KPMG

AMICA PROPERTY AND CASUALTY 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 Property and Casualty Insurance Company:

We have audited the accompanying financial statements of Amica Property and Casualty Insurance Company, which comprise the statutory statements of admitted assets, liabilities, and capital and surplus as of December 31, 2018 and 2017, and the related statutory statements of income, capital and surplus, 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.

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 Property and Casualty 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 Property and Casualty 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 Property and Casualty 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 PROPERTY AND CASUALTY INSURANCE COMPANY

(A Wholly-owned Subsidiary of Amica Mutual Insurance Company)

Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus

(in thousands)

December 31, 2018 and 2017

	2018	2017
Assets:		
Bonds and debt securities	$ 75,919	$ 62,706
Mortgage loans	1,832	1,162
Cash and cash equivalents	10,291	4,717
Receivable for securities	989	0
Total cash and invested assets	89,031	68,585
Premiums receivable	16,933	11,667
Reinsurance recoverable on paid losses and loss adjustment expenses	2,624	2,675
Investment income due and accrued	581	495
Net deferred tax asset	438	218
Federal income tax recoverable	0	55
Receivable from parent	566	0
Other assets admitted	433	438
Total assets	$ 110,606	$ 84,133
Liabilities and capital and surplus:		
Accrued other expenses	$ 2,077	$ 1,034
Federal income taxes payable	90	0
Ceded reinsurance premiums payable	21,715	1,829
Payable to parent	0	1,041
Other liabilities	5,870	489
Total liabilities	29,752	4,393
Common stock - $350 par value per share. Authorized and issued 10,000 shares.	3,500	3,500
Additional paid-in-capital	48,120	48,120
Surplus	29,234	28,120
Total capital and surplus	80,854	79,740
Total liabilities and capital and surplus	$ 110,606	$ 84,133

See accompanying notes to statutory financial statements.

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY

(A Wholly-owned Subsidiary of Amica Mutual Insurance Company)

Statutory Statements of Income

(in thousands)

December 31, 2018 and 2017

	2018	2017
Underwriting income:		
Premiums earned	$ 0	$ 0
Underwriting expenses:		
Losses incurred	0	0
Loss expenses incurred	0	0
Other underwriting (income) expenses, net	(59)	216
Total underwriting (income) expenses	(59)	216
Net underwriting income (loss)	59	(216)
Investment and other income:		
Net investment income	1,949	1,878
Net realized capital losses, net of Federal income tax benefit of $50 and $47 in 2018 and 2017, respectively	(189)	(88)
Other expense, net	(344)	(354)
Total investment and other income	1,416	1,436
Income before Federal income taxes, net	1,475	1,220
Federal income taxes incurred, net	567	516
Net income	$ 908	$ 704

See accompanying notes to statutory financial statements.

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
(A Wholly-owned Subsidiary of Amica Mutual Insurance Company)

Statutory Statements of Capital and Surplus
(in thousands)

December 31, 2018 and 2017

	2018	2017
Capital and surplus at January 1	$ 79,740	$ 79,077
Net income	908	704
Change in net deferred income tax	220	(114)
Change in non-admitted assets	(14)	73
Change in capital and surplus	1,114	663
Capital and surplus at December 31	$ 80,854	$ 79,740

See accompanying notes to statutory financial statements.

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
(A Wholly-owned Subsidiary of Amica Mutual Insurance Company)

Statutory Statements of Cash Flows
(in thousands)

