

Examination Warrant Numbers 19-00626-22667-R1
19-00626-20702-R1
19-00626-20699-R1
19-00626-18279-R1
19-00626-43575-R1
19-00626-22713-R1
19-00626-22748-R1
19-00626-14982-R1
19-00626-10030-R1

Report of Examination of

**ACE American Insurance Company
ACE Fire Underwriters Insurance Company
ACE Property and Casualty Insurance Company
Bankers Standard Insurance Company
Indemnity Insurance Company of North America
Insurance Company of North America
Pacific Employers Insurance Company
Penn Millers Insurance Company
Westchester Fire Insurance Company
Philadelphia, Pennsylvania**

As of December 31, 2019

For Informational Purposes Only

TABLE OF CONTENTS

Subject	Page
Salutation	1
Scope of Examination	1
History.....	3
Management and Control:	
Capitalization	4
Stockholder	6
Insurance Holding Company System.....	7
Board of Directors.....	8
Committees	15
Officers	15
Corporate Records:	
Minutes	20
Articles of Incorporation.....	21
By-Laws.....	21
Service and Operating Agreements	21
Reinsurance:	
Affiliated.....	21
Ceded	27
Assumed.....	32
Territory and Plan of Operation.....	33
Significant Operating Ratios and Trends.....	42
Pending Litigation.....	47
Financial Statements - ACE American Insurance Company	
Comparative Statement of Assets, Liabilities, Surplus and Other Funds	48
Comparative Statement of Income.....	49
Comparative Statement of Capital and Surplus.....	50
Comparative Statement of Cash Flow	51
Financial Statements - ACE Fire Underwriters Insurance Company	
Comparative Statement of Assets, Liabilities, Surplus and Other Funds	52
Comparative Statement of Income.....	53
Comparative Statement of Capital and Surplus.....	54
Comparative Statement of Cash Flow	55
Financial Statements - ACE Property and Casualty Insurance Company	
Comparative Statement of Assets, Liabilities, Surplus and Other Funds	56
Comparative Statement of Income.....	57
Comparative Statement of Capital and Surplus.....	58
Comparative Statement of Cash Flow	59
Financial Statements - Bankers Standard Insurance Company	
Comparative Statement of Assets, Liabilities, Surplus and Other Funds	60
Comparative Statement of Income.....	61
Comparative Statement of Capital and Surplus.....	62
Comparative Statement of Cash Flow	63
Financial Statements - Indemnity Insurance Company of North America	
Comparative Statement of Assets, Liabilities, Surplus and Other Funds	64

Chubb Group P&C Subgroup

Comparative Statement of Income.....	65
Comparative Statement of Capital and Surplus.....	66
Comparative Statement of Cash Flow	67
Financial Statements - Insurance Company of North America	
Comparative Statement of Assets, Liabilities, Surplus and Other Funds.....	68
Comparative Statement of Income.....	69
Comparative Statement of Capital and Surplus.....	70
Comparative Statement of Cash Flow	71
Financial Statements - Pacific Employers Insurance Company	
Comparative Statement of Assets, Liabilities, Surplus and Other Funds.....	72
Comparative Statement of Income.....	73
Comparative Statement of Capital and Surplus.....	74
Comparative Statement of Cash Flow	75
Financial Statements - Penn Millers Insurance Company	
Comparative Statement of Assets, Liabilities, Surplus and Other Funds.....	76
Comparative Statement of Income.....	77
Comparative Statement of Capital and Surplus.....	78
Comparative Statement of Cash Flow	79
Financial Statements - Westchester Fire Insurance Company	
Comparative Statement of Assets, Liabilities, Surplus and Other Funds.....	80
Comparative Statement of Income.....	81
Comparative Statement of Capital and Surplus.....	82
Comparative Statement of Cash Flow	83
Summary of Examination Changes	84
Notes to Financial Statements:	
Assets:	
Investments	84
Liabilities:	
Loss and Loss Adjustment Expense Reserves.....	96
Subsequent Events	97
Recommendations:	
Prior Examination.....	98
Current Examination.....	98
Conclusion	98

Harrisburg, Pennsylvania
May 5, 2021

Honorable Melissa L. Greiner
Deputy Insurance Commissioner
Commonwealth of Pennsylvania
Insurance Department
Harrisburg, Pennsylvania

Dear Madam:

In accordance with instructions contained in Examination Warrant Numbers 19-00626-22667-R1, 19-00626-20702-R1, 19-00626-20699-R1, 19-00626-18279-R1, 19-00626-20710-R1, 19-00626-43575-R1, 19-00626-22713-R1, 19-00626-22748-R1, 19-00626-14982-R1, and 19-00626-10030-R1, dated July 15, 2019, an examination was made of

