AMICA MUTUAL INSURANCE COMPANY

Statutory Financial Statements

December 31, 2018 and 2017

(With Independent Auditors' Report Thereon)

KPMG LLP
One Financial Plaza, Suite 2300
Providence, RI 02903

Independent Auditors' Report

The Board of Directors
Amica Mutual Insurance Company:

We have audited the accompanying financial statements of Amica Mutual Insurance Company, which comprise the statutory statements of admitted assets, liabilities, and surplus to policyholders as of December 31, 2018 and 2017, and the related statutory statements of income, surplus to policyholders, and cash flow for the years then ended, and the related notes to the statutory financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with statutory accounting practices prescribed or permitted by the State of Rhode Island Department of Business Regulation Insurance Division. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

KPMG

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in note 2 to the financial statements, the financial statements are prepared by Amica Mutual Insurance Company using statutory accounting practices prescribed or permitted by the State of Rhode Island Department of Business Regulation Insurance Division, which is a basis of accounting other than U.S. generally accepted accounting principles. Accordingly, the financial statements are not intended to be presented in accordance with U.S. generally accepted accounting principles.

The effects on the financial statements of the variances between the statutory accounting practices described in note 2 and U.S. generally accepted accounting principles, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the variances between statutory accounting practices and U.S. generally accepted accounting principles discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of Amica Mutual Insurance Company as of December 31, 2018 and 2017, or the results of its operations or its cash flows for the years then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and surplus of Amica Mutual Insurance Company as of December 31, 2018 and 2017, and the results of its operations and its cash flow for the years then ended, in accordance with statutory accounting practices prescribed or permitted by the State of Rhode Island Department of Business Regulation Insurance Division described in note 2.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedule 1 – summary investment schedule, Schedule 2 – supplemental investment risks interrogatories, and Schedule 3 – general interrogatories is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the State of Rhode Island Department of Business Regulation Insurance Division. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Providence, Rhode Island
May 10, 2019

AMICA MUTUAL INSURANCE COMPANY

Statutory Statements of Admitted Assets, Liabilities and Surplus to Policyholders
(in thousands)

December 31, 2018 and 2017

	2018	2017
Assets:		
Bonds and debt securities	$ 2,473,492	$ 2,530,627
Preferred stocks	758	0
Common stocks	1,489,309	1,755,880
Mortgage loans	90,419	68,131
Real estate	52,462	45,576
Cash and cash equivalents	237,287	35,379
Other invested assets	196,136	156,644
Receivable for securities	45,746	9,911
Total cash and invested assets	4,585,609	4,602,148
Premiums receivable	632,258	609,879
Reinsurance recoverable on paid losses and loss adjustment expenses	1,217	1,703
Net deferred tax asset	66,429	17,562
Federal income tax recoverable	12,132	23,434
Interest and dividend income due and accrued	18,803	21,205
Equities and deposits in pools and associations	33,349	30,318
Other assets admitted	80,017	78,318
Total assets	$ 5,429,814	$ 5,384,567
Liabilities and surplus to policyholders:		
Reserves for losses and loss adjustment expenses	$ 1,208,498	$ 1,233,999
Reinsurance payable on paid losses	15,166	13,782
Accrued other expenses	67,641	82,592
Reserve for unearned premiums	1,227,669	1,180,441
Ceded reinsurance balances payable	157	545
Dividends payable to policyholders	10,344	10,652
Payable for securities	204,788	37,286
Reserve for non-qualified pensions and deferrals	66,391	71,848
Other liabilities	70,883	83,932
Total liabilities	2,871,537	2,715,077
Surplus to policyholders	2,558,277	2,669,490
Total liabilities and surplus to policyholders	$ 5,429,814	$ 5,384,567

See accompanying notes to statutory financial statements.

AMICA MUTUAL INSURANCE COMPANY

Statutory Statements of Income
(in thousands)

December 31, 2018 and 2017

	2018	2017
Underwriting income:		
Premiums earned	$ 2,327,032	$ 2,182,457
Underwriting expenses:		
Losses incurred	1,480,193	1,513,005
Loss expenses incurred	225,377	230,833
Other underwriting expenses	570,823	530,510
Total underwriting expenses	2,276,393	2,274,348
Net underwriting gain (loss)	50,639	(91,891)
Investment and other income:		
Net investment income	112,106	103,594
Net realized capital gains, net of Federal income taxes of $36,515 and $71,411 in 2018 and 2017, respectively	105,371	157,766
Other expense, net	(3,848)	(101)
Total investment and other income	213,629	261,259
Income before dividends and before Federal income taxes, net	264,268	169,368
Dividends to policyholders	142,379	145,006
Income after dividends but before Federal income taxes, net	121,889	24,362
Federal income tax benefit, net	(12,880)	(58,381)
Net income	$ 134,769	$ 82,743

See accompanying notes to statutory financial statements.

AMICA MUTUAL INSURANCE COMPANY

Statutory Statements of Surplus to Policyholders

(in thousands)

December 31, 2018 and 2017

	2018	2017
Surplus to policyholders at January 1	$ 2,669,490	$ 2,583,674
Net income	134,769	82,743
Net change in unrealized capital gains (losses), net of ($53,399) and ($65,628) Federal income tax benefit in 2018 and 2017, respectively	(202,885)	112,293
Change in deferred income tax	(4,532)	(82,415)
Change in non-admitted assets	39,100	(89,346)
Cumulative effect of change in accounting principles	(7,888)	(15,560)
Change in Amica Companies Supplemental Retirement Trust	(9,001)	5,006
Change in pension overfunded asset	(98,834)	47,319
Change in retiree medical overfunded asset	(825)	5,757
Change in retiree medical benefit liability	29,524	26,443
Other surplus adjustments	9,359	(6,424)
Change in surplus to policyholders	(111,213)	85,816
Surplus to policyholders at December 31	$ 2,558,277	$ 2,669,490

See accompanying notes to statutory financial statements.

AMICA MUTUAL INSURANCE COMPANY

Statutory Statements of Cash Flows
(in thousands)

December 31, 2018 and 2017

	2018	2017
Cash from operations:		
Premiums collected, net of reinsurance	$ 2,350,153	$ 2,228,191
Loss and loss adjustment expenses paid	(1,729,199)	(1,687,295)
Underwriting expenses paid, net of commissions received	(544,187)	(477,507)
Cash from underwriting	76,767	63,389
Net investment income	122,423	114,089
Other losses, net	(5,674)	(3,849)
Dividends to policyholders	(142,688)	(144,956)
Federal income taxes (paid) recovered	(13,182)	16,458
Net cash from operations	37,646	45,131
Cash from (to) investments:		
Proceeds from investments sold, matured or repaid:		
Bonds and debt securities sold	1,551,627	168,088
Bonds and debt securities matured or repaid	230,462	257,948
Stocks	821,800	1,001,060
Mortgage loans repaid	2,178	180
Other invested assets	201,761	39,681
Total investment proceeds	2,807,828	1,466,957
Cost of investments acquired:		
Bonds and debt securities	1,730,376	805,584
Stocks	689,640	651,772
Mortgage loans	24,466	39,887
Other invested assets	100,257	39,963
Total investments acquired	2,544,739	1,537,206
Net cash from (to) investments	263,089	(70,249)
Cash to financing and miscellaneous sources:		
Net transfers from (to) affiliates	1,614	(155)
Other cash applied	(100,441)	(58,710)
Net cash to financing and miscellaneous sources	(98,827)	(58,865)
Reconciliation of cash and cash equivalents:		
Net change in cash and cash equivalents	201,908	(83,983)
Cash and cash equivalents - beginning of year	35,379	119,362
Cash and cash equivalents - end of year	$ 237,287	$ 35,379

See accompanying notes to statutory financial statements.

Note 1 – Nature of Operations

Amica Mutual is a personal lines carrier primarily writing automobile and homeowners coverage on a direct basis. Amica Mutual is licensed in all fifty states and the District of Columbia, and though the Company is most concentrated in the Northeast, almost 70% of business is written outside of the Northeast as of December 31, 2018. Just over 55% of direct written premiums derive from automobile lines of business, with approximately 38% attributable to the homeowners line.

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying statutory financial statements have been prepared in conformity with the accounting practices of the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* and the accounting practices prescribed or permitted by the State of Rhode Island Department of Business Regulation Insurance Division, which varies in some respects from U.S. generally accepted accounting principles (GAAP). The Company has no state basis adjustments.

The statutory treatment of the more significant variances between GAAP and statutory accounting practices are:

1. Bonds and debt securities are generally carried at amortized cost, regardless of the level of portfolio activity.

2. Majority owned subsidiaries are not consolidated.

3. All adjustments to deferred taxes are recorded through an adjustment to surplus to policyholders and all deferred tax assets are subject to an admissibility test.

4. Salvage and subrogation recoverable generally is not recognized.

5. Premium income is taken into earnings on a pro-rata basis over the periods covered by the policies, whereas related acquisition costs are charged to income when incurred.

6. A provision is made for unearned premiums and losses recoverable on business reinsured with companies not qualified by license, through a charge to surplus to policyholders.

7. Reserves for losses and loss adjustment expenses and reserve for unearned premiums are presented net of reinsurance ceded and assumed.

8. Equity in earnings of affiliated companies is reflected in surplus to policyholders as unrealized gain or loss rather than income.

9. Earnings for equity method investments are reflected in surplus to policyholders as unrealized gain or loss rather than income, until such earnings are distributed.

10. Certain assets designated as "non-admitted", including premiums receivable greater than 90 days past due in excess of related unearned premium, furniture and equipment and prepaid expenses, including prepaid retirement plan assets, are charged off against surplus to policyholders.

11. The statutory financial statements do not include a statement of comprehensive income as required under GAAP.

12. The statutory statements of cash flow do not classify cash flows consistent with GAAP and a reconciliation of net income to net cash provided by operating activities is not provided.

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13. Other postretirement benefits are provided for and related disclosures are presented in accordance with statutory requirements.

The effects of these differences on the accompanying statutory financial statements have not been determined.

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

The preparation of statutory financial statements, in accordance with accounting practices of the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* and the accounting practices prescribed or permitted by the State of Rhode Island Department of Business Regulation Insurance Division, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. It also requires estimates in the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

1. Reserve for Loss and Loss Adjustment Expenses:

   Estimates and assumptions relating to reserves for loss and loss adjustment expenses are based on complex and subjective judgments, often including the interplay of specific uncertainties with related accounting and actuarial measurements. Such estimates are also susceptible to change as significant periods of time may elapse between the occurrence of an incurred loss, the report of the loss to the insurer, the ultimate determination of the cost of the loss and the insurer's payment of that loss. Reserve amounts are determined based on management's informed estimates and judgments using currently available data. As additional experience and other data becomes available and are reviewed, these estimates and judgments may be revised. This may result in reserve increases or decreases that would be reflected in the results in periods in which such estimates or assumptions are changed.

2. Other-Than-Temporary Declines in the Value of Investments:

   The cost of securities is adjusted where appropriate to include a provision for the decline in value which is considered to be other-than-temporary. An other-than-temporary decline is considered to occur in any investment except loan-backed and structured securities where there has been a sustained reduction in market value and where the Company does not expect the fair value to recover prior to the time of sale or maturity. Since equity securities do not have a contractual cash flow at time of maturity, the Company considers whether the price of an equity security is expected to recover within a reasonable period of time. For loan-backed and structured securities that have a fair value less than amortized cost and the Company has either (1) the intent to sell or (2) does not have the intent and ability to hold the security until recovery of its carrying value, the Company must impair the security to fair value and record an other-than-temporary impairment as a net realized capital loss. For loan-backed and structured securities where the Company does not expect to recover the amortized cost, but has the intent and ability to hold the security to recovery, the Company recognizes an other-than-temporary impairment for the credit related decline in value. Management regularly reviews securities that have a fair value less than cost to determine whether an other-than-temporary impairment has occurred. If a decline in value is considered other-than-temporary, the Company reports a realized loss on its statement of income. Because of changing economic and market conditions affecting issuers of debt and equity securities and the performance of the underlying collateral affecting certain classes of assets, it is reasonably possible that the Company will recognize other-than-temporary impairments in the future.

C. Investment Policy

1. Cash and cash equivalents are stated at cost, which approximates fair value. Certificates of deposit in banks or similar institutions with maturity dates within one year or less from the acquisition date are classified as cash.

2. Bonds, except loan-backed bonds and structured securities, are stated at amortized cost using the scientific method.

3. Loan-backed bonds and structured securities are valued at amortized cost using the retrospective method (or a method which approximates the retrospective method). Prepayment assumptions for single-class and multi-class mortgage-backed and asset-backed securities were obtained from broker dealer survey values, nationally recognized data services or internal estimates.

4. Preferred stocks are stated at fair value.

5. Common stocks, other than investments in stocks of subsidiaries and affiliates, are stated at fair value. The fair value of investments in common stock of wholly-owned insurance affiliates equals the statutory equity of the affiliate. Fair value of investments in common stock of wholly-owned non-insurance affiliates equals the GAAP equity of the affiliate.

6. Mortgage loans on real estate are reported at the unpaid balance of the loan. Interest earned on mortgage loans is accrued on the outstanding principal balance of the loan based on the loan's contractual coupon rate, less any service fees. The Company continually monitors the performance of each mortgage loan for any potential impairments. A mortgage loan will be temporarily impaired if it has been determined that the Company will be unable to collect principal and interest payments as described in the mortgage agreements, and a valuation allowance will be recorded in net unrealized capital losses as the difference between the fair value of the collateral and the carrying value of the loan. Refer to Note 2B for information on the Company's policy for determining other-than-temporary impairments.

7. Other invested assets are stated as follows:

   a. Limited partnerships are carried at the Company's share of GAAP equity of the fund. The fair value of the funds at the end of the year is determined using the most recent available capital account balance as reported by each partnership, adjusted for any cash transactions through year-end.

   b. Amica General Agency, LLC, a wholly-owned subsidiary of the Company, is stated on the GAAP equity basis.