December 31, 2018 and 2017

	2018	2017
Cash from (to) operations:		
Premiums collected, net of reinsurance	$ 14,631	$ (3,274)
Loss and loss adjustment expenses recovered (paid)	50	(496)
Underwriting expenses recovered, net of commissions received	1,334	122
Cash from (to) underwriting	16,015	(3,648)
Net investment income	2,109	2,152
Other losses, net	(339)	(260)
Federal income taxes paid	(372)	(561)
Net cash from (to) from operations	17,413	(2,317)
Cash (to) from investments:		
Proceeds from investments sold, matured or repaid:		
Bonds and debt securities sold	20,223	2,711
Bonds and debt securities matured or repaid	4,617	4,850
Mortgage loans repaid	6	0
Other	5,125	297
Total investment proceeds	29,971	7,858
Cost of investments acquired:		
Bonds and debt securities	38,538	6,694
Mortgage loans	676	1,162
Other invested assets	989	0
Total investments acquired	40,203	7,856
Net cash (to) from investments	(10,232)	2
Cash (to) from financing and miscellaneous sources:		
Net transfers from (to) affiliates	(1,607)	182
Other cash provided	0	41
Net cash (to) from financing and miscellaneous sources	(1,607)	223
Reconciliation of cash and cash equivalents:		
Net change in cash and cash equivalents	5,574	(2,092)
Cash and cash equivalents - beginning of year	4,717	6,809
Cash and cash equivalents - end of year	$ 10,291	$ 4,717

See accompanying notes to statutory financial statements.

Note 1 – Nature of Operations

Amica Property and Casualty Insurance Company, hereinafter referred to as “Amica P&C” or “the Company”, is a Rhode Island domiciled property and casualty insurer, which is solely owned and managed by Amica Mutual Insurance Company (Amica Mutual). The initial capitalization of Amica P&C occurred on June 16, 2005, with the purchase of 10,000 shares of common stock totaling $3,500 and additional paid in capital totaling $30,100, for a total initial investment of $33,600.

Amica P&C has an instrumental role in the Amica holding company group as one of the group’s two property and casualty insurers, Amica Mutual being the other, and is primarily used to supplement Amica Mutual’s personal automobile writings. Prior to 2014, Amica P&C was the sole writer of personal automobile coverages in New Jersey for the Amica holding company group. However, effective January 1, 2014, a dual-company underwriting approach was undertaken, under which personal automobile policies underwritten by Amica 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 the year. 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, which will enable the Company to quickly respond to underwriting conditions.

The Company has no employees as its parent, Amica Mutual Insurance Company, performs management, advertising and other operational functions on its behalf. Amica Mutual systematically allocates such costs to Amica P&C based on the estimated costs of the services performed, in accordance with a formal cost-sharing agreement.

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

3. Salvage and subrogation recoverable generally is not recognized.

4. 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.

5. Reserves for losses and loss adjustment expenses and reserves for unearned premiums are presented net of reinsurance ceded.

6. Certain assets designated as “non-admitted” are charged off against surplus.

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

8. 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.

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 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. 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 equivalents are stated at cost or amortized 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.

(Continued)

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. 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 other-than-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.

5. Realized gains and losses are determined on a specific identification basis, are credited or charged to income, and are presented in the statements of income net of Federal income tax. Unrealized capital gains and losses resulting from the valuation of investments at fair value are credited or charged directly to surplus. 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 balance sheet 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;
   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.

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

D. Asset Depreciation and Amortization Policy

All equipment expenses are allocated to the Company through its cost-sharing agreement with its parent company, Amica Mutual Insurance Company. The 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.

F. Acquisition Expenditure Policy

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

G. Commissions Policy

When the commission received under a reinsurance agreement exceeds the anticipated acquisition cost of the business ceded, the Company establishes a liability equal to the difference between the anticipated acquisition cost and the reinsurance commission received. The excess is recorded as income over the life of the reinsurance contract.

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 Amica Mutual 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. Intercompany 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 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 6D.

J. Premium Deficiency Calculations 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.

(Continued)

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 statements of assets, liabilities, and capital and surplus for these instruments approximates fair value.

2. Bonds and Debt Securities

   The fair value of long-term bonds and debt securities is based on market prices. In absence of publishers' market values, the fair value is based on market yields of securities from identical issuers with similar maturities.

3. 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 6 for disclosure and additional information.

5. 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.

6. 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.

7. 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 financial statements are issued.

N. Reclassification

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

<u>Note 3 – Accounting Changes and Correction of Errors</u>

There have been no accounting changes or correction of errors in 2018 or 2017.

