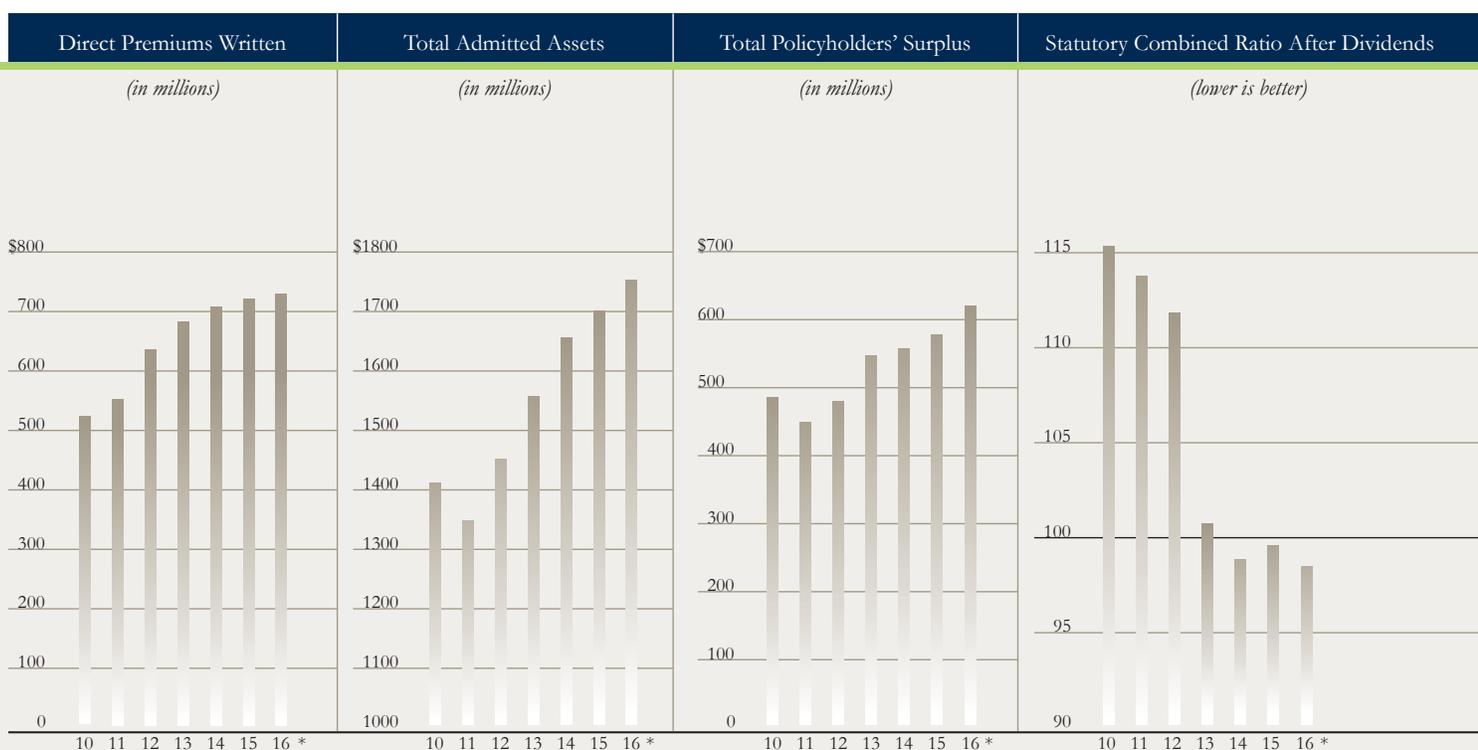




# 2016

## Combined Statutory Financial Highlights

(Dollars in thousands)	2016	2015	2014	2013	2012	2011*	2010*
Direct premiums written	<b>\$ 725,768</b>	\$ 719,977	\$ 706,213	\$ 681,691	\$ 633,571	\$ 551,033	\$ 518,978
Net premiums written	<b>685,932</b>	675,358	666,301	644,536	595,863	517,723	489,123
Net premiums earned	<b>684,415</b>	668,381	653,181	619,758	570,761	507,689	488,099
Investment income, including realized gains and losses	<b>49,223</b>	45,280	55,988	51,419	49,272	46,369	50,672
Net income (loss)	<b>53,272</b>	28,295	42,526	32,795	13,715	(25,164)	(11,029)
Total cash and investments	<b>\$1,420,296</b>	\$1,369,384	\$1,376,699	\$1,328,973	\$1,223,269	\$1,137,748	\$1,210,396
Total admitted assets	<b>1,763,087</b>	1,700,593	1,668,067	1,559,170	1,454,559	1,348,683	1,406,703
Total policyholders' surplus	<b>623,872</b>	580,803	567,445	550,211	481,590	451,151	487,148
Combined ratio after dividends	<b>98.5</b>	99.2	98.9	100.9	111.6	113.8	115.7



\*2011 and prior years do not include the results of Partners Mutual Insurance.



## 2016

## Combined Statutory Financial Statements (Unaudited)

**Combined Statutory Balance Sheets (Unaudited)**

December 31, (dollars in thousands)	2016	2015
<b>Admitted Assets</b>		
Investments:		
Bonds	\$1,223,769	\$1,194,980
Stocks	154,225	133,817
Mortgage loans	17,528	18,090
Real estate & other	1,058	1,270
Cash and cash equivalents	23,716	21,227
Total cash and investments	1,420,296	1,369,384
Agents' balances and uncollected premiums	184,647	178,054
Investment income due and accrued	10,464	10,469
Amounts due from reinsurers	110,775	94,604
Deferred tax asset, net	28,531	42,617
Other assets	8,374	5,465
Total admitted assets	\$1,763,087	\$1,700,593
<b>Liabilities and Policyholders' Surplus</b>		