ACE American Insurance Company, NAIC Code: 22667

ACE Fire Underwriters Insurance Company, NAIC Code: 20702

ACE Property and Casualty Insurance Company, NAIC Code: 20699

Bankers Standard Insurance Company, NAIC Code: 18279

Indemnity Insurance Company of North America, NAIC Code: 43575

Insurance Company of North America, NAIC Code: 22713

Pacific Employers Insurance Company, NAIC Code: 22748

Penn Millers Insurance Company, NAIC Code: 14982

Westchester Fire Insurance Company, NAIC Code: 10030

Pennsylvania domiciled, multi-state property and casualty insurance companies, hereinafter referred to as the "Chubb Group," "Chubb," or "Companies." The examination was conducted at the Companies' home office, located at 436 Walnut Street, Philadelphia, Pennsylvania 19106.

A report of this examination is hereby respectfully submitted.

SCOPE OF EXAMINATION

The Pennsylvania Insurance Department ("Department") has performed an examination of the Companies, which were last examined as of December 31, 2014. This examination covered the five-year period from January 1, 2015 through December 31, 2019.

Work programs employed in the performance of this examination were designed to comply with the standards promulgated by the Department and the National Association of Insurance Commissioners ("NAIC") *Financial Condition Examiners Handbook* ("Handbook").

Chubb Group P&C Subgroup

-2-

The Handbook requires that the Department plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Companies, evaluate system controls and procedures used to mitigate those risks, and review subsequent events. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Companies were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with statutory accounting principles.

The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Companies' financial statements.

This examination report includes significant findings of fact, in accordance with 40 P.S. § 323.5(a), and general information about the Companies and their financial conditions. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Companies.

For each year of the examination period, the certified public accounting firm of PricewaterhouseCoopers LLP ("CPA") of Philadelphia, Pennsylvania provided an unmodified audit opinion on the Companies' year-end financial statements based on statutory accounting principles. Relevant work performed by the CPA, during its annual audit of the Companies, was reviewed during the examination and incorporated into the examination workpapers.

The following companies were examined at the same time during the above examination:

Company	State	NAIC Code
ACE American Insurance Company	PA	22667
ACE Capital Title Reinsurance Company	NY	50028
ACE Fire Underwriters Insurance Company	PA	20702
ACE Insurance Company of the Midwest	IN	26417
ACE Property and Casualty Insurance Company	PA	20699
Agri General Insurance Company	IA	42757
Atlantic Employers Insurance Company	NJ	38938
Bankers Standard Insurance Company	PA	18279
Century Indemnity Company	PA	20710
Chubb Custom Insurance Company	NJ	38989
Chubb Indemnity Insurance Company	NY	12777
Chubb Insurance Company of New Jersey	NJ	41386
Chubb Lloyds Insurance Company of Texas	TX	27774
Chubb National Insurance Company	IN	10052
Combined Insurance Company of America	IL	62146
Combined Life Insurance Company of New York	NY	78697

Chubb Group P&C Subgroup

-3-

Executive Risk Indemnity Inc.	DE	35181
Executive Risk Specialty Insurance Company	CT	44792
Federal Insurance Company	IN	20281
Great Northern Insurance Company	IN	20303
Illinois Union Insurance Company	IL	27960
Indemnity Insurance Company of North America	PA	43575
Insurance Company of North America	PA	22713
Pacific Employers Insurance Company	PA	22748
Pacific Indemnity Company	WI	20346
Penn Millers Insurance Company	PA	14982
Vigilant Insurance Company	NY	20397
Westchester Fire Insurance Company	PA	10030
Westchester Surplus Lines Insurance Company	GA	10172

The state of California participated in this examination also due to the significant amount of premium volume in the state, but it does not have a domiciliary legal entity within the group.

The Department assumed the role of Lead State for the coordinated examination and exam facilitator for the P&C subgroup, and the Illinois Department of Insurance served as the exam facilitator for the Life subgroup.

HISTORY

ACE American Insurance Company (“ACE American”) was incorporated on November 1, 1945, licensed by the Department on September 18, 1970, and commenced business on January 1, 1946.

ACE Fire Underwriters Insurance Company (“ACE Fire”) was incorporated on January 24, 1941, licensed by the Department on February 9, 1966, and commenced business on February 26, 1962.

ACE Property and Casualty Insurance Company (“ACE P&C”) was chartered on June 5, 1819, licensed by the Department on January 1, 1820, and commenced business on August 17, 1819.

Bankers Standard Insurance Company (“Bankers Standard”) was incorporated on May 15, 1962, and was licensed by the Department and commenced business on December 30, 1970.

Indemnity Insurance Company of North America (“Indemnity INA”) was incorporated on September 26, 1977, licensed by the Department on February 14, 1936, and commenced business on October 1, 1984.

Insurance Company of North America (“INA”) was incorporated on April 14, 1794 and was licensed by the Department and commenced business on December 10, 1792.