<u>Note 4 – Investments</u>

A. Bonds and Debt Securities

1. Bonds and debt securities on deposit with various regulatory authorities, as required by law, totaled $2,616 and $2,534 at December 31, 2018 and 2017, respectively.

(in thousands)

2. 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	$23,700	$561	$510	$23,751
States, territories and possessions	7,159	55	271	6,943
Political subdivisions of states	1,971	11	8	1,974
Special revenue and special assessment obligations	15,659	79	331	15,407
Industrial and miscellaneous	27,430	45	896	26,579
Total	$75,919	$751	$2,016	$74,654
2017				
U.S. Government and Federal Agency securities	$17,999	$533	$383	$18,149
States, territories and possessions	9,835	62	293	9,604
Political subdivisions of states	2,283	44	8	2,319
Special revenue and special assessment obligations	9,963	3	207	9,759
Industrial and miscellaneous	22,626	223	188	22,661
Total	$62,706	$865	$1,079	$62,492

3. The amortized cost and fair value of bonds and debt securities at December 31, 2018, by contractual maturities, are shown as follows:

	Amortized Cost	Fair Value
Due in one year or less	$286	$285
Due after one year through five years	11,748	11,619
Due after five years through ten years	14,776	14,640
Due after ten years	49,109	48,110
Total	$75,919	$74,654

4. Proceeds from the sale of bonds and debt securities during 2018 and 2017 were $20,223 and $2,711, respectively. During 2018 and 2017, gross gains of $125 and $16, respectively, were realized on these sales. Gross losses of $316 and $127 were incurred on these sales in 2018 and 2017.

B. Mortgage Loans

The Company is a co-lender in first lien commercial mortgage loans with a carrying value of $1,832 and $1,162 as of December 31, 2018 and 2017, respectively. The maximum and minimum lending rates for commercial mortgage loans funded during 2018 were 4.9% and 4.0%. 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 six commercial mortgage loans consisting of two industrial parks, one retail property, one parking garage, and two multi-family 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 and there were no impaired mortgage loans as of December 31, 2018.

(in thousands)

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%.

C. Net Investment Income

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

	2018	2017
Bonds and debt securities	$1,933	$1,891
Mortgage loans	69	34
Cash equivalents	143	74
Miscellaneous	0	1
Total investment income	2,145	2,000
Less: Investment expenses	196	122
Net investment income	$1,949	$1,878

D. Fair Value of Financial Instruments

	2018		2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Bonds and debt securities	$75,919	$74,654	$62,706	$62,492
Mortgage loans	1,832	1,816	1,162	1,184
Cash and cash equivalents	10,291	10,291	4,717	4,717
Total assets	$88,042	$86,761	$68,585	$68,393

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 upon 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.

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.

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
(A Wholly-owned Subsidiary of Amica Mutual Insurance Company)

Notes to Statutory Financial Statements
(in thousands)

December 31, 2018 and 2017

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:					
Cash equivalents:					
Exempt money market mutual funds	$0	$0	$0	$0	$0
All other money market mutual funds	0	0	0	2,432	2,432
Total cash equivalents	$0	$0	$0	$2,432	$2,432
Total assets at fair value	$0	$0	$0	$2,432	$2,432
Liabilities at fair value:					
Total liabilities at fair value	$0	$0	$0	$0	$0

The Company had no financial instruments carried at fair value as of December 31, 2017.

The following tables provide information about the carrying values and fair values of the Company's financial instruments:

2018	Fair Value	Carrying Value	Level 1	Level 2	Level 3	NAV
Bonds:						
U.S. government and federal agency securities	$23,751	$23,700	$6,576	$17,175	$0	$0
States, territories and possessions	6,943	7,159	0	6,943	0	0
Political subdividions of states	1,974	1,971	0	1,974	0	0
Special revenue and special assessment obligatio	15,407	15,659	0	15,407	0	0
Industrial and miscellaneous	26,579	27,430	0	26,579	0	0
Total bonds	74,654	75,919	6,576	68,078	0	0
Mortgage loans:						
Mortgage loans	1,816	1,832	0	1,816	0	0
Total mortgage loans	1,816	1,832	0	1,816	0	0
Cash equivalents:						
Cash	92	92	0	0	0	92
All other money market mutual funds	2,432	2,432	0	0	0	2,432
Commercial paper	7,767	7,767	0	7,767	0	0
Total cash equivalents	10,291	10,291	0	7,767	0	2,524
Total assets	$86,761	$88,042	$6,576	$77,661	$0	$2,524