8. The carrying value of real estate property occupied by the Company is based on depreciated cost less encumbrances.

   The carrying value of real estate property held for the production of income is the lower of depreciated cost less encumbrances or fair value, which is determined by appraisal. If the fair value is less than the depreciated cost less encumbrances, the real estate investment is written down to the fair value, thereby establishing a new cost basis. The adjustment is recorded in the statement of income as a realized loss.

9. Realized gains and losses are determined on a specific identification basis, are credited or charged to income, and are presented in the Statutory Statements of Income net of Federal income taxes. Unrealized capital gains and losses resulting from the valuation of investments at fair value are credited or charged directly to surplus to policyholders. A decline in the market value of any investment security, excluding loan-backed and structured securities, below cost that is deemed to be other-than-temporary results in a reduction in the carrying amount to fair value. A decline in market value of loan-backed and structured securities below cost that is deemed to be other-than-temporary results in a reduction in the carrying amount in accordance with SSAP 43R, "Loan-backed and Structured Securities."

   Fair value is generally the market value at the valuation date. The impairment is charged to earnings and a new cost basis for the security is established. Factors considered in evaluating whether a decline in value is other-than-temporary are:

   a. Whether the decline is substantial;
   b. The Company's ability and intent to retain the investment for a period of time sufficient to allow for anticipated recovery in value;
   c. The duration and extent to which market value has been less than cost;
   d. The financial condition and near term prospects of the issuer;

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e. The NAIC designation; and
f. The estimated present value of cash flows expected to be collected is less than the amortized cost basis of the security.

Premiums and discounts are amortized or accreted over the life of the investment security as an adjustment to yield using the effective interest method. Dividend and interest income are recognized when earned.

10. The Company does not hold or issue derivative financial instruments.

D. Asset Depreciation and Amortization Policy

The Company's capitalization policy includes a prepaid expense threshold of $500, capitalization of qualifying expenses associated with projects in excess of $500, and capitalization of internal labor costs on strategic projects to the extent they qualify. The policy maintains the $5 de minimis limitation on capitalizing individual items for projects under $500.

E. Revenue Recognition Policy

Premiums are earned over the terms of the related policies and reinsurance contracts. Policies generally have a term of one year. However, in November 2018, the Company began converting automobile policies in select states to six-month policy periods upon renewal. Additionally, new automobile policies written in affected states are written exclusively with a six-month policy term. Unearned premiums are established to cover the unexpired portion of premiums written. Such reserves are computed by pro-rata methods for direct business and are based on reports received from ceding companies for reinsurance assumed.

F. Acquisition Expenditure Policy

Expenses incurred in connection with acquiring new insurance business are charged to operations as incurred. Expenses are reduced for ceding allowances received or receivable.

G. Dividends to Policyholders Policy

Dividends to policyholders are incurred upon policy expiration or cancellation.

H. Unpaid Losses and Loss Adjustment Expenses Policy

Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are determined based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be different than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

I. Federal Income Taxes Policy

The method of allocating Federal income taxes between the Company and its subsidiaries is contained in a written agreement approved by the Board of Directors. Allocation is made in accordance with Section 1552 (a)(2) of the Internal Revenue Code based upon separate return calculations with current credit for net losses. Inter-company estimated tax balances are settled at least quarterly during the tax year with a final settlement during the month following the filing of the consolidated income tax return.

The Company reports a deferred tax asset or liability for the expected future tax consequences of temporary differences generated by the differences between statutory accounting and the Federal income tax basis of accounting. Changes in deferred tax assets and liabilities are recognized as a separate component of gains and losses in surplus to policyholders. Deferred tax assets are subject to certain admissibility requirements.

On December 22, 2017 the Tax Cuts and Jobs Act (the Act) was enacted into law, reducing the Federal tax rate from 35% to 21%, effective for taxable years after December 31, 2017. The financial statement impact of the new tax law is discussed in Note 10D.

J. Premium Deficiency Calculation Policy

The Company reviews historical and projected operating results by major line of business on a quarterly basis to determine if a premium deficiency reserve is necessary. Investment income is not anticipated as a factor in this calculation.

K. Fair Value of Financial Instruments

The following methods and assumptions are used by the Company in estimating its fair value disclosures for financial instruments:

1. Cash and Cash Equivalents

   The carrying value reported in the Statutory Statements of Assets, Liabilities, and Surplus to Policyholders for these instruments approximates fair value.

2. Invested Assets

   The fair value of long-term bonds and debt securities and unaffiliated equity securities is based on market prices. In absence of publishers' market values, the fair value is based on market yields of securities from an identical issuer with similar maturities. Investments in insurance subsidiaries are carried on the statutory equity basis.

3. Other Invested Assets

   Unaffiliated other invested assets are valued on the equity method. Affiliated other invested assets are stated on the GAAP equity basis.

4. Mortgage Loans

   The fair value of mortgage loans is based on a loan pricing model utilized by an independent third party. The model applies to each loan's unique cash flow discount rate comprised of the average life Treasury benchmark plus a corresponding credit spread. The credit spread is derived from mortgage banking surveys utilizing loan term in years, sector in which the property operates, and quality risk rating.

L. New Accounting Standards

1. In April 2017, the NAIC adopted modifications to SSAP No. 26R, "Bonds, Excluding Loan-backed and Structured Securities" to require the identification of instruments that will be measured using systematic value on January 1, 2018. This methodology is an option for accounting for NAIC designated fixed income exchange traded funds rather than fair value (NAV) accounting. This requirement is effective December 31, 2017. The Company did not elect this methodology in 2018.

2. In August 2017, the NAIC adopted modifications to SSAP No. 1, "Disclosures of Accounting Policies, Risks, and Uncertainties, and Other Disclosures" clarifying that information on restricted cash, cash equivalents, and short-term investments is reported in the restricted asset disclosure. This guidance is effective December 31, 2019. As this modification is disclosure related it will not have any impact on the results of operations or financial position of the Company.

3. In November 2017, the NAIC adopted revisions to SSAP No. 100R "Fair Value" to allow the use of net asset value (NAV) per share as a practical expedient for fair value and add disclosures to identify assets valued using NAV separately in the fair value hierarchy. These revisions were effective January 1, 2018 with early

adoption permitted. The Company adopted these revisions beginning January 1, 2018. These revisions did not have a material impact on the results of operations or financial condition of the Company.

4. In February 2018, the NAIC issued INT 18-01, "Updated Tax Estimates Under the Tax Cuts and Jobs Act", which determined that insurance companies should use one of the following three methods to reflect the effects of the Act for year-end 2017 statutory financial statements: 1) a company must record the effects of the change in tax law for all accounting estimates that are complete; 2) a company should report provisional amounts (or adjustments to provisional amounts) for the effects of the tax law change where the accounting is not complete, but a reasonable estimate can be determined; 3) if a reasonable estimate cannot be determined for a specific effect of the tax law change, a company should not record a provisional amount and should continue to apply existing guidance in SSAP 101 based on the tax law in effect prior to the enactment on December 22, 2017. INT 18-01 also affords insurance companies a limited time, limited scope exception to SSAP 9, Subsequent Events, whereas changes in reasonable estimates from the Act are not required to be recognized as Type 1 subsequent events after the issuance of the statutory financial statements. See Note 10 for disclosure and additional information.

5. In March 2018, the NAIC adopted modifications to SSAP No. 92 "Postretirement Benefits Other than Pensions" and SSAP No. 102 "Accounting for Pensions, A Replacement of SSAP No. 89" to remove the disclosure requirements for level 3 investment rollforwards for the pension and other post retirement plan assets. This guidance was effective on issuance. As this modification was disclosure related it did not have any impact on the results of operations or financial position of the Company.

6. In March 2018, the NAIC adopted modifications to SSAP No. 103R "Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" which excluded all cash equivalents, derivative transactions and short-term investments with credit assessments equivalent to NAIC 1-2 ratings from wash sale disclosures. Additionally, the modification clarified that disclosures are included in the financial statements when an investment is sold. The Company did not have any wash sales or related disclosures in 2018 or 2017.

7. In May 2018, the NAIC adopted revisions to SSAP No. 97 "Investments in Subsidiary, Controlled and Affiliated Entities" to clarify the guidance for SCA losses that result in zero or negative equity in an SCA entity. In addition, the revisions provide a method to track SCA losses and includes additional disclosure requirements to capture information on the tracking of a reporting entity's share of SCA losses. This guidance was effective December 31, 2018 and did not have an impact on the results of operations or financial condition of the Company.

8. In November 2018, the NAIC granted an optional temporary 60-day extension of the 90-day admissibility rule for uncollected premiums, bills receivable for premiums and amounts due from agents and policyholders directly affected by Hurricanes Florence and Michael. This interpretation expired in February 2018. The Company chose not to elect this extension and therefore there is no impact on the statutory financial statements.

9. In November 2018, the NAIC adopted modifications to SSAP No. 48, "Joint Ventures Partnerships and Limited Liability Companies" which added disclosures to capture information when an insurer's share of losses results in a negative equity position for a joint venture, partnership or limited liability company. This guidance was effective December 31, 2018. As this modification is disclosure related it did not have any impact on the results of operations or financial position of the Company.

M. Going Concern

Management's review of relevant conditions and events, considered in the aggregate, indicate that it is probable that the Company will be able to meet its obligations as they become due within one year after the date that the statutory financial statements are issued.

N. Reclassification

Certain prior year balances may be reclassified to conform to the current year presentation.

(Continued)

(in thousands)

Note 3 – Accounting Changes and Correction of Errors

In March 2012, the NAIC issued SSAP No. 92, "Accounting for Postretirement Benefits Other Than Pensions, A Replacement of SSAP No. 14." This statement, which was effective January 1, 2013, requires participants not yet eligible to retire to be included in the accumulated postretirement benefit obligation. In accordance with this statement, the Company has elected to phase in the corresponding transition liability over a period of six years and recorded a current year transition liability of $7,888 in 2018, which resulted in the transition being fully recognized as of December 31, 2018. See Note 12 for additional information.

Note 4 - Investments

A. Bonds and Debt Securities

Bonds and debt securities on deposit with various regulatory authorities, as required by law, totaled $3,734 and $3,747 at December 31, 2018 and 2017, respectively.

The amortized cost, gross unrealized gains and losses and fair value of bonds and debt securities are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2018				
U.S. government and federal agency securities	$787,696	$6,363	$15,777	$778,282
States, territories and possessions	204,731	3,207	1,509	206,429
Political subdivisions of states	50,374	2,512	0	52,886
Special revenue and special assessment obligations	585,360	2,021	10,199	577,182
Industrial and miscellaneous	845,331	8,680	22,245	831,766
Total	$2,473,492	$22,783	$49,730	$2,446,545
2017				
U.S. government and federal agency securities	$834,790	$13,415	$8,607	$839,598
States, territories and possessions	339,301	15,041	259	354,083
Political subdivisions of states	148,590	7,258	5	155,843
Special revenue and special assessment obligations	469,119	542	3,058	466,603
Industrial and miscellaneous	738,827	21,093	1,991	757,929
Total	$2,530,627	$57,349	$13,920	$2,574,056

The amortized cost and fair value of long-term bonds and debt securities at December 31, 2018 by contractual maturities are shown below. Expected maturities will differ from contractual maturities because securities may be called or prepaid with or without call or prepayment penalties.

	Amortized Cost	Fair Value
Due in one year or less	$16,799	$16,797
Due after one year through five years	324,169	320,687
Due after five years through ten years	447,186	447,929
Due after ten years	1,685,338	1,661,132
Total	$2,473,492	$2,446,545

(in thousands)

Proceeds from the sale of bonds and debt securities during 2018 were $1,551,627. Gross gains of $15,452 and gross losses of $13,472 were realized on these sales. Proceeds from the sale of bonds and debt securities during 2017 were $168,088. Gross gains of $7,685 and gross losses of $95 were realized on these sales. There were no other-than-temporary impairment losses on bonds and debt securities in 2018 or 2017.

B. Stocks

Net admitted preferred stocks, which are carried at fair value, had a cost basis of $758 and $0 at December 31, 2018 and 2017, respectively. There were no realized gains from the sale of preferred stocks, net of realized losses on sales, in 2018 and 2017. There were no other-than-temporary impairment losses recognized on preferred stocks in 2018 and 2017.

Net admitted unaffiliated common stocks, which are carried at fair value, had a cost basis of $1,015,674 and $1,007,320 at December 31, 2018 and 2017, respectively. Realized gains from the sale of unaffiliated common stocks, net of realized losses on sales, amounted to $188,486 in 2018 and $233,721 in 2017. Offsetting these gains are losses related to other-than-temporary declines in the fair value of certain unaffiliated common stocks of $47,214 and $15,228 in 2018 and 2017, respectively.

Net unrealized gains on admitted unaffiliated stocks at December 31, 2018 and 2017 were comprised as follows:

	2018	2017
Gross unrealized gains:		
Preferred stocks	$1	$0
Common stocks	510,282	750,183
	510,283	750,183
Gross unrealized losses:		
Common stocks	(36,647)	(1,623)
Net unrealized gains	$473,636	$748,560

In addition to publicly traded stocks, the Company is a member of the Federal Home Loan Bank (FHLB) of Boston and holds $4,481 of FHLB capital stock. This stock is restricted and held by the FHLB of Boston. The FHLB provides members with access to secured loans from the issuance of discounted notes or term debt funded by Federal Home Loan Banks. The Company may decide to use its FHLB membership in the future for contingent liquidity needs. The Company had determined the estimated maximum borrowing capacity as $1,445,386 in accordance with the most recent FHLB capital stock calculation. The Company does not currently have any funding agreements in place with the FHLB as of December 31, 2018.

