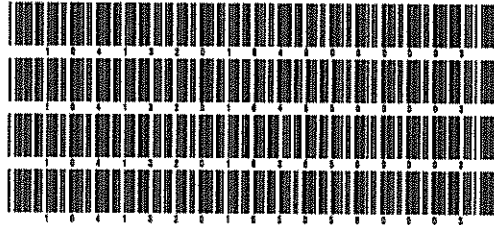
	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	NO
3. Will the Medicare Part D Coverage Supplement be filed with the state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



OVERFLOW PAGE FOR WRITE-INS

NONE

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 insurance commitment fees		
9. Total foreign exchange change in book value/recorded investment including 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	1,121,451	1,810,732
3. Accrual of discount	390	589
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		1,178
6. Deduct consideration for bonds and stocks disposed of	1,166,861	1,396,769
7. Deduct amortization of premium	51,299	76,654
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)	4,811,703	4,908,022
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	4,811,703	4,908,022

STATEMENT AS OF SEPTEMBER 30, 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
BONDS								
1. NAIC 1 (a)								
2. NAIC 2 (a)	4,382,064		100,000	(220,597)	4,340,859	4,382,064	4,061,467	4,169,524
3. NAIC 3 (a)	776,766			(26,830)	829,623	776,766	750,236	763,672
4. NAIC 4 (a)								
5. NAIC 5 (a)								
6. NAIC 6 (a)								
7. Total Bonds	5,158,830		100,000	(247,427)	5,170,482	5,158,830	4,811,703	4,933,197
PREFERRED STOCK								
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	5,158,830		100,000	(247,427)	5,170,482	5,158,830	4,811,703	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 \$: NAIC 2 \$: NAIC 3 \$: NAIC 4 \$: NAIC 5 \$: NAIC 6 \$

SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year-to-Date	Paid for Accrued Interest Year-to-Date
9199999 Totals	272,441	XXX	272,441	270	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	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	555,338	244,067
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	309,072	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)	272,441	25,175
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	272,441	25,175

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

NONE

Schedule DB - Part B - Verification - Futures Contracts

NONE

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

NONE

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

NONE

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

NONE

Schedule E - Verification - Cash Equivalents

NONE

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

NONE

Schedule A - Part 3 - Real Estate Disposed

NONE

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

NONE

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

NONE

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

NONE

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

NONE

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

NONE

STATEMENT AS OF SEPTEMBER 30, 2016 OF THE AFFIRMATIVE DIRECT INSURANCE COMPANY

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Disposal Date (M/D/Y)	5 Name of Purchaser	6 Number of Shares of Stock	7 Consolidation	8 Par Value	9 Actual Cost	10 Prior Year Book/Adjusted Carrying Value	11 Unrealized Valuation Increase/(Decrease)/Accretion	12 Current Year's (Amortization)/Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in Book/Adjusted Carrying Value	15 Total Foreign Exchange Change in Book/Adjusted Carrying Value	16 Book/Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/Stock Dividends Received During Year	21 Stated Contractual Maturity Date (M/D/Y)	22 NAIC Designation or Market Indicator (a)	
																						31999997
83999997	Total - Bonds - Part 4						100,000	100,000	100,000						100,000							XXX
83999998	Total - Bonds - Part 5						100,000	100,000	100,000						100,000							XXX
83999999	Total - Bonds						200,000	200,000	200,000						200,000							XXX
89999993	Total - Preferred Stocks - Part 4						XXX	XXX	XXX						XXX							XXX
89999994	Total - Preferred Stocks - Part 5						XXX	XXX	XXX						XXX							XXX
89999995	Total - Preferred Stocks						2XXX	2XXX	2XXX						2XXX							2XXX
87999997	Total - Common Stocks - Part 4						XXX	XXX	XXX						XXX							XXX
87999998	Total - Common Stocks - Part 5						XXX	XXX	XXX						XXX							XXX
87999999	Total - Common Stocks						2XXX	2XXX	2XXX						2XXX							2XXX
98999999	Total - Preferred and Common Stocks						4XXX	4XXX	4XXX						4XXX							4XXX
99999999	Totals						100,000	100,000	100,000						100,000							XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues

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

NONE

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

NONE

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

NONE

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

NONE

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

NONE

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

NONE

Schedule DL - Part 1 - Reinvested Collateral Assets Owned

NONE

Schedule DL - Part 2 - Reinvested Collateral Assets Owned

NONE

Schedule E - Part 2 - Cash Equivalents - Investments Owned End of Current Quarter

NONE

Medicare Part D Coverage Supplement

NONE



SUPPLEMENT FOR THE QUARTER ENDING SEPTEMBER 30, 2016 OF THE AFFIRMATIVE DIRECT INSURANCE COMPANY

Designate the type of health care providers reported on this page:

**SUPPLEMENT A TO SCHEDULE T
EXHIBIT OF MEDICAL PROFESSIONAL LIABILITY PREMIUMS WRITTEN
ALLOCATED BY STATES AND TERRITORIES**

States, etc.	1 Direct Premiums Written	2 Direct Premiums Earned	Direct Losses Paid		5 Direct Losses Incurred	Direct Losses Unpaid		8 Direct Losses Incurred But Not Reported
			3 Amount	4 No. of Claims		6 Amount Reported	7 No. of Claims	
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI								
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56. Northern Mariana Islands MP								
57. Canada CAN								
58. Aggregate Other Aliens OT								
59. Totals								
DETAILS OF WRITE-INS								
58001.								
58002.								
58003.								
58998. Summary of remaining write-ins for Line 58 from overflow page								
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)								

NONE

Trusteed Surplus - Cover

NONE

Trusteed Surplus Statement - Assets

NONE

Trusteed Surplus Statement - Liabilities and Trusteed Surplus

NONE

Trusteed Surplus Overflow Page

NONE

Director and Officer Insurance Coverage Supplement

NONE