Liabilities:		
Reserves for losses and loss adjustment expenses	\$ 700,117	\$ 673,424
Unearned premiums	306,929	305,410
Premium taxes and other expenses	49,833	55,520
Drafts outstanding	12,102	12,357
Other liabilities	70,234	73,079
Total liabilities	1,139,215	1,119,790
Policyholders' surplus:		
Surplus notes	50,000	50,000
Unassigned surplus	573,872	530,803
Total policyholders' surplus	623,872	580,803
Total liabilities and policyholders' surplus	\$1,763,087	\$1,700,593



## 2016

## Combined Statutory Financial Statements (Unaudited)

## Combined Statutory Statements of Income (Unaudited)

Years Ended December 31, (dollars in thousands)	2016	2015
Underwriting income:		
Net premiums written	\$685,932	\$675,358
Increase in unearned premiums	(1,517)	(6,977)
Premiums earned	684,415	668,381
Losses and loss adjustment expenses	439,283	434,224
Underwriting expenses	232,546	226,208
Total losses and expenses	671,829	660,432
Total underwriting income	12,586	7,949
Investment income:		
Net investment income	41,973	42,846
Net realized gains on investments	7,250	2,434
Total investment income	49,223	45,280
Other income (expense), net	2,554	(16,217)
Income before dividends and federal income tax expense	64,363	37,012
Dividends to policyholders	2,858	5,362
Income before federal income tax expense	61,505	31,650
Federal income tax expense	8,233	3,355
Net income	\$ 53,272	\$ 28,295

## Combined Statutory Operating Statistics (Unaudited)

Years Ended December 31,	2016	2015
Loss ratio	54.3	55.4
Loss adjustment expense ratio	9.9	9.6
Loss and loss adjustment expense ratio	64.2	65.0
Underwriting expense ratio	33.9	33.4
Dividend ratio	0.4	0.8
Combined ratio after dividends	98.5	99.2
Net premiums written to surplus ratio	1.1	1.2
Net liabilities to surplus ratio	1.8	1.9
Net leverage ratio	2.9	3.1