Pacific Employers Insurance Company (“Pacific Employers”) was incorporated on July 17, 1923 and was licensed by the Department and commenced business on October 1, 1923.

Chubb Group P&C Subgroup

-4-

Penn Millers Insurance Company (“Penn Millers”) was incorporated on January 10, 1887 and was licensed by the Department and commenced business on the same day.

Westchester Fire Insurance Company (“Westchester Fire”) was incorporated on May 27, 1971 and was licensed by the Department and commenced business on April 1, 1967.

On January 14, 2016, ACE Limited (“ACE”), the former ultimate controlling entity in the ACE Group, acquired control of The Chubb Corporation.

On January 14, 2016, The Chubb Corporation merged with William Investment Holdings Corporation, a wholly owned subsidiary of ACE, created for the purpose of the transaction. The Chubb Corporation was the surviving corporation and became a wholly owned indirect subsidiary of ACE. The Chubb Corporation subsequently merged with and into ACE INA Holdings, Inc., a Delaware corporation and indirect subsidiary of ACE, with ACE INA Holdings, Inc. continuing as the surviving corporation. ACE INA Holdings, Inc. subsequently changed its name to Chubb INA Holdings Inc. On January 15, 2016, ACE was renamed to Chubb Limited. Chubb Limited is a Swiss-incorporated holding company of the Chubb Group of Insurance Companies.

ACE American, ACE Fire, ACE P&C, Indemnity INA, Pacific Employers, Penn Millers, and Westchester Fire are currently authorized to transact those classes of insurance described in 40 P.S. § 382 (b)(1) Property and Allied Lines, (b)(2) Inland Marine and Physical Damage, (b)(3) Ocean Marine, (c)(1) Fidelity and Surety, (c)(2) Accident and Health, (c)(3) Glass, (c)(4) Other Liability, (c)(5) Boiler and Machinery, (c)(6) Burglary and Theft, (c)(7) Credit, (c)(8) Water Damage, (c)(9) Elevator, (c)(10) Livestock, (c)(11) Auto Liability, (c)(12) Mine and Machinery, (c)(13) Personal Property Floater, and (c)(14) Workers’ Compensation.

Bankers Standard is currently authorized to transact those classes of insurance described in 40 P.S. § 382 (b)(1) Property and Allied Lines, (b)(2) Inland Marine and Physical Damage, (b)(3) Ocean Marine, (c)(1) Fidelity and Surety, (c)(2) Accident and Health, (c)(3) Glass, (c)(4) Other Liability, (c)(5) Boiler and Machinery, (c)(6) Burglary and Theft, (c)(7) Credit, (c)(8) Water Damage, (c)(9) Elevator, (c)(10) Livestock, (c)(11) Auto Liability, (c)(13) Personal Property Floater, and (c)(14) Workers’ Compensation.

INA is currently authorized to transact those classes of insurance described in 40 P.S. § 382 (b)(1) Property and Allied Lines, (b)(2) Inland Marine and Physical Damage, (b)(3) Ocean Marine, (c)(1) Fidelity and Surety, (c)(2) Accident and Health, (c)(3) Glass, (c)(4) Other Liability, (c)(5) Boiler and Machinery, (c)(6) Burglary and Theft, (c)(7) Credit, (c)(8) Water Damage, (c)(9) Elevator, (c)(10) Livestock, (c)(11) Auto Liability, (c)(12) Mine and Machinery, (c)(13) Personal Property Floater, and (c)(14) Workers’ Compensation.

MANAGEMENT AND CONTROL

CAPITALIZATION

As of the examination date, December 31, 2019, ACE American’s total capital was \$4,999,340,331, consisting of 100,000 capital shares of issued and outstanding common stock with a par value of \$50.00 per share amounting to \$5,000,000; \$4,123,742,393 of paid in and

Chubb Group P&C Subgroup

-5-

contributed surplus; \$119,974,535 in aggregate write-ins for special surplus funds; and \$750,623,403 in unassigned funds (surplus).

As of the examination date, December 31, 2019, ACE Fire's total capital was \$81,911,686, consisting of 250,000 capital shares of issued and outstanding common stock with a par value of \$17.00 per share amounting to \$4,250,000; \$8,529,527 in paid in and contributed surplus; and \$69,132,159 in unassigned funds (surplus).

As of the examination date, December 31, 2019, ACE P&C's total capital was \$3,004,474,496, consisting of 1,000,000 capital shares of issued and outstanding common stock with a par value of \$10.00 per share amounting to \$10,000,000; \$1,261,674,995 in paid in and contributed surplus; and \$1,732,799,501 in unassigned funds (surplus).