C. Mortgage Loans

The Company is a co-lender in first lien commercial mortgage loans with a carrying value of $90,419 and $68,131 as of December 31, 2018 and 2017, respectively. The maximum and minimum lending rates for commercial mortgage loans during 2018 were 4.9% and 3.8%. The maximum percentage of any one loan to the value of security at the time of the loan was 64.9%. There were no taxes, assessments, or any amounts advanced and not included in the mortgage loan total. In 2017, the Company held fourteen commercial mortgage loans consisting of four office properties, three retail properties, three industrial parks, two multifamily properties, one parking garage and one self-storage portfolio made up of seven properties. In 2018, the Company acquired five additional commercial mortgage loans consisting of two industrial parks, one office property, one multifamily property and one self-storage portfolio made up of six properties. All mortgage loans are current as of December 31, 2018.

The Company has no significant credit risk exposure to any one individual borrower. The Company monitors loan-to-value and debt service coverage ratios to monitor credit quality of its commercial mortgage loans on an ongoing basis. Loan-to-value ratios are determined from the most current appraisal and market data as of the annual statement date. The loan-to-value ratios for each of the Company's commercial mortgage loans as of December 31, 2018 was below 65%.

(in thousands)

D. Other Invested Assets

The Company holds other invested assets, which include:

	Year Ended December 31, 2018		Year Ended December 31, 2017	
	Cost	Fair Value	Cost	Fair Value
Adams Street Private Credit Fund, LP	$7,212	$7,264	$1,000	$939
AEA Mezzanine Fund III, LP	8,252	8,213	11,196	11,075
Amica General Agency, LLC	200	11,996	200	10,243
Cyprium Investors IV, LP	4,518	4,818	5,688	5,506
GCG Investors IV, LP	3,956	4,040	1,185	1,061
GLC Direct Credit Fund, LP	7,586	8,403	7,103	7,402
Goldman Sachs Hedge Fund Opportunities Inst., LTD	10,600	13,408	10,600	13,319
Goldman Sachs Private Equity Partners XI Offshore, LP	132	408	222	386
Goldpoint Mezzanine Partners IV, LP	8,523	8,876	5,511	5,573
Graycliff Mezzanine II Parallel, LP	1,134	1,177	1,563	1,563
Graycliff Mezzanine III Parallel, LP	704	646	0	0
Heartw ood Forestland REIT III, LLC	14,139	17,045	13,153	15,385
Lyme Forest Fund IV, LP	14,325	17,276	13,469	15,081
Lyme Forest Fund V, LP	4,200	4,068	0	0
ManchesterStory Venture Fund, LP	929	929	0	0
Midw est Mezzanine Fund V SBIC, LP	6,421	8,797	6,122	7,948
Midw est Mezzanine Fund VI SBIC, LP	1,597	1,572	0	0
Morgan Stanley IFHF SPV, LP	226	313	342	503
Morgan Stanley Institutional Fund of Hedge Funds, LP	15,657	28,542	15,657	27,949
Morgan Stanley Premium Partners Fund, LP	129	256	154	306
Morgan Stanley Private Markets Fund III, LP	1,380	3,263	2,140	5,124
Point Judith Venture Fund III, LP	6,663	14,627	10,895	12,351
Point Judith Venture Fund IV, LP	11,163	15,212	7,178	6,596
Savano Capital Partners II, LP	8,401	10,481	8,405	8,334
Stonepeak Infrastructure Fund III, LP	2,132	2,050	0	0
THL Credit Direct Lending IV Co-Invest LLC	2,040	2,040	0	0
THL Credit Direct Lending Fund IV LLC	416	416	0	0
Total	$142,635	$196,136	$121,783	$156,644

Unaffiliated other invested assets are valued on the GAAP equity method. The Company's affiliated other invested asset, Amica General Agency, LLC, is valued on the GAAP equity method.

(in thousands)

In 2018, the Company recognized other-than-temporary impairments on the following six limited partnership investments:

Name or Description	OTTI
AEA Mezzanine Fund III, LP	$282
Cyprium Investors IV, LP	435
CGC Investors IV, LP	124
Graycliff Mezzanine II Parallel, LP	81
Point Judith Venture Fund IV, LP	581
Stonepeak Infrastructure Fund III	153
Total	$1,656

There were no other-than-temporary impairments recognized on limited partnership investments in 2017.

As of December 31, 2018, the Company had the following commitments for additional investment:

	Additional Commitments	Expected Capital Calls Through
Adams Street Private Credit Fund, LP	$12,476	2021
AEA Mezzanine Fund III, LP	758	Life of the Fund
Cyprium Investors IV, LP	2,435	2019
Cyprium Investors V, LP *	3,275	2024
GCG Investors IV, LP	2,770	2022
GLC Direct Credit Fund, LP	223	2020
Goldman Sachs Private Equity Partners XI, Offshore LP	107	Life of the Fund
Goldpoint Mezzanine Partners IV, LP	4,263	2021
Graycliff Mezzanine II Parallel, LP	533	2021
Graycliff Mezzanine III Parallel, LP *	4,292	2023
Heartw ood Natural Resources REIT, LLC *	20,000	2023
Lyme Forest Fund IV, LP	15,800	2021
ManchesterStory Venture Fund, LP	3,612	2023
Midw est Mezzanine Fund V SBIC, LP	952	2020
Midw est Mezzanine Fund VI SBIC, LP	4,399	2023
Morgan Stanley Private Markets Fund III, LP	569	Life of the Fund
Point Judith Venture Fund IV, LP	13,310	2022
Savano Capital Partners II, LP	3,840	2021
Stonepeak Capital Partners Fund III, LP	20,713	2023
THL Credit Direct Lending IV Co-Invest, LLC	7,760	2021
THL Credit Direct Lending IV, LLC	1,584	2021
	$123,671	

* Reflects commitments to funds not yet ow ned as of December 31, 2018.

(in thousands)

E. Net Investment Income

Net investment income for the years ended December 31, 2018 and 2017 was as follows:

	2018	2017
Bond and debt securities	$80,125	$70,654
Preferred stocks	17	0
Common stocks	27,098	31,065
Real estate	11,682	11,583
Cash equivalents	5,407	3,521
Commercial mortgage loans	3,521	2,281
Other invested assets	2,997	3,267
Miscellaneous	6,550	6,045
Total investment income	137,397	128,416
Less: investment expenses	25,291	24,822
Net investment income	$112,106	$103,594

F. Fair Value of Financial Instruments

The table below reflects the carrying value and fair value of assets including those accounted for under the equity method (subsidiaries, joint ventures, partnerships and limited liability corporations).

	2018		2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Bonds and debt securities	$2,473,492	$2,446,545	$2,530,627	$2,574,056
Preferred stocks	758	758	0	0
Common stocks	1,489,309	1,489,309	1,755,880	1,755,880
Mortgage loans	90,419	89,373	68,131	68,585
Cash and cash equivalents	237,287	237,287	35,379	35,379
Other invested assets	196,136	196,136	156,644	156,644
Total	$4,487,401	$4,459,408	$4,546,661	$4,590,544

The use of different assumptions or valuation methodologies may have a material impact on the estimated fair value amounts.

The Company's valuation techniques are based on observable and unobservable pricing inputs. Observable inputs reflect market data obtained from independent sources based on trades of securities, while unobservable inputs reflect the Company's market assumptions.

These inputs comprise the following fair value hierarchy:

Level 1 - Observable inputs in the form of quoted prices for identical instruments in active markets.

(Continued)

(in thousands)

Level 2 - Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs would include, for example, quoted prices for similar assets or liabilities.

Level 3 - One or more unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets and liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using internal models, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The following table provides information as of December 31, 2018 and 2017 about the Company's financial assets and liabilities measured at fair value on a recurring basis:

2018	Level 1	Level 2	Level 3	NAV	Total
Assets at fair value:					
Preferred stock					
Industrial and miscellaneous	$758	$0	$0	$0	$758
Total preferred stock	758	0	0	0	758
Common stock - unaffiliated:					
Industrial and miscellaneous	1,075,711	4,481	0	0	1,080,192
Total common stock - unaffiliated	1,075,711	4,481	0	0	1,080,192
Cash equivalents					
Exempt money market mutual funds	0	0	0	4	4
All other money market mutual funds	0	0	0	97,211	97,211
Total cash equivalents	0	0	0	97,215	97,215
Total assets at fair value	$1,076,469	$4,481	$0	$97,215	$1,178,165
Liabilities at fair value:					
Total liabilities at fair value	$0	$0	$0	$0	$0

(in thousands)

2017	Level 1	Level 2	Level 3	NAV	Total
Assets at fair value:					
Common stock - unaffiliated:					
Industrial and miscellaneous	$1,364,544	$3,261	$0	$0	$1,367,805
Total common stock - unaffiliated	1,364,544	3,261	0	0	1,367,805
Cash equivalents					
Exempt money market mutual funds	0	0	0	39,714	39,714
Total cash equivalents	0	0	0	39,714	39,714
Total assets at fair value	$1,364,544	$3,261	$0	$39,714	$1,407,519
Liabilities at fair value:					
Total liabilities at fair value	$0	$0	$0	$0	$0

Level 1 financial assets totaling $1,076,469 and $1,364,544 at December 31, 2018 and 2017, respectively, include actively-traded exchange-listed equity securities, as well as several actively-traded diversified mutual funds. The Company uses quoted market prices provided by an independent pricing service to determine the fair values.

Level 2 financial assets is comprised of class B shares of capital stock in the FHLB of Boston, which is not actively traded on an exchange. The price of FHLB capital stock cannot fluctuate, and must be purchased, repurchased or transferred at its par value.

There were no transfers between Level 1, Level 2, or Level 3 in the current year. The Company recognizes transfers between levels at the end of the reporting period.

As of December 31, 2018, the Company did not hold any investments that are recorded with a Level 3 fair value measurement, although the Company holds investments that have Level 3 fair value disclosures. There were no purchases, sales, or settlements of Level 3 assets during 2018.

(in thousands)

The following tables provide information about the carrying values and fair values of all the Company's financial instruments, excluding those accounted for under the equity method (subsidiaries, joint ventures, partnerships and limited liability corporations):

2018	Fair Value	Carrying Value	Level 1	Level 2	Level 3	NAV	Not Practicable (Carrying Value)
Bonds:							
U.S. government and federal agency securities	$778,282	$787,696	$131,571	$646,711	$0	$0	$0
States, territories and possessions	206,429	204,731	0	206,429	0	0	0
Political subdivisions of states	52,886	50,374	0	52,886	0	0	0
Special revenue and special assessment obligations	577,182	585,360	0	577,182	0	0	0
Industrial and miscellaneous	831,766	845,331	0	831,766	0	0	0
Total bonds	2,446,545	2,473,492	131,571	2,314,974	0	0	0
Preferred stock							
Industrial and miscellaneous	758	758	758	0	0	0	0
Total preferred stock	758	758	758	0	0	0	0
Common stock - unaffiliated:							
Industrial and miscellaneous	1,080,192	1,080,192	1,075,711	4,481	0	0	0
Total common stock - unaffiliated	1,080,192	1,080,192	1,075,711	4,481	0	0	0
Mortgage loans:							
Commercial mortgages	89,372	90,419	0	89,372	0	0	0
Total mortgage loans	89,372	90,419	0	89,372	0	0	0
Cash equivalents:							
Exempt money market mutual funds	4	4	0	0	0	4	0
All other money market mutual funds	97,211	97,211	0	0	0	97,211	0
Commercial paper	209,133	209,133	0	209,133	0	0	0
Total cash equivalents	306,348	306,348	0	209,133	0	97,215	0
Total assets	$3,923,215	$3,951,209	$1,208,040	$2,617,960	$0	$97,215	$0

(in thousands)

2017	Fair Value	Carrying Value	Level 1	Level 2	Level 3	NAV	Not Practicable (Carrying Value)
Bonds:							
U.S. government and federal agency securities	$839,598	$834,790	$95,708	$743,890	$0	$0	$0
States, territories and possessions	354,083	339,301	0	354,083	0	0	0
Political subdivisions of states	155,843	148,590	0	155,843			
Special revenue and special assessment obligations	466,603	469,119	0	466,603	0	0	0
Industrial and miscellaneous	757,929	738,827	0	757,929	0	0	0
Total bonds	2,574,056	2,530,627	95,708	2,478,348	0	0	0
Common stock - unaffiliated:							
Industrial and miscellaneous	1,367,806	1,367,806	1,364,545	3,261	0	0	0
Total common stock - unaffiliated	1,367,806	1,367,806	1,364,545	3,261	0	0	0
Mortgage loans:							
Commercial mortgages	68,585	68,131	0	68,585	0	0	0
Total mortgage loans	68,585	68,131	0	68,585	0	0	0
Cash equivalents:							
Exempt money market mutual	39,714	39,714	0	0	0	39,714	0
All other money market mutual funds	0	0	0	0	0	0	0
Commercial paper	62,932	62,932	0	62,932	0	0	0
Total cash equivalents	102,646	102,646	0	62,932	0	39,714	0
Total assets	$4,113,093	$4,069,210	$1,460,253	$2,613,126	$0	$39,714	$0

There were no financial instruments where it was not practical to estimate fair value in 2018 and 2017.

The Company elects to use NAV for all money market mutual funds in lieu of fair value as NAV is more readily available. These funds are backed by high quality, very liquid short-term instruments and the probability is remote that the funds would be sold for a value other than NAV.