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
(A Wholly-owned Subsidiary of Amica Mutual Insurance Company)

Notes to Statutory Financial Statements
(in thousands)

December 31, 2018 and 2017

2017	Fair Value	Carrying Value	Level 1	Level 2	Level 3	NAV
Bonds:						
U.S. government and federal agency securities	$18,149	$17,999	$3,095	$15,054	$0	$0
States, territories and possessions	9,604	9,835	0	9,604	0	0
Political subdividions of states	2,319	2,283	0	2,319	0	0
Special revenue and special assessment obligatio	9,759	9,963	0	9,759	0	0
Industrial and miscellaneous	22,661	22,626	0	22,661	0	0
Total bonds	62,492	62,706	3,095	59,397	0	0
Mortgage loans:						
Mortgage loans	1,184	1,162	0	1,184	0	0
Total mortgage loans	1,184	1,162	0	1,184	0	0
Cash equivalents:						
Exempt money market mutual funds	408	408	0	0	0	408
Commercial paper	3,809	3,809	0	3,809	0	0
Total cash equivalents	4,217	4,217	0	3,809	0	408
Total assets	$67,893	$68,085	$3,095	$64,390	$0	$408

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

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.

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
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Notes to Statutory Financial Statements
(in thousands)

December 31, 2018 and 2017

E. 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, are as follows:

	Less than 12 months		12 months or more		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
2018						
U.S. Government and Federal agency	$6	$461	$504	$12,194	$510	$12,655
State and municipal bonds	1	232	270	4,676	271	4,908
Political subdivisions	1	392	7	795	8	1,187
Special revenue & special assessment	1	104	330	8,500	331	8,604
Industrial and miscellaneous	108	4,940	788	18,528	896	23,468
Total temporarily impaired securities	$117	$6,129	$1,899	$44,693	$2,016	$50,822
2017						
U.S. Government and Federal agency	$56	$3,203	$327	$8,589	$383	$11,792
State and municipal bonds	19	750	274	6,853	293	7,603
Political subdivisions	2	406	6	240	8	646
Special revenue & special assessment	32	3,687	175	5,729	207	9,416
Industrial and miscellaneous	39	5,674	149	6,738	188	12,412
Total temporarily impaired securities	$148	$13,720	$931	$28,149	$1,079	$41,869

The unrealized losses of $2,016 on investments in fixed income securities as of December 31, 2018 are primarily attributable to increased interest rates and modestly wider spread levels. All of these securities with unrealized losses are rated NAIC Class 1 or 2 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, these investments are not considered other-than-temporarily impaired.

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 mortgage-backed securities	$0	$28	$521	$14,548	$521	$14,576
Commercial mortgage-backed securities	1	68	235	5,370	236	5,438
Total	$1	$96	$756	$19,918	$757	$20,014

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 increased 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.

(in thousands)

F. 5GI* Securities

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

G. Prepayment Penalties and Acceleration Fees

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

Number of CUSIPs sold	2
Aggregate amount of investment income	$1

Note 5 – Reserves for Losses and Loss Adjustment Expenses

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

	2018	2017
Balance at January 1	$33,016	$37,707
Less reinsurance recoverables	33,016	37,707
Net balance at January 1	0	0
Incurred related to:		
Current year	0	0
Prior years	0	0
Total incurred	0	0
Paid related to:		
Current year	0	0
Prior years	0	0
Total paid	0	0
Net balance at December 31	0	0
Plus reinsurance recoverables	38,229	33,016
Balance at December 31	$38,229	$33,016

As the Company's reserves for losses and loss adjustment expenses are ceded at 100% to Amica Mutual, there were no net balances related to 2018 or 2017.