As of the examination date, December 31, 2019, Bankers Standard's total capital was \$204,687,148, consisting of 175,000 capital shares of issued and outstanding common stock with a par value of \$20.00 per share amounting to \$3,500,000; \$62,419,922 in paid in and contributed surplus; and \$138,767,226 in unassigned funds (surplus).

As of the examination date, December 31, 2019, Indemnity INA's total capital was \$157,857,321, consisting of 600,200 capital shares of issued and outstanding common stock with a par value of \$7.50 per share amounting to \$4,501,500; \$42,250,750 in paid in and contributed surplus; and \$111,105,071 in unassigned funds (surplus).

As of the examination date, December 31, 2019, INA's total capital was \$263,023,219, consisting of 11,357,109 capital shares of issued and outstanding common stock with a par value of \$1.00 per share amounting to \$11,357,109; \$236,682,926 in paid in and contributed surplus; and \$14,983,184 in unassigned funds (surplus).

As of the examination date, December 31, 2019, Pacific Employers' total capital was \$884,884,062, consisting of 120,000 capital shares of issued and outstanding common stock with a par value of \$50.00 per share amounting to \$6,000,000; \$334,229,512 in paid in and contributed surplus; and \$544,654,550 in unassigned funds (surplus).

As of the examination date, December 31, 2019, Penn Millers' total capital was \$45,718,953, consisting of 5,000,000 capital shares of issued and outstanding common stock with a par value of \$1.00 per share amounting to \$5,000,000; \$30,000,000 in paid in and contributed surplus; \$8,468,953 in unassigned funds (surplus); and \$2,250,000 in aggregate write-ins for special surplus funds.

As of the examination date, December 31, 2019, Westchester Fire's total capital was \$144,564,498, consisting of 70,000 capital shares of issued and outstanding common stock with a par value of \$71.43 per share amounting to \$5,000,100; \$59,855,778 in paid in and contributed surplus; and \$79,708,620 in unassigned funds (surplus).

The Companies' minimum capital and minimum surplus requirements for the types of business for which they are licensed, pursuant to 40 P.S. § 386, are \$2,350,000 in capital and \$1,175,000 in surplus per entity. The Companies have met all governing requirements throughout the examination period.

Chubb Group P&C Subgroup

-6-

STOCKHOLDER

Westchester Fire is a wholly owned subsidiary of Chubb US Holdings Inc., which is a wholly owned subsidiary of Chubb Group Holdings Inc., which is a wholly owned subsidiary of Chubb Limited, the ultimate controlling entity in the Chubb Group.

ACE American, ACE P&C, and INA are wholly owned subsidiaries of INA Holdings Corporation, which is a wholly owned subsidiary of INA Financial Corporation, which is a wholly owned subsidiary of INA Corporation, which is a wholly owned subsidiary of Chubb INA Holdings Inc., which is 20.0% owned by Chubb Limited, as the ultimate controlling entity in the group, and 80.0% by Chubb Group Holdings Inc., which is a wholly owned subsidiary of Chubb Limited as the ultimate controlling entity in the group.

Bankers Standard, Indemnity INA, and Pacific Employers are wholly owned subsidiaries of ACE American.

ACE Fire is a wholly owned subsidiary of ACE P&C.

Penn Millers is a wholly owned subsidiary of PMMHC Corporation, which is a wholly owned subsidiary of Penn Millers Holdings Corporation. Penn Millers Holdings Corporation is a wholly owned subsidiary of ACE American.

The Companies made the following dividend payments during the examination period:

<u>Year</u>	<u>Paid By</u>	<u>Amount</u>	<u>Paid To</u>	<u>Dividend Type</u>
2015	ACE American	\$ 299,000,000	INA Holdings Corporation	Ordinary
	ACE P&C	\$ 205,000,000	INA Holdings Corporation	Ordinary
	Penn Millers	\$ 1,000,000	PMMHC Corp.	Ordinary
	Penn Millers	\$ 12,700,000	PMMHC Corp.	Extraordinary
	Penn Millers	\$ 7,300,000	PMMHC Corp.	Ordinary
	Westchester Fire	\$ 125,000,000	Chubb U.S. Holdings, Inc.	Extraordinary
	Westchester Fire	\$ 90,000,000	Chubb U.S. Holdings, Inc.	Ordinary
	2016	Penn Millers	\$ 30,000,000	PMMHC Corp.
	Westchester Fire	\$ 72,000,000	Chubb U.S. Holdings, Inc.	Extraordinary
2017	ACE American	\$ 280,000,000	INA Holdings Corporation.	Ordinary
	ACE P&C	\$ 215,000,000	INA Holdings Corporation	Extraordinary
	Pacific Employers	\$ 280,000,000	ACE American	Extraordinary
	Westchester Fire	\$ 70,000,000	Chubb U.S. Holdings, Inc.	Ordinary
2018	ACE American	\$ 450,000,000	INA Holdings Corporation	Extraordinary
	ACE P&C	\$ 300,000,000	INA Holdings Corporation	Extraordinary
	Pacific Employers	\$ 300,000,000	ACE American	Extraordinary
	Westchester Fire	\$ 255,300,000	Chubb U.S. Holdings, Inc.	Extraordinary
	Westchester Fire	\$ 244,700,000	Chubb U.S. Holdings, Inc.	Return of Capital
2019	ACE American	\$ 775,000,000	INA Holdings Corporation	Extraordinary
	ACE American	\$ 325,000,000	INA Holdings Corporation	Ordinary
	ACE P&C	\$ 300,000,000	INA Holdings Corporation	Ordinary
	ACE P&C	\$ 75,000,000	INA Holdings Corporation	Ordinary
	INA	\$ 75,000,000	INA Holdings Corporation	Extraordinary