(in thousands)

G. Unrealized Losses

Gross unrealized losses on investment securities and the fair value of the related securities, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2018 and 2017 were as follows:

	Less than 12 months		12 months or more		Total	
	Unrealized	Fair	Unrealized	Fair	Unrealized	Fair
2018	**Losses**	**Value**	**Losses**	**Value**	**Losses**	**Value**
Bonds and Debt Securities:						
U. S. government	$399	$59,545	$15,378	$456,639	$15,777	$516,184
States, territories and possessions	254	20,660	1,255	49,095	1,509	69,755
Political subdivisions of states	0	0	0	0	0	0
Special revenue and special					0	0
assessment obligations	40	12,212	10,159	356,912	10,199	369,124
Industrial and miscellaneous	4,539	232,576	17,706	458,183	22,245	690,759
Subtotal bonds and debt securities	5,232	324,993	44,498	1,320,829	49,730	1,645,822
Stocks:						
Preferred stocks	0	0	0	0	0	0
Common stocks	36,612	317,468	35	152	36,647	317,620
Subtotal stocks	36,612	317,468	35	152	36,647	317,620
Total temporarily impaired securities	$41,844	$642,461	$44,533	$1,320,981	$86,377	$1,963,442

	Less than 12 months		12 months or more		Total	
	Unrealized	Fair	Unrealized	Fair	Unrealized	Fair
2017	**Losses**	**Value**	**Losses**	**Value**	**Losses**	**Value**
Bonds and Debt Securities:						
U.S. government	$2,068	$189,908	$6,539	$201,131	$8,607	$391,039
States, territories and possessions	119	50,849	140	4,972	259	55,821
Political subdivisions of states	5	2,326	0	0	5	2,326
Special revenue and special						
assessment obligations	1,498	293,405	1,560	69,498	3,058	362,903
Industrial and miscellaneous	1,069	198,868	922	47,254	1,991	246,122
Subtotal bonds	4,759	735,356	9,161	322,855	13,920	1,058,211
Common Stock	1,533	61,909	90	410	1,623	62,319
Total temporarily impaired securities	$6,292	$797,265	$9,251	$323,265	$15,543	$1,120,530

1. Bonds and Debt Securities: The unrealized losses of $49,730 on investments in bonds and debt securities as of December 31, 2018 are primarily attributable to higher interest rates and modestly wider spread levels. All of these securities with unrealized losses are rated NAIC Class 2 or better, and full repayment of principal and interest is expected. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than par, which will equal amortized cost at maturity. Because the Company has the ability and intent to hold these investments until a market price recovery or maturity, these investments are not considered other-than-temporarily impaired.

(Continued)

(in thousands)

As of December 31, 2018, the Company had investments in structured and loan-backed securities for which an other-than-temporary impairment had not been recognized in earnings and which were in an unrealized loss position, as follows:

	Less than 12 months		12 months or more		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
Residential	$83	$23,871	$16,173	$516,354	$16,256	$540,225
Commercial	51	3,882	8,558	219,083	8,609	222,965
Other	12	1,912	0	0	12	1,912
Total	$146	$29,665	$24,731	$735,437	$24,877	$765,102

The Company's investments in loan-backed and structured securities are not considered other-than-temporarily impaired as the Company asserts that it has the intent and ability to hold these securities long enough to allow the cost basis of these securities to be recovered. These conclusions are supported by an analysis of the underlying credit of each security. Unrealized losses are primarily attributable to higher interest rates and modestly wider spread levels. It is possible that the Company could recognize other-than-temporary impairments in the future on some of the securities, if future events, information and passage of time cause it to conclude that declines in fair value are other-than temporary.

2. Stocks: The unaffiliated common stock investments consist predominantly of positions in common stocks that trade actively on major exchanges. As of December 31, 2018, investments in unaffiliated common stocks in an unrealized loss position included holdings with a fair value of $317,620 in 71 issuers. These holdings were in an unrealized loss position of $36,647, of which $35 were in an unrealized loss position more than 12 months. The declines in value are attributable to market volatility that is not considered unusual. The Company has the ability and intent to hold these positions until a market price recovery. Based on the Company's impairment review process discussed in Note 2, the decline in value of these securities was not considered to be other-than-temporary as of December 31, 2018.

The adjusted cost basis and carrying value of unaffiliated common stocks were as follows:

	2018	2017
Adjusted cost basis	$807,054	$823,700
Gross unrealized gains	309,785	545,729
Gross unrealized losses	(36,647)	(1,623)
Carrying value	$1,080,192	$1,367,806

The realized gain and loss activity of unaffiliated stocks was as follows:

	2018	2017
Gross realized capital gains on sales	$202,546	$244,634
Gross realized capital losses on sales	(14,061)	(10,912)
Other-than-temporary impairments	(47,214)	(15,228)

There was no affiliated common stock in an unrealized loss position as of December 31, 2018 and 2017, and there were no write-downs on affiliated common stocks. There were no realized gains or losses on affiliated stocks in 2018 and 2017.

(in thousands)

There were no preferred stocks in an unrealized loss position as of December 31, 2018 and 2017, and there were no write-downs on preferred stocks. There were no realized gains or losses on preferred stocks in 2018 and 2017.

H. Investments in Affiliates

A summary of investments in affiliates is as follows:

Affiliate	2018 Cost	2018 Carrying Value	2017 Cost	2017 Carrying Value
Common Stock:				
Amica Life Insurance Company (Amica Life)	$157,000	$328,262	$132,000	$308,335
Amica Property and Casualty Insurance Company	51,620	80,854	51,620	79,740
	208,620	409,116	183,620	388,075
Other Invested Asset:				
Amica General Agency, LLC	200	11,996	200	10,243
	200	11,996	200	10,243
Total	$208,820	$421,112	$183,820	$398,318

The Company owns 100% of the above subsidiaries and affiliates.

The following is a summary of Amica Life's statutory financial information:

	2,018	2,017
Assets	$1,322,424	$1,283,398
Liabilities	994,162	973,235
Capital and surplus	$328,262	$310,163
Income	127,710	126,920
Expenses	(123,138)	(124,624)
Net realized capital gains	3,624	6,017
Federal income tax benefit	3,255	4,357
Net income	$11,451	$12,670

Amica Life's statutory financial information reflects a Rhode Island Department of Business Regulation Insurance Division approved permitted practice, which deviates from required NAIC statutory accounting practices. See Note 13 for additional information.

I. 5GI* Securities

There were no investments in 5GI* securities as of December 31, 2018 and 2017.

(in thousands)

J. Prepayment Penalties and Acceleration Fees

The Company recognized the following prepayment penalties for securities sold in 2018:

Number of CUSIPs sold	3
Agggregate amount of investment income	$189

Note 5 – Non-Cash Transactions

The Company did not report any non-cash operating, investing or financing activities in 2018 and 2017.

Note 6 – Real Estate

Real estate as of December 31, 2018 and 2017 is summarized as follows:

	2018	2017
Land	$9,272	$9,272
Buildings and improvements	118,962	109,311
Less: accumulated depreciation on buildings and improvements	75,772	73,007
Real estate, net	$52,462	$45,576

The Company depreciates buildings and improvements on a straight-line basis. Depreciation expense totaled $2,765 and $2,594 for 2018 and 2017, respectively.

Note 7 – Equipment and Furnishings

Major classes of equipment and furnishings were as follows:

Asset Class	Cost	Accumulated Depreciation	Net Book Value	Non-admitted	Admitted	Depreciation Expense
2018						
Computer equipment & software	$294,545	$208,168	$86,377	$86,377	$0	$36,624
Furniture and equipment	32,233	29,702	2,531	2,531	0	992
Total	$326,778	$237,870	$88,908	$88,908	$0	$37,616
2017						
Computer equipment & software	$274,288	$175,649	$98,639	$98,639	$0	$25,644
Furniture and equipment	32,728	30,087	2,641	2,641	0	1,093
Total	$307,016	$205,736	$101,280	$101,280	$0	$26,737

There were no write-downs to fair value for equipment and furnishings in 2018 and 2017.

(in thousands)

Note 8 – Reserves for Loss and Loss Adjustment Expenses

Activity in the reserves for loss and loss adjustment expenses is summarized as follows:

	2018	2017
Balance at January 1	$1,252,018	$1,198,900
Less reinsurance recoverables	4,237	7,577
Net balance at January 1	$1,247,781	$1,191,323
Incurred related to:		
Current year	1,833,157	1,888,636
Prior years	(127,587)	(144,798)
Total incurred	1,705,570	1,743,838
Paid related to:		
Current year	1,158,515	1,193,177
Prior years	571,172	494,203
Total paid	1,729,687	1,687,380
Net balance at December 31	1,223,664	1,247,781
Plus reinsurance recoverables	3,675	4,237
Balance at December 31	$1,227,339	$1,252,018

In 2018 and 2017, the estimated cost of loss and loss adjustment expenses attributable to insured events of prior years decreased by $127,587 and $144,798, respectively. The majority of the favorable prior year loss development in both 2018 and 2017 occurred in the private passenger auto liability and auto physical damage lines of business.

Increases or decreases of this nature occur as a result of claim settlements during the current year, and as additional information is received regarding individual claims, changes from the original estimates of the cost of these claims can occur. Recent loss development trends are also taken into account in evaluating the overall adequacy of unpaid losses and loss adjustment expenses. The Company does not discount the liability for unpaid losses and unpaid loss adjustment expenses.

Note 9 – Dividends to policyholders

Dividends to policyholders were $142,379 and $145,006 in 2018 and 2017, respectively. At December 31, 2018 and 2017, 60.5% and 61.5%, respectively, of policies in-force were from participating policies.

(in thousands)

Note 10 – Income Taxes

A. The components of Deferred Tax Assets and Deferred Tax Liabilities are as follows:

	Ordinary	Capital	Total
2018			
Gross deferred tax assets	$297,693	$15,371	$313,064
Statutory valuation allowance adjustment	0	0	0
Adjusted gross deferred tax assets	297,693	15,371	313,064
Deferred tax assets nonadmitted	0	0	0
Subtotal net admitted deferred tax asset	297,693	15,371	313,064
Deferred tax liabilities	180,518	66,117	246,635
Net admittted deferred tax asset (liability)	$117,175	($50,746)	$66,429
2017			
Gross deferred tax assets	$290,949	$9,523	$300,472
Statutory valuation allowance adjustment	0	0	0
Adjusted gross deferred tax assets	290,949	9,523	300,472
Deferred tax assets nonadmitted	0	0	0
Subtotal net admitted deferred tax asset	290,949	9,523	300,472
Deferred tax liabilities	163,394	119,516	282,910
Net admittted deferred tax asset (liability)	$127,555	($109,993)	$17,562
Change			
Gross deferred tax assets	$6,744	$5,848	$12,592
Statutory valuation allowance adjustment	0	0	0
Adjusted gross deferred tax assets	6,744	5,848	12,592
Deferred tax assets nonadmitted	0	0	0
Subtotal net admitted deferred tax asset	6,744	5,848	12,592
Deferred tax liabilities	17,124	(53,399)	(36,275)
Net admittted deferred tax asset (liability)	($10,380)	$59,247	$48,867

AMICA MUTUAL INSURANCE COMPANY

Notes to Statutory Financial Statements
(in thousands)

December 31, 2018 and 2017

Admission calculation components:

	Ordinary	Capital	Total
2018			
Federal income taxes paid in prior years recoverable through loss carrybacks	($71,640)	$107,926	$36,286
Adjusted gross deferred tax assets expected to be realized within 3 years (The lesser of 1 or 2 below)	56,603	0	56,603
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	56,603	0	56,603
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	376,007
Adjusted gross deferred tax assets offset by gross deferred tax liabilities	205,441	14,734	220,175
Deferred tax assets admitted as the result of application of SSAP No. 101	$190,404	$122,660	$313,064
2017			
Federal income taxes paid in prior years recoverable through loss carrybacks	($51,060)	$64,270	$13,210
Adjusted gross deferred tax assets expected to be realized within 3 years (The lesser of 1 or 2 below)	81,294	0	81,294
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	81,294	0	81,294
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	399,900
Adjusted gross deferred tax assets offset by gross deferred tax liabilities	196,444	9,524	205,968
Deferred tax assets admitted as the result of application of SSAP No. 101	$226,678	$73,794	$300,472
Change			
Federal income taxes paid in prior years recoverable through loss carrybacks	($20,580)	$43,656	$23,076
Adjusted gross deferred tax assets expected to be realized within 3 years (The lesser of 1 or 2 below)	(24,691)	0	(24,691)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	(24,691)	0	(24,691)
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	(23,893)
Adjusted gross deferred tax assets offset by gross deferred tax liabilities	8,997	5,210	14,207
Deferred tax assets admitted as the result of application of SSAP No. 101	($36,274)	$48,866	$12,592

Ratios used for threshold limitation:

	2018	2017
Ratio percentage used to determine recovery period and threshold limitation	674%	699%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation above	$2,506,713	$2,668,545

(in thousands)

There were no tax planning strategies, including the use of reinsurance, in place at December 31, 2018 that impacted the determination of ordinary and capital adjusted gross deferred tax assets.