Reinsurance recoverables at December 31, 2018 were $38,229, an increase of $5,213 from December 31, 2017. These recoverables result from the Company's quota share reinsurance agreement with Amica Mutual.

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
(A Wholly-owned Subsidiary of Amica Mutual Insurance Company)

Notes to Statutory Financial Statements
(in thousands)

December 31, 2018 and 2017

Note 6 – Income Taxes

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

	Ordinary	Capital	Total
2018			
Gross deferred tax assets	$448	$0	$448
Statutory valuation allowance adjustment	0	0	0
Adjusted gross deferred tax assets	448	0	448
Deferred tax assets nonadmitted	0	0	0
Subtotal net admitted deferred tax asset	448	0	448
Deferred tax liabilities	10	0	10
Net admitted deferred tax asset (liability)	$438	$0	$438
2017			
Gross deferred tax assets	$225	$0	$225
Statutory valuation allowance adjustment	0	0	0
Adjusted gross deferred tax assets	225	0	225
Deferred tax assets nonadmitted	0	0	0
Subtotal net admitted deferred tax asset	225	0	225
Deferred tax liabilities	7	0	7
Net admitted deferred tax asset (liability)	$218	$0	$218
Change			
Gross deferred tax assets	$223	$0	$223
Statutory valuation allowance adjustment	0	0	0
Adjusted gross deferred tax assets	223	0	223
Deferred tax assets nonadmitted	0	0	0
Subtotal net admitted deferred tax asset	223	0	223
Deferred tax liabilities	3	0	3
Net admitted deferred tax asset (liability)	$220	$0	$220

(Continued)

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
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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	$448	$0	$448
Adjusted gross deferred tax assets expected to be realized within 3 years (The lesser of 1 or 2 below)	0	0	0
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	0	0	0
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	12,062
Adjusted gross deferred tax assets offset by gross deferred tax liabilities	0	0	0
Deferred tax assets admitted as the result of application of SSAP No. 101	$448	$0	$448
2017			
Federal income taxes paid in prior years recoverable through loss carrybacks	$225	$0	$225
Adjusted gross deferred tax assets expected to be realized within 3 years (The lesser of 1 and 2 below)	0	0	0
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	0	0	0
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	11,928
Adjusted gross deferred tax assets offset by gross deferred tax liabilities	0	0	0
Deferred tax assets admitted as the result of application of SSAP No. 101	$225	$0	$225
Change			
Federal income taxes paid in prior years recoverable through loss carrybacks	$223	$0	$223
Adjusted gross deferred tax assets expected to be realized withing 3 years (The lesser of 1 and 2 below)	0	0	0
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date.	0	0	0
2. Adjusted gross deferred tax assets allowed per limitation threshold	XXX	XXX	134
Adjusted gross deferred tax assets offset by gross deferred tax liabilities	0	0	0
Deferred tax assets admitted as the result of application of SSAP No. 101	$223	$0	$223

Ratios used for threshold limitation:

	2018	2017
Ratio percentage used to determine recovery period and threshold limitations amount	23125%	30700%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation above	$ 80,416	$ 79,522

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.

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
(A Wholly-owned Subsidiary of Amica Mutual Insurance Company)

Notes to Statutory Financial Statements
(in thousands)

December 31, 2018 and 2017

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

	2018	2017	Change
Federal	$567	$516	$51
Foreign	0	0	0
Subtotal	567	516	51
Federal income tax on net capital gains	(50)	(47)	(3)
Utilization of capital loss carry-forwards	0	0	0
Other	0	0	0
Federal and foreign income taxes incurred	$517	$469	$48

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
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Notes to Statutory Financial Statements
(in thousands)