Chubb Group P&C Subgroup

-7-

Penn Millers	\$	50,000	PMMHC Corp.	Ordinary
Westchester Fire	\$	75,000,000	Chubb U.S. Holdings, Inc.	Extraordinary

All the dividends noted above were approved by the Board of Directors, properly reported to the Department, and paid within the existing regulatory guidelines in accordance with the provisions of 40 P.S. §§ 459.8, 991.1404(e), 1405(b)(1), and Pa. Code § 25.22. Dividends were considered extraordinary based on the provisions of 40 P.S. § 1405(b)(2). The Companies obtained the approval of the Department for each extraordinary dividend noted above. All dividends were paid from the Companies' unassigned funds (surplus); returns of capital were paid from paid in surplus.

INSURANCE HOLDING COMPANY SYSTEM

The Companies are members of an insurance holding company system and are subject to registration statement filings pursuant to 40 P.S. § 991.1404. For each of the years under examination, ACE American filed the Insurance Holding Company Registration Statement with the Department by March 31 on its own behalf, as well as on behalf of the other Pennsylvania domestic insurance companies ultimately controlled by Chubb Limited.

Chubb Limited is named as the ultimate controlling person of the holding company system. Chubb Limited is a publicly held holding company traded on the New York Stock Exchange ("NYSE"), under symbol "CB." Chubb Limited is widely held with no entity or person owning 10% or more of the voting stock of CB. The global headquarters of Chubb Limited is located in Zurich, Switzerland.

Members of the Holding Company System include the following legal entities in the abbreviated chart of the corporate structure shown below. The chart is limited to insurance companies and their parents. Members of the holding company being examined as part of the Chubb property and casualty subgroup examination are identified with an asterisk (*) below, and Pennsylvania-domiciled entities included within this report are identified in bold below.

Chubb Limited (Switzerland)
Chubb Group Holdings, Inc. (Delaware)
ACE Life Insurance Company (Connecticut)
Chubb U.S. Holdings, Inc. (Delaware)
Westchester Surplus Lines Insurance Company (Georgia)*
Westchester Specialty Insurance Services, Inc. (Nevada)
Westchester Fire Insurance Company (Pennsylvania)*
Chubb INA Holdings, Inc. (Delaware) (80% owned; 20% owned by Chubb Limited)
Pacific Indemnity Company (Wisconsin)*
Executive Risk Indemnity, Inc. (Delaware)*
Executive Risk Specialty Insurance Company (Connecticut)*
Chubb Custom Insurance Company (New Jersey)*
Federal Insurance Company (Indiana)*
Chubb Indemnity Insurance Company (New York)*
Chubb Insurance Company of New Jersey (New Jersey)*
Chubb Lloyds Insurance Company of Texas (Texas)*
Chubb National Insurance Company (Indiana)*
Great Northern Insurance Company (Indiana)*
Vigilant Insurance Company (New York)*

Chubb Group P&C Subgroup

-8-

Combined Insurance Company of America (Illinois)
Combined Life Insurance Company of New York (New York)
INA Corporation (Pennsylvania)
INA Financial Corporation (Delaware)
INA Holdings Corporation (Delaware)
ACE American Insurance Company (Pennsylvania)*
Bankers Standard Insurance Co. (Pennsylvania)*
Indemnity Insurance Company of North America (Pennsylvania)*
Pacific Employers Insurance Company (Pennsylvania)*
Illinois Union Insurance Company (Illinois)*
Penn Millers Holding Corporation (Pennsylvania)
PMMHC Corp. (Pennsylvania)
Penn Millers Insurance Company. (Pennsylvania)*
Rain and Hail Ins. Service Inc. (Iowa)
Agri General Insurance Co. (Iowa)*
ACE Property and Casualty Ins. Co. (Pennsylvania)*
ACE Fire Underwriters Ins. Co. (Pennsylvania)*
ACE Insurance Co. of the Midwest (Indiana)*
Atlantic Employers Insurance Co. (New Jersey)*
Insurance Company of North America (Pennsylvania)*
Brandywine Holdings Corporation (Delaware)
Century Indemnity Company (Pennsylvania)*
Pacific Indemnity Company
Chubb Group Management Holdings Ltd. (Bermuda)
Chubb Bermuda Insurance Ltd. (Bermuda)
ACE Capital Reinsurance Company (New York)*