B. There were no temporary differences for which a deferred tax liability was not recognized.

C. The provisions for incurred taxes on earnings for the years ended December 31 are as follows:

	2018	2017	Change
Federal	($12,880)	($58,381)	$45,501
Foreign	0	0	0
Subtotal	(12,880)	(58,381)	45,501
Federal income tax on net capital gains	36,515	71,411	(34,896)
Utilization of capital loss carry-forwards	0	0	0
Other	0	0	0
Federal and foreign income taxes incurred	$23,635	$13,030	$10,605

(in thousands)

D. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

Deferred Tax Assets:	**2018**	**2017**	**Change**
Ordinary:			
Discounting of unpaid losses	$13,094	$7,710	$5,384
Unearned premium reserve	51,909	50,004	1,905
Fixed assets	18,671	21,269	(2,598)
Compensation and benefits accrual	33,972	42,512	(8,540)
Pension accrual	155,058	141,283	13,775
Receivables - nonadmitted	131	139	(8)
Tax credit carry-forward	0	4,421	(4,421)
Anticipated salvage/subrogation	19,944	20,033	(89)
Other	4,914	3,578	1,336
Subtotal	297,693	290,949	6,744
Statutory valuation allowance adjustment	0	0	0
Nonadmitted	0	0	0
Admitted ordinary deferred tax assets	297,693	290,949	6,744
Capital:			
Investments	15,371	9,523	5,848
Subtotal	15,371	9,523	5,848
Statutory valuation allowance adjustment	0	0	0
Nonadmitted	0	0	0
Admitted capital deferred tax assets	15,371	9,523	5,848
Admitted deferred tax assets	$313,064	$300,472	$12,592
Deferred Tax Liabilities:			
Ordinary:			
Investments	$ 631	$ 554	$ 77
Fixed assets	18,047	20,041	(1,994)
Retirees' medical fund contribution	909	0	909
Pension fund contribution	154,748	142,799	11,949
Other	6,183	0	6,183
Subtotal	180,518	163,394	17,124
Capital:			
Investments	66,117	119,516	(53,399)
Subtotal	66,117	119,516	(53,399)
Deferred tax liabilities	246,635	282,910	(36,275)
Net deferred tax assets (liabilities)	$66,429	$17,562	$48,867

(in thousands)

The change in deferred income taxes reported in surplus before consideration of non-admitted assets is comprised of the following components:

	2018	2017	Change
Total deferred tax assets	$313,064	$300,472	$12,592
Total deferred tax liabilities	246,635	282,910	(36,275)
Net deferred tax assets/(liabilities)	66,429	17,562	48,867
Statutory valuation allowance adjustment	0	0	0
Net deferred tax assets/(liabilities) after valuation allowance	66,429	17,562	48,867
Tax effect of unrealized gains (losses)	66,117	119,516	(53,399)
Statutory valuation allowance adjustment allocation to unrealized	0	0	0
Change in net deferred tax	$132,546	$137,078	($4,532)

In accordance with NAIC Statutory Accounting Principles, the Company recognizes deferred tax assets and liabilities for the expected future consequences of events that have been included in the financial statements. Deferred tax assets and liabilities are determined on the basis of differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

On December 22, 2017, the Tax Cuts and Jobs Act (the Act) was enacted into law, reducing the Federal tax rate from 35% to 21%, effective for taxable years after December 31, 2017. As a result, the Company revalued its deferred tax assets and liabilities at December 31, 2017 to reflect the enacted rate of 21% for future reversals of deferred tax items. Consequently, deferred tax assets were reduced by $88,965 and deferred tax liabilities were reduced by $80,206, causing a decrease to surplus of $8,760, at December 31, 2017.

The net decrease is reflected in the net change in unrealized capital gains line and the change in net deferred income tax line of the Statutory Statements of Surplus to Policyholders as shown in the following table:

	Increase (Decrease) to Surplus		
	Pre Tax Reform	Tax Reform Effect	Post Tax Reform
(Tax) benefit on change in net unrealized capital gains	$ (14,049)	$ 79,677	$65,628
Change in net deferred income tax	6,022	(88,437)	(82,415)
Net impact	$ (8,027)	$ (8,760)	($16,787)

As of December 31, 2017, as disclosed in the notes to the prior year financial statements, the Company was unable to determine a reasonable estimate for the impact of the loss reserves under the Act , and therefore, applied SSAP No. 101 based on the provision of the tax laws that were in effect immediately prior to tax reform being enacted.

In November 2018, the Department of the Treasury issued proposed regulations that provided guidance on how to determine loss reserves under the Act. In accordance with the transition rule of the Act, the Company recalculated the discounted unpaid losses and salvage at December 31, 2017. The recalculation of reserves resulted in a $29,532 net increase to loss reserves, which will be amortized into taxable income over eight years, beginning in 2018. The recalculation of loss reserves was surplus neutral at December 31, 2017, as any increase in deferred tax assets were offset by increases in deferred tax liabilities. The Company believes that all material changes of the Act have been recognized as of December 31, 2018.

(Continued)

(in thousands)

E. The significant items causing a difference between the provision for Federal income taxes and the statutory rate are as follows:

	2018		2017	
	Amount	Effective Tax Rate	Amount	Effective Tax Rate
Income before taxes	$33,265	21.0%	$33,520	35.0%
Change in deferred tax rate	0	0.0%	88,437	92.3%
Tax exempt interest, net of pro-ration	(160)	-0.1%	(3,734)	-3.9%
Dividends received deduction, net of pro-ration	(1,261)	-0.8%	(3,642)	-3.8%
Change in nonadmitted assets	8,211	5.2%	(38,271)	-40.0%
Change in pension overfunded asset	(20,755)	-13.1%	16,562	17.3%
Change in accounting principles	4,370	2.8%	5,824	6.1%
Other	4,497	2.8%	(3,251)	-3.4%
Total	$28,167	17.8%	$95,445	99.7%
Federal income taxes incurred	($12,880)	-8.1%	($58,381)	-61.1%
Tax on capital gains	36,515	23.0%	71,411	74.6%
Change in net deferred taxes	4,532	2.9%	82,415	86.1%
Total statutory income taxes	$28,167	17.8%	$95,445	99.7%

F. Operating Loss and Tax Credit Carryforwards

1. At December 31, 2018, the Company had no unused operating loss or tax credit carryforwards available.

2. The Company has the following Federal income taxes incurred and available for recoupment in the event of future net losses.

Year	Total
2018	$26,468
2017	$9,817

3. The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

G. The Company's Federal income tax return is consolidated with the following subsidiaries:

1. Amica General Agency, LLC
2. Amica Property and Casualty Insurance Company
3. Amica Life Insurance Company

H. The Company does not have any tax loss contingencies for which it reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

I. The Company does not have any liability as it relates to Repatriation Transition Tax.

(in thousands)

J. Alternate Minimum Tax (AMT) Credit

The Company utilized $4,911 of an AMT credit carryforward in 2018. The below table shows the classification and provides a rollforward of the AMT credit carryforward.

	Amount
1. Gross AMT Credit Recognized as:	
a. Current year recoverable	$4,911
b. Deferred tax Asset (DTA)	0
2. Beginning Balance of AMT Credit Carryforward	4,911
3. Amounts Recovered	4,911
4. Adjustments	0
5. Ending Balance of AMT Credit Carryforward	0
6. Reduction for Sequestration	0
7. Nonadmitted by Reporting Entity	0
8. Reporting Entity Ending Balance (8=5-6-7)	0

Note 11 – Reinsurance

A. In the ordinary course of business, the Company assumes and cedes reinsurance with other insurers. These arrangements provide greater diversification of business and limit the maximum net loss potential on large risks. The effect of reinsurance on premiums for the years ended December 31, 2018 and 2017 is as follows:

		Written Reinsurance Premiums Assumed		Written Reinsurance Premiums Ceded				
Year	Direct Premiums Written	From Affiliates	From Non-Affiliates	To Affiliates	To Non-Affiliates	Net Premiums Written	Change in Unearned Premiums	Net Premiums Earned
2018	$2,376,191	$42,375	$3,291	$0	$47,598	$2,374,259	($47,227)	$2,327,032
2017	$2,281,617	$27,902	$3,044	$0	$38,700	$2,273,863	($91,406)	$2,182,457

The majority of assumed reinsurance premiums from non-affiliates results primarily from the Company's mandatory participation in various automobile pools and underwriting facilities. The majority of ceded reinsurance premiums to non-affiliates results primarily from premiums ceded for catastrophe reinsurance, as well as the Company's mandatory participation in various automobile pools and underwriting facilities. The 2018 catastrophe reinsurance contract provides coverage of $1,300,000, excess of $200,000, before retained share, with net coverage totaling $822,000. In addition, the Company participates in the Florida Hurricane Catastrophe Fund (FHCF), with 90% coverage of approximately $109,500, excess of $37,100.

In 2018, the Company became a member in the California Earthquake Authority (CEA). The CEA is a privately funded not-for-profit entity established in 1996 by the California Legislature that works with participating insurers. The membership in the CEA requires the Company to make a capital contribution to the CEA based on market share, which resulted in a one-time $13,300 capital contribution payable over a twelve month period. The Company anticipates that all California earthquake risk will be transferred to the CEA by the end of 2019. In order to limit the Company's exposure until this business is completely transferred, the Company purchased California earthquake catastrophe reinsurance coverage of $150,000, excess $50,000.

(in thousands)

B. Amounts representing ceded losses recoverable on unpaid losses and unpaid loss adjustment expenses deducted from losses and loss adjustment expense reserves amounted to $3,675 and $4,237 at December 31, 2018 and 2017, respectively. The Company is not relieved of its primary obligation to the policyholder in a reinsurance transaction.

C. Reinsurance Assumed and Ceded

The following table summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2018. Direct unearned premium at December 31, 2017 was $1,165,077.

	Assumed Premium Reserve	Assumed Commission Equity	Ceded Premium Reserve	Ceded Commission Equity	Net Premium Reserve	Net Commission Equity
Affiliated	$23,517	$4,703	$0	$0	$23,517	$4,703
All Other	1,805	0	1,678	307	127	(307)
Total	$25,322	$4,703	$1,678	$307	$23,644	$4,396
Direct Unearned Premium Reserve			$1,204,025			

Note 12 – Retirement Plans, Deferred Compensation, and Other Postretirement Benefit Plans

A. Defined Benefit Plans

The Company sponsors a defined benefit pension plan and a postretirement health care benefit plan covering substantially all employees of the Company.

Prior to January 1, 2005, under the noncontributory defined benefit pension plan, the benefits were based upon years of service and the employee's average final compensation, usually the average of the final three consecutive years of credited service. Effective January 1, 2005, all pension credits for employees are based on career average pay and years of service. Pension credits will vary based on years of service and the date of employment with the Company.

The plan is funded through a pension trust (Amica Pension Fund). The net periodic benefit cost/(benefit) for 2018 and 2017 was ($45,599) and ($26,497), respectively, as the expected return on plan assets exceeded the pension costs. At December 31, 2018, the Company recorded a prepaid pension asset of $736,895, offset by a $316,719 overfunded contra asset in accordance with SSAP No. 102. At December 31, 2017, the Company recorded a prepaid pension asset of $671,297, offset by a $217,885 overfunded contra asset in accordance with SSAP No. 102. The net prepaid assets were non-admitted under statutory accounting principles and resulted in a charge to surplus to policyholders.

B. Postretirement Benefits

In addition to pension benefits, the Company provides certain health care and life insurance benefits ("post retirement") for retired employees. Employees may become eligible for these benefits if they reach retirement age while working for the Company and satisfy certain service requirements. In 2005, the Company implemented an employee health care cost sharing arrangement with its employees. No employee contribution is required for employees retiring prior to January 1, 2005. Employees who retired after 2004 will contribute approximately 20% to their health care coverage for 2005 going forward. In October 2013, the Company amended the postretirement health care benefits for current retirees and active employees. The amendment changes the future benefits provided to retirees to defined subsidy payments to facilitate purchasing coverage from an independent health exchange. In addition, employees hired on or after January 1, 2014 will not be eligible for postretirement health care benefits.

Qualifying retiree health care expenses are funded through the Amica Mutual Insurance Company Health and Welfare Plan. The Company's share of the net periodic benefit cost for postretirement health care was $13,505 for 2018 and $16,712 for 2017. At December 31, 2018, the Company recorded a prepaid retiree medical expense of $4,327, offset by a $4,327 overfunded contra asset and a $32,992 liability from the adoption of SSAP No. 92. At December 31, 2017, the Company recorded a prepaid retiree medical expense of $5,152, offset by a $5,152 overfunded contra asset, and a $52,633 liability from the adoption of SSAP No. 92.

Life insurance benefits are based upon a multiple of salary and years of service at the date of retirement and are subject to a maximum benefit of $1,000 for active employees and $250 for retirees. The plan was amended in 2016 to increase the maximum active benefit from $500 to $1,000 and change the benefit for employees who retire after March 1, 2016 to $25. This amendment resulted in a $403 reduction to the retiree life liabilities.

At December 31, 2018 and 2017, the Company recorded a liability of $14,034 and $18,840, respectively, for retiree life insurance benefits. The Company's share of the net periodic benefit cost for retiree life insurance benefits was $2,307 for 2018 and $2,336 for 2017.

The Company has no material special or contractual benefits per SSAP No. 11.

C. Defined Contribution Plans

The Company has an incentive savings plan in which a majority of the employees participate. Various investment funds are provided for employee savings, and the employee contributions can be made on a before-tax or after-tax basis. The plan has limitations as to the amount of both employee and Company contributions. The Company contributed $12,720 and $12,296 on behalf of participating employees in 2018 and 2017, respectively.

The Company has a deferred compensation plan for certain eligible officers and directors. The plan is a salary reduction plan in which no matching contribution is made by the Company on behalf of the plan participants. As explained in Note 12D, certain deferred compensation liabilities are funded through the Amica Companies Supplemental Retirement Trust.

D. Other Plans

The Company provides or funds supplemental pension benefits and certain deferred compensation plan liabilities through the two supplemental retirement trusts. The supplemental pension benefits are amounts otherwise payable under the Company's qualified pension plan which are in excess of that allowed under Sections 401 and/or 415 of the Internal Revenue Code. The trusts' assets, which are invested in both debt and equity type securities, are valued at either amortized cost or market value, respectively. The Company's share of the trust assets was valued at $96,982 at December 31, 2018 and $101,526 at December 31, 2017. The Company has recorded $66,391 and $71,848 at December 31, 2018 and 2017, respectively, to reflect the Company's obligation under this plan. Assets in excess of the plans' obligations are non-admitted. The Company's share of supplemental pension benefit expenses was $5,228 in 2018 and $13,130 in 2017, respectively.