December 31, 2018 and 2017

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	$0	$0	$0
Unearned premium reserve	2	1	1
Receivables - nonadmitted	10	7	3
Deferred ceded commissions	436	217	219
Prepaid expenses	0	0	0
Subtotal	448	225	223
Statutory valuation allowance adjustment	0	0	0
Nonadmitted	0	0	0
Admitted ordinary deferred tax assets	448	225	223
Capital:			
Investments	0	0	0
Net capital loss carry-forward	0	0	0
Statutory valuation allowance adjustment	0	0	0
Nonadmitted	0	0	0
Admitted capital deferred tax assets	0	0	0
Admitted deferred tax assets	$448	$225	$223
Deferred Tax Liabilities:			
Ordinary:			
Investments	$10	$7	$3
Fixed assets	0	0	0
Capital:			
Investments	0	0	0
Real estate	0	0	0
Deferred tax liabilities	$10	$7	$3
Net deferred tax assets	$438	$218	$220

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
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Notes to Statutory Financial Statements
(in thousands)

December 31, 2018 and 2017

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	$448	$225	$223
Total deferred tax liabilities	10	7	3
Net deferred tax assets/(liabilities)	438	218	220
Statutory valuation allowance adjustment	0	0	0
Net deferred tax assets/(liabilities) after valuation allowance	438	218	220
Tax effect of unrealized gains (losses)	0	0	0
Statutory valuation allowance adjustment allocation to unrealized	0	0	0
Change in net deferred tax	$438	$218	$220

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 $150 and deferred tax liabilities were reduced by $4, causing a decrease to net deferred tax assets of $146 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 Capital and Surplus as shown in the following table:

2017:	Increase (Decrease) to Surplus		
	Pre Tax Reform	Tax Reform Effect	Post Tax Reform
Change in net deferred income tax	$32	($146)	($114)
Net Impact	$32	($146)	($114)

The Company believes that all material changes of the Act have been recognized as of December 31, 2018.

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Notes to Statutory Financial Statements
(in thousands)

December 31, 2018 and 2017

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	$299	21.0%	$411	35.0%
Change in deferred tax rate	0	0.0%	146	12.4%
Change in non-admitted assets	(3)	-0.2%	25	2.2%
Other	1	0.0%	1	0.1%
Total	$297	20.8%	$583	49.7%
Federal income taxes incurred	$567	39.8%	$516	44.0%
Tax on capital gains (losses)	(50)	-3.5%	(47)	-4.0%
Change in net deferred taxes	(220)	-15.5%	114	9.7%
Total statutory income taxes	$297	20.8%	$583	49.7%

F. Operating Loss and Tax Credit Carryforwards

1. At December 31, 2018 and 2017, the Company did not have any unused operating loss carryforwards available to offset against future taxable income as the Company's Federal income tax return is consolidated and filed by Amica Mutual Insurance Company.

2. The amounts of Federal income taxes incurred and available for recoupment in the event of future net losses are:

Year	Total
2018	$517
2017	$469

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

G. Consolidated Federal Income Tax Return

The Company's Federal income tax return is consolidated with the following entities:

a. Amica Mutual Insurance Company
b. Amica General Agency, LLC
c. Amica Life Insurance Company

H. Federal or Foreign Federal Income Tax Loss Contingencies

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

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
(A Wholly-owned Subsidiary of Amica Mutual Insurance Company)

Notes to Statutory Financial Statements
(in thousands)

December 31, 2018 and 2017

Note 7 – Reinsurance

A. The Company maintains a 100% quota share reinsurance agreement covering all premiums, losses and loss adjustment expenses with Amica Mutual. In return, the Company receives a 20% ceding commission on premiums ceded under this treaty, and it records the commission income as an offset to other underwriting expenses. During 2018 and 2017, the Company earned commissions on this quota share treaty totaling $7,432 and $5,402, respectively.

In 2018, the Company changed its settlement methodology of related to premiums ceded under the quota share reinsurance agreement. See Note 8 for additional information.

Additionally, Amica Property and Casualty is a named insured under Amica Mutual's catastrophe reinsurance program. The Company remains contingently liable in the event that reinsurers are unable to meet the obligations for existing paid and unpaid loss recoverables and unearned premiums ceded under reinsurance agreements.