Chubb Limited's holdings, inclusive of the companies listed in the preceding chart, is a global insurance and reinsurance organization, serving the needs of commercial and individual customers in 54 countries and territories. Chubb Limited provides specialized insurance products, such as personal, accident, supplemental health, and life insurance to individuals in select countries. The reinsurance operations include both property and casualty and life companies. Chubb Limited reported consolidated GAAP equity at December 31, 2019, of approximately \$50.3 billion.

BOARD OF DIRECTORS

Management of ACE American is vested in its Board of Directors ("Board"), which was comprised of the following members as of December 31, 2019:

Name and Address	Principal Occupation
Caroline J. Clouser Newtown, Pennsylvania	Director ACE American Insurance Company
Scott E. Henck Whitehouse Station, New Jersey	Executive Vice President ACE American Insurance Company
Latrell Johnson Robbinsville, New Jersey	Director ACE American Insurance Company

Chubb Group P&C Subgroup

-9-

Paul J. Krump Mendham, New Jersey	Executive Vice President Chubb Group Holdings Inc.
John J. Lupica Newtown, Pennsylvania	Vice Chairman Chubb Limited
Michelle McLaughlin Monroe Township, New Jersey	Director ACE American Insurance Company
Frances D. O'Brien Basking Ridge, New Jersey	Executive Vice President ACE American Insurance Company
Kevin M. Rampe New Hope, Pennsylvania	Deputy General Counsel Chubb Group Holdings Inc.
Michael W. Smith New York, New York	Global Claims Officer Chubb Limited
Drew K. Spitzer Summit, New Jersey	Executive Vice President and Treasurer ACE American Insurance Company
Edward D. Zaccaria New Hope, Pennsylvania	Chief Underwriting Officer and Executive Vice President ACE American Insurance Company

Management of ACE Fire is vested in its Board of Directors ("Board"), which was comprised of the following members as of December 31, 2019:

Name and Address	Principal Occupation
Caroline J. Clouser Newtown, Pennsylvania	Director ACE American Insurance Company
Scott E. Henck Whitehouse Station, New Jersey	Executive Vice President ACE American Insurance Company
Latrell Johnson Robbinsville, New Jersey	Director ACE American Insurance Company
Paul J. Krump Mendham, New Jersey	Executive Vice President Chubb Group Holdings Inc.
John J. Lupica Newtown, Pennsylvania	Vice Chairman ACE American Insurance Company
Michelle McLaughlin Monroe Township, New Jersey	Director ACE American Insurance Company
Frances D. O'Brien Basking Ridge, New Jersey	Executive Vice President ACE American Insurance Company
Kevin M. Rampe New Hope, Pennsylvania	Deputy General Counsel Chubb Group Holdings Inc.
Michael W. Smith New York, New York	Global Claims Officer Chubb Limited
Drew K. Spitzer Summit, New Jersey	Executive Vice President and Treasurer ACE American Insurance Company
Edward D. Zaccaria New Hope, Pennsylvania	Chief underwriting Officer and Executive Vice President ACE American Insurance Company

Chubb Group P&C Subgroup

-10-

Management of ACE P&C is vested in its Board of Directors (“Board”), which was comprised of the following members as of December 31, 2019:

Name and Address	Principal Occupation
Caroline J. Clouser Newtown, Pennsylvania	Director ACE American Insurance Company
Scott E. Henck Whitehouse Station, New Jersey	Executive Vice President ACE American Insurance Company
Latrell Johnson Robbinsville, New Jersey	Director ACE American Insurance Company
Paul J. Krump Mendham, New Jersey	Executive Vice President Chubb Group Holdings Inc.
John J. Lupica Newtown, Pennsylvania	Vice Chairman Chubb Limited
Michelle McLaughlin Monroe Township, New Jersey	Director ACE American Insurance Company
Frances D. O’Brien Basking Ridge, New Jersey	Executive Vice President ACE American Insurance Company
Kevin M. Rampe New Hope, Pennsylvania	Deputy General Counsel Chubb Group Holdings
Michael W. Smith New York, New York	Global Claims Officer Chubb Limited
Drew K. Spitzer Summit, New Jersey	Executive Vice President and Treasurer ACE American Insurance Company
Edward D. Zaccaria New Hope, Pennsylvania	Chief Underwriting Officer and Executive Vice President ACE American Insurance Company

Management of Bankers Standard is vested in its Board of Directors (“Board”), which was comprised of the following members as of December 31, 2019:

Name and Address	Principal Occupation
Caroline J. Clouser Newtown, Pennsylvania	Director ACE American Insurance Company
Scott E. Henck Whitehouse Station, New Jersey	Executive Vice President ACE American Insurance Company
Latrell Johnson Robbinsville, New Jersey	Director ACE American Insurance Company
Paul J. Krump Mendham, New Jersey	Executive Vice President Chubb Group Holdings Inc.
John J. Lupica Newtown, Pennsylvania	Vice Chairman Chubb Limited

Chubb Group P&C Subgroup

-11-

Michelle McLaughlin Monroe Township, New Jersey	Director ACE American Insurance Company
Frances D. O'Brien Basking Ridge, New Jersey	Executive Vice President ACE American Insurance Company
Kevin M. Rampe New Hope, Pennsylvania	Deputy General Counsel Chubb Group Holdings
Michael W. Smith New York, New York	Global Claims Officer Chubb Limited
Drew K. Spitzer Summit, New Jersey	Executive Vice President and Treasurer ACE American Insurance Company
Edward D. Zaccaria New Hope, Pennsylvania	Chief Underwriting Officer and Executive Vice President ACE American Insurance Company

Management of Indemnity INA is vested in its Board of Directors ("Board"), which was comprised of the following members as of December 31, 2019:

Name and Address	Principal Occupation
Caroline J. Clouser Newtown, Pennsylvania	Director ACE American Insurance Company
Scott E. Henck Whitehouse Station, New Jersey	Executive Vice President ACE American Insurance Company
Latrell Johnson Robbinsville, New Jersey	Director ACE American Insurance Company
Paul J. Krump Mendham, New Jersey	Executive Vice President Chubb Group Holdings
John J. Lupica Newtown, Pennsylvania	Vice Chairman Chubb Limited
Michelle McLaughlin Monroe Township, New Jersey	Director ACE American Insurance Company
Frances D. O'Brien Basking Ridge, New Jersey	Executive Vice President ACE American Insurance Company
Kevin M. Rampe New Hope, Pennsylvania	Deputy General Counsel Chubb Group Holdings Inc.
Michael W. Smith New York, New York	Global Claims Officer Chubb Limited
Drew K. Spitzer Summit, New Jersey	Executive Vice President and Treasurer ACE American Insurance Company
Edward D. Zaccaria New Hope, Pennsylvania	Chief Underwriting Officer and Executive Vice President ACE American Insurance Company

Chubb Group P&C Subgroup

-12-

Management of INA is vested in its Board of Directors (“Board”), which was comprised of the following members as of December 31, 2019:

Name and Address	Principal Occupation
Caroline J. Clouser Newtown, Pennsylvania	Director ACE American Insurance Company
Scott E. Henck Whitehouse Station, New Jersey	Executive Vice President ACE American Insurance Company
Latrell Johnson Robbinsville, New Jersey	Director ACE American Insurance Company
Paul J. Krump Mendham, New Jersey	Executive Vice President Chubb Group Holdings Inc.
John J. Lupica Newtown, Pennsylvania	Vice Chairman Chubb Limited
Michelle McLaughlin Monroe Township, New Jersey	Director ACE American Insurance Company
Frances D. O’Brien Basking Ridge, New Jersey	Executive Vice President ACE American Insurance Company
Kevin M. Rampe New Hope, Pennsylvania	Deputy General Counsel Chubb Group Holdings Inc.
Michael W. Smith New York, New York	Global Claims Officer Chubb Limited
Drew K. Spitzer Summit, New Jersey	Executive Vice President and Treasurer ACE American Insurance Company
Edward D. Zaccaria New Hope, Pennsylvania	Chief Underwriting Officer and Executive Vice President ACE American Insurance Company

Management of Pacific Employers is vested in its Board of Directors (“Board”), which was comprised of the following members as of December 31, 2019:

Name and Address	Principal Occupation
Caroline J. Clouser Newtown, Pennsylvania	Director ACE American Insurance Company
Scott E. Henck Whitehouse Station, New Jersey	Executive Vice President ACE American Insurance Company
Latrell Johnson Robbinsville, New Jersey	Director ACE American Insurance Company
Paul J. Krump Mendham, New Jersey	Executive Vice President Chubb Group Holdings Inc.
John J. Lupica Newtown, Pennsylvania	Vice Chairman Chubb Limited Company
Michelle McLaughlin Monroe Township, New Jersey	Director ACE American Insurance Company

Chubb Group P&C Subgroup

-13-

Frances D. O'Brien Basking Ridge, New Jersey	Executive Vice President ACE American Insurance Company
Kevin M. Rampe New Hope, Pennsylvania	Deputy General Counsel ACE American Insurance Company
Michael W. Smith New York, New York	Global Claims Officer Chubb Limited
Drew K. Spitzer Summit, New Jersey	Executive Vice President and Treasurer ACE American Insurance Company
Edward D. Zaccaria New Hope, Pennsylvania	Chief Underwriting Officer and Executive Vice President ACE American Insurance Company