(Continued)

(in thousands)

E. Summary

A summary of assets, obligations and assumptions of the pension benefits, including the Pension Fund and the Supplemental Retirement Plan, and postretirement benefits, including the Postretirement Health Care and Retired Life Plans, covering employees of the Company and Amica Life are as follows at December 31, 2018 and 2017:

	Pension Benefits				Postretirement Benefits	
	Overfunded		Underfunded		Underfunded	
	2018	2017	2018	2017	2018	2017
1. Change in benefit obligation						
1. Benefit obligation at beginning of year	$1,487,540	$1,358,241	$74,714	$62,026	$425,682	$407,688
2. Service cost	35,546	32,681	1,835	9,669	6,595	6,707
3. Interest cost	55,924	56,863	1,863	1,966	15,428	16,788
4. Contribution by plan participants	0	0	0	0	1,468	1,354
5. Actuarial (gain) loss	(119,019)	93,687	(4,296)	2,379	(48,624)	9,242
6. Foreign currency exchange rate changes	0	0	0	0	0	0
7. Benefits paid	(57,418)	(53,932)	(4,970)	(4,373)	(18,064)	(16,097)
8. Plan amendments	0	0	0	3,047	0	0
9. Business combinations, divestitures, curtailments, settlements and special termination benefits	0	0	0	0	0	0
10. Benefit obligation at end of year	$1,402,573	$1,487,540	$69,146	$74,714	$382,485	$425,682

AMICA MUTUAL INSURANCE COMPANY

Notes to Statutory Financial Statements
(in thousands)

December 31, 2018 and 2017

	Pension Benefits		Postretirement Benefits	
	2018	2017	2018	2017
2. Change in plan assets				
a. Fair Value on plan assets at beginning of year	$1,940,952	$1,737,836	$339,721	$301,282
b. Actual return on plan assets	(80,784)	257,048	(8,292)	38,445
c. Foreign currency exchange rate changes	0	0	0	0
d. Reporting entity contribution	24,970	4,373	16,683	15,062
e. Plan participants' contributions	0	0	1,468	1,354
f. Benefits paid	(62,388)	(58,305)	(18,423)	(16,422)
g. Business combinations, divestitures and settlements	0	0	0	0
h. Fair value of plan assets at end of year	$1,822,750	$1,940,952	$331,157	$339,721
3. Funded Status				
Overfunded:				
a. Assets (nonadmitted)				
1. Prepaid benefit costs	$736,895	$671,296	$5,102	$5,152
2. Overfunded plan assets	(316,719)	(217,885)	(5,102)	(5,152)
3. Total assets (nonadmitted)	420,176	453,411	0	0
Underfunded:				
b. Liabilities recognized				
1. Accrued benefit costs	55,557	54,976	52,103	77,345
2. Liability for pension benefits	13,589	19,738	0	0
3. Total liabilities recognized	69,146	74,714	52,103	77,345
c. Unrecognized liabilities	$330,308	$237,624	$41,295	$76,181
4. Components of net periodic benefit cost				
a. Service cost	$37,380	$42,351	$6,595	$6,707
b. Interest cost	57,787	58,829	15,427	16,788
c. Expected return on plan assets	(135,161)	(119,782)	(16,422)	(14,516)
d. Transition asset or obligation	473	473	10,984	10,984
e. (Gains) and losses	6,928	12,517	35	12
f. Prior service cost or (credit)	(7,455)	(7,454)	(42)	(43)
g. (Gain) or loss recognized due to a settlement or curtailment	0	0	0	0
h. Total net periodic benefit cost/benefit	($40,048)	($13,066)	$16,577	$19,932

(Continued)

(in thousands)

	Pension Benefits		Postretirement Benefits	
	2018	**2017**	**2018**	**2017**
5. Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost				
a. Items not yet recognized as a component of net periodic cost - prior year	$237,624	$281,312	$76,181	$101,820
b. Net transition asset or (obligation) recognized	(473)	(473)	0	0
c. Net prior service cost or (credit) arising during the period	0	3,047	0	0
d. Net prior service cost or (credit) recognized	7,454	7,454	(10,941)	(10,941)
e. Net (gain) and loss arising during the period	92,631	(41,199)	(23,911)	(14,687)
f. Net (gain) and loss recognized	(6,928)	(12,517)	(34)	(11)
g. Items not yet recognized as a component of net periodic cost - current year	$330,308	$237,624	$41,295	$76,181
6. Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost				
a. Net transition (asset) or obligation	$473	$473	$10,984	$10,984
b. Net prior service cost or (credit)	(52)	(7,454)	(44)	(44)
c. Net recognized (gains) and losses	13,623	6,034	0	26
7. Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit costs				
a. Net transition (asset) or obligation	($27,397)	($26,924)	$43,937	$54,921
b. Net prior service cost or (credit)	1,614	(5,840)	(356)	(400)
c. Net recognized (gains) and losses	356,091	270,388	(2,286)	21,657

(in thousands)

8. Weighted-average assumptions as of December 31, 2018 and 2017 were:

	Pension Benefits		Postretirement Benefits	
	2018	2017	2018	2017
Measurement date for:				
Net periodic benefit cost	12/31/18	12/31/17	12/31/18	12/31/17
Year-end benefit obligation	12/31/18	12/31/17	12/31/18	12/31/17
Weighted-average assumptions used to determine benefit obligations at December 31:				
Discount rate	4.40%	3.80%	4.40%	3.80%
Rate of compensation increase	4.00%	4.00%	n/a	n/a
Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31:				
Discount rate	3.80%	4.25%	3.80%	4.25%
Expected return on plan assests	7.00%	7.00%	5.00%	5.00%
Rate of compensation increase	4.00%	4.00%	n/a	n/a

The expected long-term rate of return on plan assets is based on what the Company believes is realistically achievable based on the types of assets held by the plan and the plan's investment practices. The assumption is updated at least annually, taking into account the asset allocation, historical asset return trends on the types of assets held and the current and expected economic conditions.

The Company measured benefit obligations using the Society of Actuaries RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006 and projected with Mortality Improvement Scale MP-2018.

9. The benefits expected to be paid for the Company and Amica Life in each of the next five years, and in the aggregate for the five years thereafter are as follows:

Years	Pension Benefits	Postretirement Benefits
2019	$65,285	$17,539
2020	65,752	18,514
2021	68,830	19,514
2022	76,607	20,334
2023	75,922	21,201
2024 through 2028	432,310	110,611

(in thousands)

10. The estimate of contributions expected to be paid by the Company and Amica Life during 2019 are as follows:

Pension and Postretirement Plans	Contribution
Pension Fund	$0
Supplemental Retirement Plan	5,666
Postretirement Health Care	14,829
Retired Life Reserve	1,934
Unfunded Retired Life Benefit	776

11. The assumed health care cost trend rate is 7.0% for 2018 with an ultimate health care trend rate of 4.5% reached in 2027.

12. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage point change in assumed health care cost trend rates would have the following effects:

	2018	2017
Effect of a 1% Increase in Health Care Cost Trend Rates:		
Total of service cost and interest cost	$807	$932
Postretirement benefit obligation	14,085	17,860
Effect of a 1% Decrease in Health Care Cost Trend Rates:		
Total of service cost and interest cost	(663)	(774)
Postretirement benefit obligation	(12,012)	(15,119)

13. The Company has a noncontributory defined benefit pension plan whereby the benefits are based upon years of service and the employee's career average compensation. The plan is funded through a pension trust (Amica Pension Fund). SSAP No. 102, "Accounting for Pensions, A Replacement of SSAP No. 89" became effective January 1, 2013. This SSAP requires that any underfunded defined benefit pension amounts, as determined when the projected benefit obligation exceeds the fair value of plan assets, to be recognized as a liability under SSAP No. 5R. Such liability is required to be reported in the first quarter statutory financial statement after the transition date with a corresponding entry to unassigned funds.

    The following provides the funded status of the Pension Fund and supplemental retirement plans covering employees of the Company and Amica Life as of December 31, 2018 and 2017:

Pension Benefits	Overfunded		Underfunded	
	2018	2017	2018	2017
Accumulated benefit obligation	($1,363,376)	($1,443,865)	($66,791)	($70,859)
Plan assets at fair value	1,822,750	1,940,951	0	0
Funded status	$459,374	$497,086	($66,791)	($70,859)

    The non-vested liability is reflected in the benefit obligation on the above table for December 31, 2018 and 2017. The adoption of SSAP No. 102 for the Pension Fund did not have a surplus impact on the Company and Amica Life as the pension plan was overfunded by more than the transition liabilities. At transition, the Company recognized $346,824 in unrecognized transition obligations, prior service costs, and unrecognized losses as components of the ending balance of unassigned funds as of January 1, 2014.

(in thousands)

At transition, the Company recognized $17,094 for supplemental pension benefits in unrecognized transition obligations, prior service costs, and unrecognized losses as components of the ending balance of unassigned funds as of January 1, 2013. This recognition resulted in an additional $16,788 liability recorded on the Company's financial statement at January 1, 2013, with the remaining $306 recorded as a liability on the financial statements of Amica Life.

In addition to pension benefits, the Company provides certain health care and life insurance benefits ("post retirement") for retired employees. SSAP No. 92, "Accounting for Postretirement Benefits Other Than Pensions, A Replacement of SSAP No. 14" became effective January 1, 2013. This SSAP requires that any underfunded postretirement benefit amounts, other than pensions, as determined when the projected benefit obligation exceeds the fair value of plan assets, to be recognized as a liability under SSAP No. 5R.

The following provides the funded status of the postretirement benefits covering employees of the Company and Amica Life as of December 31, 2018 and 2017:

Postretirement Benefits	**Overfunded**		**Underfunded**	
	2018	**2017**	**2018**	**2017**
Accumulated benefit obligation	$0	$0	($382,485)	($425,682)
Plan assets at fair value	0	0	331,157	339,721
Funded status	$0	$0	($51,328)	($85,961)

The non-vested liability is reflected in the benefit obligation on the above table for December 31, 2018 and 2017. The Company elected to utilize the minimum transition option reflected in Paragraph 103 of SSAP No. 92 for postretirement health care benefits. The Company elected to recognize the full transition liability for retiree life benefits upon adoption. This recognition resulted in an additional $3,659 liability recorded on the Company's financial statement at January 1, 2015 with the remaining $130 recorded as a liability on the financial statements of Amica Life Insurance Company.

14. The Company elected to phase in the transition liability relating to postretirement health care benefits under the transition guidance set forth in SSAP No. 92, "Accounting for Postretirement Benefits Other Than Pensions, A Replacement of SSAP No. 14". The total transition liability for the postretirement health care benefits was $169,973 resulting in a minimum transition liability of $16,997 after applying the guidance in paragraphs 103bi and 103bii. A total of $161,357 of the transition liability was recognized through December 31, 2017 resulting in an unrecognized transition liability of $8,617 as of December 31, 2017. In accordance with the guidance, the Company's share of the cumulative transition liability recorded on the financial statements was $156,427 on December 31, 2018, with $7,888 and $15,560 recognized in 2018 and 2017, respectively. As a result, the transition liability was recognized in its entirety as of December 31, 2018.

The following table includes the 2018 transition surplus activity:

	Transition Liability
Beginning of year	($8,617)
Recognized during year	8,617
End of year funded status	$0

(in thousands)

F. Description of Investment Policies

The assets of the qualified defined benefit pension plan (the "Pension Fund") and postretirement benefit plans (the "Retiree Medical Trust") are managed with the objective of providing the lowest risk of nonpayment of benefits to the plan participants or retirees. Assets are invested to complement the structure and characteristics of the corresponding liabilities. Assets allocations are structured to provide funding of near and mid-term liabilities through interest income, dividends, and maturities and principle pay-downs of fixed-income instruments. Investments in equity securities are intended to provide capital appreciation in support of the Plans' longer-term obligations. Other investments include short-term investments used to manage the short term liquidity of the assets and alternative investment funds intended to provide additional diversification.

Investments in equity securities consist of a well-diversified portfolio of common stocks and mutual funds and are intended to provide capital appreciation in support of the Plans' longer-term obligations. Other investments include short-term investments used to manage the short-term liquidity of the assets and alternative investment funds intended to provide additional diversification. Fixed-income security purchases, unless prior approval is obtained from the Board of Trustees, will be investment grade with an emphasis on liquidity. Securities that subsequently fall below investment grade will never represent more than 5% of invested assets. All bonds are payable in U.S. dollars, and bonds issued by foreign entities cannot exceed 5% of total investments. The fixed-income portfolio will have convexity that is approximately neutral (zero). Bond portfolio duration will be maintained at 7-11 years.

The overall expected rate of return on plan assets was selected by considering the historical returns of equity and fixed income markets in conjunction with the current economic and financial market conditions.

The investment manager of the Pension Trust and Retiree Medical Trust may not deviate significantly from the targeted asset allocation percentages without prior approval from the trustees of the various plans. The Pension Trust and Retiree Medical Trust assets are not invested in derivatives and such investment would require prior consent from the trustees. The Pension Trust and the Retiree Medical Trust have no fee interests in real estate.