B. The effect of reinsurance on premiums for the years ended December 31, 2018 and 2017 are 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	$42,551	$0	$0	$42,375	$176	$0	$0	$0
2017	$27,966	$0	$0	$27,902	$64	$0	$0	$0

C. The following table summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2018 and 2017:

	Assumed		Ceded to Affiliates		Direct
Year	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Unearned Prem. Reserve
2018	$0	$0	$23,517	$4,703	$23,517
2017	$0	$0	$15,156	$3,031	$15,156

D. The Company does not have any existing reinsurance contractual arrangements which allow for additional or return commission which is predicated on loss experience or on any other form of profit sharing arrangements.

Note 8 – Information Concerning Parent, Subsidiaries, Affiliates

A. Amica Mutual Insurance Company

The Company is a party to a quota-share reinsurance agreement with Amica Mutual Insurance Company. Effective January 1, 2013, the Company amended the quota-share reinsurance agreement with Amica Mutual Insurance Company. From inception of business to December 31, 2012, the Company maintained quota-share reinsurance ceding 80% of all premiums, losses, and loss adjustment expenses. Beginning January 1, 2013, the ceding share changed from 80% to 100%. In return, Amica Mutual Insurance Company pays a 20% ceding commission to the Company.

Effective October 1, 2018, the Company changed its settlement methodology related to premiums ceded under the quota share reinsurance agreement with its parent, Amica Mutual Insurance Company. The Company will now settles ceded premiums on an earned basis rather than on a written basis. No changes were required to the intercompany agreements to accommodate this change. As a consequence of this change in methodology, Amica

Mutual transferred $16,360 to the Company in October to transition to the new methodology, resulting in a one-time increase in cash flows from premiums collected. This change does not impact income or expenses for either company; only the timing related to the settlement of reinsurance premiums has changed.

Amica Mutual Insurance Company performs certain managerial and other operational functions for the benefit of Amica Property and Casualty Insurance Company. Amica Mutual Insurance Company allocates such costs to Amica Property and Casualty Insurance Company based on the estimated costs of the services performed. The written agreement between the companies indicates that settlement of these costs be made within fifty-five days of the end of the month to which it applies. The costs charged from Amica Mutual to Amica Property and Casualty Insurance Company amounted to $6,441 and $5,298 in 2018 and 2017, respectively.

The Consolidated Federal Income Tax Agreement between Amica Mutual and affiliates was amended in 2017 to include Amica Life Insurance Company. See Note 6G for further information.

B. Amounts Due to or from Related Parties

The Company reported $566 due from Amica Mutual Insurance Company at December 31, 2018 and $1,041 due to Amica Mutual Insurance Company at December 31, 2017. These balances are for the net amount of management fee and reinsurance contract premiums, which are offset by the net amount of premiums received and underwriting expenses paid by Amica Mutual on behalf of the Company. In addition, the Company reported an amount due to Amica Mutual for Federal income taxes of $90 at December 31, 2018 and an amount due from Amica Mutual for Federal income taxes of $55 at December 31, 2017. The management and service contracts require that the intercompany balances be settled within fifty-five days of the month to which it applies.

Note 9 – 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 10 – Dividend Restrictions

The State of Rhode Island has limitations on the amount of ordinary dividends that may be paid to stockholders in any twelve-month period. These limitations are based on net income and surplus. For 2018, any dividend paid by the Company would be categorized as “extraordinary” for purposes of the Rhode Island statute, and would require the Insurance Commissioner’s approval before being paid.

Note 11 – 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 audited financial statements issued on May 10, 2019. There were no events occurring subsequent to the end of the year that merited recognition or disclosure in these statements.