The defined benefit pension plan asset allocation as of the measurement date, December 31, 2018 and 2017, and the target asset allocation, presented as a percentage of total plan assets were as follows:

	Actual Allocation		Target Allocation	
Asset Category	**2018**	**2017**	**2018**	**2017**
a. Debt securities	32.0%	29.6%	30.5%	28.5%
b. Equity securities	55.2%	63.7%	58.5%	64.5%
c. Other	12.8%	6.7%	11.0%	7.0%
d. Total	100.0%	100.0%	100.0%	100.0%

(in thousands)

The postretirement benefit plan asset allocation as of the measurement date, December 31, 2018 and 2017, and the target asset allocation, presented as a percentage of total plan assets were as follows:

	Actual Allocation		Target Allocation	
Asset Category	**2018**	**2017**	**2018**	**2017**
a. Debt securities	29.3%	28.6%	29.0%	27.0%
b. Equity securities	56.3%	61.8%	58.5%	64.5%
c. Other	14.4%	9.6%	12.5%	8.5%
d. Total	100.0%	100.0%	100.0%	100.0%

G. Fair Value of Plan Assets

1. Fair Value Measurements of Plan Assets at Reporting Date

Pension Fund				
2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Description for each class of plan assets				
U.S. government and Federal agencies	$124,583	$146,752	$0	$271,335
State and political subdivisions	0	125,256	0	125,256
Corporate debt securities	0	168,640	0	168,640
Preferred stock	679	0	0	679
Common stock	650,288	0	0	650,288
Cash equivalents				
at fair value	0	64,717	0	64,717
at net asset value (1)	0	0	0	65,258
Short-term investments	0	642	0	642
Commercial mortgage loans	0	15,117	0	15,117
Index funds measured at net asset value (1)	0	0	0	350,537
Other invested assets	0	0	127,866	127,866
Total plan assets	$775,550	$521,124	$127,866	$1,840,335

(in thousands)

Pension Fund				
2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets at Fair Value:				
U.S. government and Federal agencies	$81,752	$128,183	$0	$209,935
State and political subdivisions	0	177,448	0	177,448
Corporate debt securities	0	170,181	0	170,181
Common stock	880,952	0	0	880,952
Cash equivalents				
at fair value	0	44,950	0	44,950
at net asset value (1)	0	0	0	5,229
Short-term investments	0	2,998	0	2,998
Commercial mortgage loans	0	11,575	0	11,575
Index funds measured at net asset value (1)	0	0	0	347,509
Other invested assets	0	0	97,194	97,194
Total plan assets	$962,704	$535,335	$97,194	$1,947,971

(1) Assets held at net asset value are included in the leveling table above to permit reconciliation to the amounts presented in the Pension Fund's statement of financial position.

Level 1 financial assets are comprised of U.S. Treasury Bonds and actively traded exchange-listed equity securities, as well as several actively-traded diversified mutual funds. The Company uses quoted market prices provided by an independent pricing service to determine the fair values.

Level 2 financial assets are comprised of debt securities and mortgage loans whose quoted prices are provided by an independent pricing service. Cash equivalents and short-term investments are stated at cost or amortized cost, which approximates fair value.

Level 3 financial assets consist of holdings in limited partnership, classified as other invested assets. The fair values of the funds are based on the GAAP equity of the fund from the most recent statement received, adjusted for any cash transactions through year-end.

(in thousands)

Postretirement Health Care

2018	Level 1	Level 2	Level 3	Total
Description for each class of plan assets				
U.S. government and Federal agencies	$1,415	$14,668	$0	$16,083
State and political subdivisions	0	54,084	0	54,084
Corporate debt securities	0	12,620	0	12,620
Preferred stock	106	0	0	106
Common stock	108,384	0	0	108,384
Cash equivalents				
at fair value	0	16,349	0	16,349
at net asset value (1)	0	0	0	9,283
Short-term investments	0	210	0	210
Commercial mortgage loans	0	2,116	0	2,116
Index funds measured at net asset value (1)	0	0	0	55,223
Other invested assets	0	0	20,585	20,585
Total plan assets	$109,905	$100,047	$20,585	$295,043

2017	Level 1	Level 2	Level 3	Total
Assets at Fair Value:				
U.S. government and Federal agencies	$206	$14,084	$0	$14,290
State and political subdivisions	0	54,131	0	54,131
Corporate debt securities	0	10,428	0	10,428
Common stocks	136,845	0	0	136,845
Cash equivalents				
at fair value	0	16,224	0	16,224
at net asset value (1)	0	0	0	2,025
Short-term investments	0	998	0	998
Commercial mortgage loans	0	1,620	0	1,620
Index funds measured at net asset value (1)	0	0	0	49,805
Other invested assets	0	0	15,990	15,990
Total plan assets	$137,051	$97,485	$15,990	$302,356

(1) Assets held at net asset value are included in the leveling table above to permit reconciliation to the amounts presented in the Amica Mutual Insurance Company Health and Welfare Plan's statement of financial opinion.

Level 1 financial assets are comprised of US Treasury Bonds and actively traded exchange-listed equity securities, as well as several actively-traded diversified mutual funds. The Company uses quoted market prices provided by an independent pricing service to determine the fair values.

(in thousands)

Level 2 financial assets are comprised of debt securities and mortgage loans whose quoted prices are provided by an independent pricing service. Cash equivalents and short-term investments are stated at cost or amortized cost, which approximates fair value.

Level 3 financial assets consist of holdings in limited and investment funds classified as other invested assets. The fair values of the funds are based on the GAAP equity of the fund from the most recent statement received, adjusted for any cash transactions through year-end.

2. Fair Value Measurements in Level 3 of the Fair Value Hierarchy

The following table presents the changes in the Plan's Level 3 financial instruments which are carried at fair value on a recurring basis

	Pension Fund		Postretirement Health Care	
	2018	**2017**	**2018**	**2017**
Balance at beginning of year	$97,194	$75,952	$15,990	$12,632
Total gains/losses (realized/unrealized) included in net				
increase (decrease) in net assets available for benefits	9,368	6,268	1,821	1,282
Purchases	48,645	20,430	6,984	2,944
Sales	(27,341)	(5,456)	(4,210)	(868)
Issuances	0	0	0	0
Settlements	0	0	0	0
Transfers into Level 3	0	0	0	0
Transfers out of Level 3	0	0	0	0
Balance at end of year	$127,866	$97,194	$20,585	$15,990

<u>Note 13 – Information Concerning Affiliates</u>

A. Amica Life Insurance Company

1. The Company owns 100% of the outstanding stock of Amica Life. The statutory equity value of the Company's investment in Amica Life was $328,262 and $308,334 at December 31, 2018 and 2017, respectively.

2. The Company allocates a portion of the postretirement benefit expense to Amica Life under an expense allocation arrangement. During 2018 and 2017, expenses of $1,088 and $1,183 respectively, were allocated to the subsidiary.

3. During 2018 and 2017, the Company paid premiums of $4,748 and $4,688, respectively, for group life insurance on the lives of employees and retirees to its affiliate, Amica Life.

4. During 2018 and 2017, costs of $1,913 and $1,771, respectively, were incurred by the Company for the leasing of motor vehicles owned by Amica Life.

5. The Company paid premiums to Amica Life of $1,197 and $2,190 in 2018 and 2017, respectively, for structured settlements.

6. Amica Life reimbursed the Company $2,374 and $2,261 in 2018 and 2017, respectively, for personnel and facility expenses used by Amica.

7. Effective January 1, 2009, the Company entered into a line of credit agreement with Amica Life Insurance Company, a wholly-owned subsidiary of the Company. The line of credit agreement allows Amica Life

Insurance Company to draw advances from the Company for up to $250,000. Any draw upon the line of credit by Amica Life Insurance Company must be repaid in full, with interest, within three years from the date of advance. There were no outstanding balances under the agreement as of December 31, 2018 or 2017.

8. On April 20, 2016, the Board of Directors of Amica Mutual authorized up to $150,000 in capital contributions to Amica Life to support the Amica Life's ongoing growth initiatives. The timing and amount of any capital contributions are at the discretion of the President of Amica Mutual. On January 3, 2017, Amica Mutual made a capital contribution of $25,000 to Amica Life to provide support regarding Amica Life's growth initiatives. On January 2, 2018, Amica Mutual made another capital contribution of $25,000 to Amica Life for the same purpose. Subsequent to the date of the statutory financial statements, the Company made an additional $25,000 capital contribution to Amica Life on January 2, 2019. The Company has contributed a total of $75,000 of the authorized capital infusion. The timing and amount of the remaining $75,000 will be determined by the President of Amica Mutual.

9. The Consolidated Federal Income Tax Agreement between Amica Mutual and affiliates was amended in 2017 to include Amica Life. See Note 10G for further information.

B. Amica Property and Casualty Insurance Company (Amica P&C)

1. The Company owns 100% of the outstanding stock of Amica P&C, a property and casualty insurance company that is primarily used to supplement Amica Mutual's personal automobile writings. The Company operates under a dual-company underwriting approach under which personal automobile policies underwritten by Amica Mutual are split between Amica Mutual and Amica P&C based on set underwriting criteria, which places preferred business with Amica Mutual and standard business with Amica P&C. Prior to 2017, Amica P&C's underwriting was comprised exclusively of auto business in New Jersey and New York; however, Amica's commitment to the aforementioned dual-company underwriting model resulted in the expansion of Amica P&C's writings, and the Company began writing auto business in Georgia, Texas and Rhode Island in 2017. The Company expanded auto writings into thirteen additional states in 2018 and expects to begin writing auto business in another seven states in 2019, bringing the ultimate total to twenty-five states by the end of 2019. The statutory equity value of the Company's investment in Amica P&C was $80,854 and $79,740 at December 31, 2018 and 2017, respectively.

2. Amica P&C maintains a 100% quota share reinsurance contract with Amica Mutual, under which all premiums, losses, and loss adjustment expenses are ceded to Amica Mutual. Additionally, Amica P&C is a named insured under Amica Mutual's catastrophe reinsurance program.

   Effective October 1, 2018, the Company changed its settlement methodology related to premiums assumed under the quota share reinsurance agreement. The Company will now settle premiums on an earned basis rather than on a written basis. As a result of this change, the Company transferred $16,360 to Amica P&C in October as a reimbursement for amounts settled under the previous methodology. This change did not impact income or expenses for either company, only the timing related to the settlement of premiums.

3. As there are no employees of Amica P&C, Amica Mutual's employees perform certain managerial and other operation functions for the benefit of Amica P&C. In accordance with a formal cost-sharing agreement, Amica Mutual allocates such costs to Amica P&C based on the estimated costs of the services performed. The costs charged from Amica Mutual to Amica P&C amounted to $6,441 and $5,298 in 2018 and 2017, respectively.

(Continued)

(in thousands)

C. Amounts Due to or from Related Parties

At December 31, 2018 and 2017, the following amounts were (payable)/recoverable from affiliates:

	2018		2017	
Affiliate	Management, Service and Reinsurance Contracts	Federal Income Taxes	Management, Service and Reinsurance Contracts	Federal Income Taxes
Amica General Agency, LLC	$51	$52	$65	$73
Amica Life Insurance Company	259	(471)	150	(1,266)
Amica Property and Casualty Insurance Company	566	90	1,041	(55)
Total	$876	($329)	$1,256	($1,248)

The management and service contracts require that the intercompany balances be settled within fifty-five days of the month to which it applies.

D. All Subsidiary, Controlled and Affiliated (SCA) Investments

The Company owns 100% of Amica General Agency, LLC, an insurance agency which sells certain insurance products of other insurance companies through the Company's distribution system. The agency's value of $11,996 is fully admitted in the Company's December 31, 2018 balance sheet.

E. Insurance SCA Entities Utilizing Prescribed or Permitted Practices

1. The Company owns two insurance SCA entities that are carried at audited statutory equity value. Amica Property and Casualty Insurance Company follows no state prescribed or permitted practices that depart from NAIC statutory accounting practices and procedures (NAIC SAP). The statutory financial statements of Amica Life reflect a permitted practice approved by the Rhode Island Department of Business Regulation Insurance Division, which deviates from required NAIC SAP. This permitted practice allows Amica Life to record directly to surplus the change in XXX reserves that is above the change in the reserves calculated on a discounted cash flow basis, instead of recording the change in XXX reserves directly to net income as required by NAIC SAP.

2. The monetary effect on net income and surplus as a result of using an accounting practice that differed from NAIC SAP, the amount of the investment in the insurance SCA per audited statutory equity and amount of the investment if the insurance SCA had completed statutory financial statements in accordance with the NAIC Accounting Practices and Procedures (AP&P) Manual is as follows:

SCA Entity (Investment in Insurance SCA Entities)	Monetary Effect on NAIC SAP		Amount of Investment	
	Net Income Increase (Decrease)	Surplus Increase (Decrease)	Per Audited Statutory Equity	If the Insurance SCA Had Completed Statutory Financial Statements*
Amica Life Insurance Company	($112,725)	$0	$328,262	$328,262

* Per AP&P Manual (without permitted or prescribed practices)

(in thousands)

3. This permitted practice has no effect on the surplus of Amica Life nor its reserve position, as the Amica Life continues to establish reserves in accordance with Rhode Island Regulation 93. Therefore, no regulatory action or risk-based capital event would have been triggered had the practice not been followed.

Note 14 – Risk Based Capital

Risk Based Capital (RBC) is intended to identify companies that are in financial difficulty by establishing minimum capital needs based on the risks applicable to the operations of the individual company. The calculation of RBC for the Company was above the minimum required level at December 31, 2018 and 2017.

Note 15 – Leases

A. The Company leases office facilities and equipment under various non-cancelable operating leases that expire through 2025. Rental expense for 2018 and 2017 was $11,820 and $11,244 respectively. Future minimum rental payments are as follows:

Year	Amount
2019	$10,074
2020	9,178
2021	7,422
2022	5,375
2023	2,717
Thereafter	805
Total	$35,571

B. Certain rental commitments have renewal options extending through the year 2035. Some of these renewals are subject to adjustments in future periods.

Note 16 – Contingencies

A. Contingent Commitments

The Company has made commitments to provide $123,671 in additional funds to unaffiliated limited partnerships as of December 31, 2018. See Note 4 for more information.

B. Guarantees

Not applicable.

C. Guaranty Fund and Other Assessments

The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments are accrued at the time of insolvencies. Other assessments are accrued either at the time of assessments or in the case of premium based assessments, at the time the premiums were written, or, in the case of loss based assessments, at the time the losses are incurred.

The Company has accrued a liability for guaranty fund and other assessments of $1,212 at December 31, 2018 and $2,619 at December 31, 2017. This represents management’s best estimates based on information received from the states in which the Company writes business and may change due to many factors including the Company’s share of the ultimate cost of current insolvencies. The Company does not have the ability to recover assessments through policyholder surcharges so no related asset has been recorded.

(in thousands)

D. All Other Contingencies

Lawsuits arise against the Company in the normal course of business. The ultimate resolution of such proceedings will not, in our opinion, have a material impact on the Company's financial position.

Note 17 – Non-admitted Assets

Certain assets, designated as non-admitted assets, have been excluded from the statutory financial statements and charged directly against surplus. A summary of these non-admitted assets follows.

Description	2018	2017
Prepaid pension contribution	$420,176	$453,411
Furniture and other equipment, net	88,908	101,280
Prepaid expenses	10,601	12,415
Premium receivable over 90 days past due	609	628
Amica Companies Supplemental Retirement Trust	30,591	29,678
Other	8,820	1,393
Total Non-admitted Assets	$559,705	$598,805

Note 18 – Subsequent Events

Subsequent events have been considered through February 13, 2019 for the statutory statement issued on February 13, 2019 and through May 10, 2019 for the audited statutory financial statements issued on May 10, 2019.

On January 2, 2019, the Company made a $25,000 capital contribution to its wholly-owned insurance subsidiary, Amica Life. This contribution is intended to provide additional support with regard to Amica Life's growth initiatives.

In February 2019, the Company elected to close the defined benefit plan to new participants such that no new participants may be added on or after July 1, 2019.

There were no other events occurring subsequent to the end of the year that merited recognition or disclosure in these statements.

AMICA MUTUAL INSURANCE COMPANY
SUMMARY INVESTMENT SCHEDULE
December 31, 2018

Schedule 1

Investment Categories	Gross Investment Holdings 1 Amount	2 Percentage	Admitted Assets as Reported in the Annual Statement 3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total (Col. 3 + 4) Amount	6 Percentage
1. Bonds:						
1.1 U.S. treasury securities	111,534,055	2.432	111,534,055		111,534,055	2.432
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies	347,632,783	7.581	347,632,783		347,632,783	7.581
1.22 Issued by U.S. government sponsored agencies	27,776,279	0.606	27,776,279		27,776,279	0.606
1.3 Non-U.S. government (including Canada, excluding mortgaged-backed securities)		0.000				0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S. :						
1.41 States, territories and possessions general obligations	204,730,618	4.465	204,730,618		204,730,618	4.465
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	50,373,552	1.099	50,373,552		50,373,552	1.099
1.43 Revenue and assessment obligations		0.000				0.000
1.44 Industrial development and similar obligations		0.000				0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.511 Issued or guaranteed by GNMA	80,354,836	1.752	80,354,836		80,354,836	1.752
1.512 Issued or guaranteed by FNMA and FHLMC	461,021,222	10.054	461,021,222		461,021,222	10.054
1.513 All other		0.000				0.000
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	286,103,451	6.239	286,103,451		286,103,451	6.239
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521	68,593,668	1.496	68,593,668		68,593,668	1.496
1.523 All other	164,568,909	3.589	164,568,909		164,568,909	3.589
2. Other debt and other fixed income securities (excluding short-term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	629,837,262	13.735	629,837,262		629,837,262	13.735
2.2 Unaffiliated non-U.S. securities (including Canada)	40,965,570	0.893	40,965,570		40,965,570	0.893
2.3 Affiliated securities		0.000				0.000
3. Equity interests:						
3.1 Investments in mutual funds	360,699,466	7.866	360,699,466		360,699,466	7.866
3.2 Preferred stocks:						
3.21 Affiliated		0.000				0.000
3.22 Unaffiliated	758,402	0.017	758,402		758,402	0.017
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated		0.000				0.000
3.32 Unaffiliated	715,011,541	15.593	715,011,541		715,011,541	15.593
3.4 Other equity securities:						
3.41 Affiliated	409,116,381	8.922	409,116,381		409,116,381	8.922
3.42 Unaffiliated	4,481,200	0.098	4,481,200		4,481,200	0.098
3.5 Other equity interests including tangible personal property under lease:						
3.51 Affiliated		0.000				0.000
3.52 Unaffiliated		0.000				0.000
4. Mortgage loans:						
4.1 Construction and land development		0.000				0.000
4.2 Agricultural		0.000				0.000
4.3 Single family residential properties		0.000				0.000
4.4 Multifamily residential properties		0.000				0.000
4.5 Commercial loans	90,418,882	1.972	90,418,882		90,418,882	1.972
4.6 Mezzanine real estate loans		0.000				0.000
5. Real estate investments:						
5.1 Property occupied by company	52,462,152	1.144	52,462,152		52,462,152	1.144
5.2 Property held for production of income (including $ .... of property acquired in satisfaction of debt)		0.000				0.000
5.3 Property held for sale (including $ .... property acquired in satisfaction of debt)		0.000				0.000
6. Contract loans		0.000				0.000
7. Derivatives		0.000				0.000
8. Receivables for securities	45,746,017	0.998	45,746,017		45,746,017	0.998
9. Securities Lending (Line 10, Asset Page reinvested collateral)		0.000		XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	237,287,200	5.175	237,287,200		237,287,200	5.175
11. Other invested assets	196,135,444	4.277	196,135,444		196,135,444	4.277
12. Total invested assets	4,585,608,890	100.000	4,585,608,890		4,585,608,890	100.000

See accompanying independent auditors' report.

AMICA MUTUAL INSURANCE COMPANY
SUPPLEMENTAL INVESTMENT RISK INTERROGATORIES
December 31, 2018

Schedule 2

Of The AMICA MUTUAL INSURANCE COMPANY

ADDRESS (City, State and Zip Code) Lincoln , RI 02865-1156

NAIC Group Code 0028 NAIC Company Code 19976 Federal Employer's Identification Number (FEIN) 05-0348344

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. $ 5,429,814,359

2. Ten largest exposures to a single issuer/borrower/investment.

	1 Issuer	2 Description of Exposure	3 Amount	4 Percentage of Total Admitted Assets
2.01	Amica Life Insurance Company	Common Stock	$ 328,262,245	6.0 %
2.02	Federal Home Loan Mortgage Corporation	Bonds	$ 280,079,744	5.2 %
2.03	Federal National Mortgage Association	Bonds	$ 185,625,534	3.4 %
2.04	The Goldman Sachs Group Inc	Bonds, Common Stock, Money Market Fund	$ 116,993,720	2.2 %
2.05	Enbridge Inc	Commerical Paper	$ 101,746,761	1.9 %
2.06	Energy Transfer LP	Commercial Paper	$ 97,710,107	1.8 %
2.07	Amica Property & Casualty Insurance Company	Common Stock	$ 80,854,136	1.5 %
2.08	State of Washington	Bonds	$ 77,663,646	1.4 %
2.09	State of Georgia	Bonds	$ 46,835,835	0.9 %
2.10	JP Morgan Mortgage Trust	Bonds	$ 45,563,586	0.8 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation.

	Bonds	1	2		Preferred Stocks	3	4
3.01	NAIC-1	$ 2,115,538,496	39.0 %	3.07	P/RP-1	$	%
3.02	NAIC-2	$ 465,340,238	8.6 %	3.08	P/RP-2	$	%
3.03	NAIC-3	$ 101,746,761	1.9 %	3.09	P/RP-3	$	%
3.04	NAIC-4	$	%	3.10	P/RP-4	$	%
3.05	NAIC-5	$	%	3.11	P/RP-5	$	%
3.06	NAIC-6	$	%	3.12	P/RP-6	$	%

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

4.02	Total admitted assets held in foreign investments	$ 78,840,796	1.5 %
4.03	Foreign-currency-denominated investments	$	%
4.04	Insurance liabilities denominated in that same foreign currency	$	%

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SUPPLEMENTAL INVESTMENT RISK INTERROGATORIES
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Schedule 2

5. Aggregate foreign investment exposure categorized by NAIC sovereign designation:

		1	2
5.01	Countries designated NAIC-1	$	%
5.02	Countries designated NAIC-2	$	%
5.03	Countries designated NAIC-3 or below	$	%

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC - 1:		
6.01	Country 1:	$	%
6.02	Country 2:	$	%
	Countries designated NAIC - 2:		
6.03	Country 1:	$	%
6.04	Country 2:	$	%
	Countries designated NAIC - 3 or below:		
6.05	Country 1:	$	%
6.06	Country 2:	$	%

		1	2
7.	Aggregate unhedged foreign currency exposure	$	%

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

		1	2
8.01	Countries designated NAIC-1	$	%
8.02	Countries designated NAIC-2	$	%
8.03	Countries designated NAIC-3 or below	$	%

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

		1	2
	Countries designated NAIC - 1:		
9.01	Country 1:	$	%
9.02	Country 2:	$	%
	Countries designated NAIC - 2:		
9.03	Country 1:	$	%
9.04	Country 2:	$	%
	Countries designated NAIC - 3 or below:		
9.05	Country 1:	$	%
9.06	Country 2:	$	%

10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:

	1 Issuer	2 NAIC Designation	3	4
10.01			$	%
10.02			$	%
10.03			$	%
10.04			$	%
10.05			$	%
10.06			$	%
10.07			$	%
10.08			$	%
10.09			$	%
10.10			$	%

(Continued)

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Schedule 2

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 11.01 is yes, detail is not required for the remainder of interrogatory 11.

		1	2
11.02	Total admitted assets held in Canadian investments	$	%
11.03	Canadian-currency-denominated investments	$	%
11.04	Canadian-denominated insurance liabilities	$	%
11.05	Unhedged Canadian currency exposure	$	%

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions:

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

	1	2	3
12.02	Aggregate statement value of investments with contractual sales restrictions	$	%
	Largest three investments with contractual sales restrictions:		
12.03		$	%
12.04		$	%
12.05		$	%

13. Amounts and percentages of admitted assets held in the ten largest equity interests:

13.01 Are assets held in equity interests less than 2.5% of the reporting entity's total admitted assets? Yes [ ] No [X]

If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

	1 Issuer	2	3
13.02	Amica Life Insurance Company	$ 328,262,245	6.0 %
13.03	Fidelity Total International Index Fund	$ 259,834,118	4.8 %
13.04	Amica Property & Casualty Insurance Company	$ 80,854,136	1.5 %
13.05	iShares Core MSCI Total International Stock ETF	$ 57,750,379	1.1 %
13.06	Fidelity Emerging Markets Index Fund	$ 39,568,371	0.7 %
13.07	Morgan Stanley Institutional Fund of Hedge Funds, LP	$ 28,540,405	0.5 %
13.08	Microsoft Corporation	$ 23,796,429	0.4 %
13.09	Apple Inc.	$ 22,064,040	0.4 %
13.10	Alphabet Inc.	$ 19,428,941	0.4 %
13.11	Lyme Forest Fund IV, LP	$ 17,276,148	0.3 %

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SUPPLEMENTAL INVESTMENT RISK INTERROGATORIES
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Schedule 2

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

	1	2	3
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$	%
	Largest three investments held in nonaffiliated, privately placed equities:		
14.03		$	%
14.04		$	%
14.05		$	%

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.

	1	2	3
15.02	Aggregate statement value of investments held in general partnership interests	$	%
	Largest three investments in general partnership interests:		
15.03		$	%
15.04		$	%
15.05		$	%

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

	1 Type (Residential, Commercial, Agricultural)	2	3
16.02		$	%
16.03		$	%
16.04		$	%
16.05		$	%
16.06		$	%
16.07		$	%
16.08		$	%
16.09		$	%
16.10		$	%
16.11		$	%

(Continued)

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SUPPLEMENTAL INVESTMENT RISK INTERROGATORIES
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Schedule 2

Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:

		Loans	
16.12	Construction loans	$	%
16.13	Mortgage loans over 90 days past due	$	%
16.14	Mortgage loans in the process of foreclosure	$	%
16.15	Mortgage loans foreclosed	$	%
16.16	Restructured mortgage loans	$	%

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

	Loan to Value	Residential 1	2	Commercial 3	4	Agricultural 5	6
17.01	above 95%	$	%	$	%	$	%
17.02	91 to 95%	$	%	$	%	$	%
17.03	81 to 90%	$	%	$	%	$	%
17.04	71 to 80%	$	%	$	%	$	%
17.05	below 70%	$	%	$	%	$	%

18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:

18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

Largest five investments in any one parcel or group of contiguous parcels of real estate.

	Description 1	2	3
18.02		$	%
18.03		$	%
18.04		$	%
18.05		$	%
18.06		$	%

19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's total admitted assets? Yes [X] No [ ]

If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.

	1	2	3
19.02	Aggregate statement value of investments held in mezzanine real estate loans:	$	%
	Largest three investments held in mezzanine real estate loans:		
19.03		$	%
19.04		$	%
19.05		$	%

(Continued)

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SUPPLEMENTAL INVESTMENT RISK INTERROGATORIES
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Schedule 2

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year End 1	At Year End 2	At End of Each Quarter: 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions)	$	%	$	$	$
20.02 Repurchase agreements	$	%	$	$	$
20.03 Reverse repurchase agreements	$	%	$	$	$
20.04 Dollar repurchase agreements	$	%	$	$	$
20.05 Dollar reverse repurchase agreements	$	%	$	$	$

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

	Owned 1	Owned 2	Written 3	Written 4
21.01 Hedging	$	%	$	%
21.02 Income generation	$	%	$	%
21.03 Other	$	%	$	%

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	At Year End 1	At Year End 2	At End of Each Quarter: 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
22.01 Hedging	$	%	$	$	$
22.02 Income generation	$	%	$	$	$
22.03 Replications	$	%	$	$	$
22.04 Other	$	%	$	$	$

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	At Year End 1	At Year End 2	At End of Each Quarter: 1st Quarter 3	2nd Quarter 4	3rd Quarter 5
23.01 Hedging	$	%	$	$	$
23.02 Income generation	$	%	$	$	$
23.03 Replications	$	%	$	$	$
23.04 Other	$	%	$	$	$

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GENERAL INTERROGATORIES
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Schedule 3

7.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provisions)? Yes [ ] No [X]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions:

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ]

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]

8.2 If yes, give full information

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [ ] No [X]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or, Yes [ ] No [X]
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [X]
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No [X]