AMICA PROPERTY AND CASUALTY 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	6,177,476	6.939	6,177,476		6,177,476	6.939
1.2 U.S. government agency obligations (excluding mortgage-backed securities):						
1.21 Issued by U.S. government agencies	10,620,425	11.929	10,620,425		10,620,425	11.929
1.22 Issued by U.S. government sponsored agencies	99,916	0.112	99,916		99,916	0.112
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	7,159,266	8.041	7,159,266		7,159,266	8.041
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	1,970,670	2.213	1,970,670		1,970,670	2.213
1.43 Revenue and assessment obligations	3,331,715	3.742	3,331,715		3,331,715	3.742
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	2,391,146	2.686	2,391,146		2,391,146	2.686
1.512 Issued or guaranteed by FNMA and FHLMC	7,657,127	8.600	7,657,127		7,657,127	8.600
1.513 All other		0.000				0.000
1.52 CMOs and REMICs:						
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA	5,784,613	6.497	5,784,613		5,784,613	6.497
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	4,569,759	5.133	4,569,759		4,569,759	5.133
1.523 All other	4,680,557	5.257	4,680,557		4,680,557	5.257
2. Other debt and other fixed income securities (excluding short-term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)	20,454,020	22.974	20,454,020		20,454,020	22.974
2.2 Unaffiliated non-U.S. securities (including Canada)	1,022,077	1.148	1,022,077		1,022,077	1.148
2.3 Affiliated securities		0.000				0.000
3. Equity interests:						
3.1 Investments in mutual funds		0.000				0.000
3.2 Preferred stocks:						
3.21 Affiliated		0.000				0.000
3.22 Unaffiliated		0.000				0.000
3.3 Publicly traded equity securities (excluding preferred stocks):						
3.31 Affiliated		0.000				0.000
3.32 Unaffiliated		0.000				0.000
3.4 Other equity securities:						
3.41 Affiliated		0.000				0.000
3.42 Unaffiliated		0.000				0.000
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	1,831,742	2.057	1,831,742		1,831,742	2.057
4.6 Mezzanine real estate loans		0.000				0.000
5. Real estate investments:						
5.1 Property occupied by company		0.000				0.000
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	989,389	1.111	989,389		989,389	1.111
9. Securities Lending (Line 10, Asset Page reinvested collateral)		0.000		XXX	XXX	XXX
10. Cash, cash equivalents and short-term investments	10,291,484	11.559	10,291,484		10,291,484	11.559
11. Other invested assets		0.000				0.000
12. Total invested assets	89,031,382	100.000	89,031,382		89,031,382	100.000

See accompanying independent auditors' report.

AMICA PROPERTY AND CASUALTY INSURANCE COMPANY
SUPPLEMENTAL INVESTMENT RISK INTERROGATORIES
December 31, 2018

Schedule 2

Of The AMICA PROPERTY AND CASUALTY INSURANCE COMPANY

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

NAIC Group Code 0028 NAIC Company Code 12287 Federal Employer's Identification Number (FEIN) 26-0115568

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. $ 110,605,927

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	Federal Home Loan Mortgage Corporation		$ 5,195,917	4.7 %
2.02	State of Texas		$ 3,009,074	2.7 %
2.03	Federal National Mortgage Association		$ 2,461,210	2.2 %
2.04	Energy Transfer Partners LP		$ 2,295,332	2.1 %
2.05	Enbridge Energy Partners		$ 2,293,458	2.1 %
2.06	Sequoia Mortgage Trust		$ 1,502,376	1.4 %
2.07	Florida Housing Finance Corp		$ 1,397,312	1.3 %
2.08	Kentucky Housing Corp		$ 1,380,581	1.2 %
2.09	Credit Suisse Mortgage Trust		$ 1,360,808	1.2 %
2.10	South Dakota Housing Development Authority		$ 1,310,244	1.2 %

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	$ 64,760,232	58.6 %	3.07	P/RP-1	$	%
3.02	NAIC-2	$ 16,632,633	15.0 %	3.08	P/RP-2	$	%
3.03	NAIC-3	$ 2,293,457	2.1 %	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 $ %

4.03 Foreign-currency-denominated investments $ %

4.04 Insurance liabilities denominated in that same foreign currency $ %

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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			$	%

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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 [X] No [ ]

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

	1 Issuer	2	3
13.02		$	%
13.03		$	%
13.04		$	%
13.05		$	%
13.06		$	%
13.07		$	%
13.08		$	%
13.09		$	%
13.10		$	%
13.11		$	%

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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		$	%

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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:

		Residential		Commercial		Agricultural	
	Loan to Value	1	2	3	4	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		$	%

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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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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 [X] No [ ]

(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]