Management of Penn Millers is vested in its Board of Directors ("Board"), which was comprised of the following members as of December 31, 2019:

Name and Address	Principal Occupation
Scott J. Arnold Runnells, Iowa	Executive Vice President ACE American Insurance Company
Caroline J. Clouser Newtown, Pennsylvania	Director ACE American Insurance Company
Scott E. Henck Whitehouse Station, New Jersey	Executive Vice President ACE American Insurance Company
Latrell Johnson Robbinsville, New Jersey	Director ACE American Insurance Company
Paul J. Krump Mendham, New Jersey	Executive Vice President Chubb Group Holdings Inc.
John J. Lupica Newtown, Pennsylvania	Vice Chairman Chubb Limited
Michelle McLaughlin Monroe Township, New Jersey	Director ACE American Insurance Company
Frances D. O'Brien Basking Ridge, New Jersey	Executive Vice President ACE American Insurance Company
Kevin M. Rampe New Hope, Pennsylvania	Deputy General Counsel Chubb Group Holdings Inc.
Harold W. Roberts Dallas, Pennsylvania	Chief Underwriting Officer and Executive Vice President Penn Millers Insurance Company
Drew K. Spitzer Summit, New Jersey	Executive Vice President and Treasurer ACE American Insurance Company

Chubb Group P&C Subgroup

-14-

Management of Westchester Fire is vested in its Board of Directors (“Board”), which was comprised of the following members as of December 31, 2019:

Name and Address	Principal Occupation
Caroline J. Clouser Newtown, Pennsylvania	Director ACE American Insurance Company
Scott E. Henck Whitehouse Station, New Jersey	Executive Vice President ACE American Insurance Company
Latrell Johnson Robbinsville, New Jersey	Director ACE American Insurance Company
Bruce L. Kessler Atlanta, Georgia	Executive Vice President ACE American Insurance Company
Paul J. Krump Mendham, New Jersey	Executive Vice President Chubb Group Holdings Inc.
John J. Lupica Newtown, Pennsylvania	Vice Chairman Chubb Limited
Michelle McLaughlin Monroe Township, New Jersey	Director ACE American Insurance Company
Frances D. O’Brien Basking Ridge, New Jersey	Executive Vice President ACE American Insurance Company
Kevin M. Rampe New Hope, Pennsylvania	Deputy General Counsel Chubb Group Holdings
Michael W. Smith New York, New York	Global Claims Officer ACE American Insurance Company
Drew K. Spitzer Summit, New Jersey	Executive Vice President and Treasurer ACE American Insurance Company
Edward D. Zaccaria New Hope, Pennsylvania	Chief Underwriting Officer and Executive Vice President ACE American Insurance Company

All directors serve a one-year term as provided in the by-laws. Elections are held at the Annual Meeting of the Companies’ Stockholders.

The Companies provide all directors, officers, and employees with the Chubb Code of Conduct (“Code”), which includes Chubb’s Conflict of Interest policy. The Code includes a provision indicating their duty to report concerns or make declarations of conflicting interests. The Code is reviewed, reaffirmed, and redistributed to directors, officers, and employees annually. At least annually, all directors, officers, and employees are asked to review the Code, not only as prompted by training, but also by certifying that they have read and understood the Code.

COMMITTEES

As of December 31, 2019, the following committees were appointed by the Boards of ACE American, ACE Fire, ACE P&C, Bankers Standard, Indemnity INA, INA, Pacific Employers, Penn Millers, and Westchester Fire and were serving in accordance with the by-laws of those entities:

Investment Committee

John J. Lupica
Paul J. Krump
Drew K. Spitzer

Audit Committee

James I. Cash
Kimberly A. Ross
Robert W. Scully - Chairperson
Theodore E. Shasta
David H. Sidwell

Nominating and Governance Committee

Mary A. Cirillo - Chairperson
Michael P. Connors
John A. Edwardson
Robert M. Hernandez

Executive Committee

John J. Lupica
Paul J. Krump
Drew K. Spitzer

Compensation Committee

Mary A. Cirillo
Michael P. Connors - Chairperson
John A. Edwardson
Robert M. Hernandez

The Companies achieve compliance with the Board committee membership requirements of 40 P.S. § 991.1405 (c)(3), (4) and (4.1) through the Board and committee structure of its ultimate parent, Chubb Limited, a publicly held corporation traded on the NYSE. A review of Chubb Limited's Board and committee structure demonstrated compliance with the director independence requirements of the Sarbanes-Oxley Act of 2002 and NYSE for public companies. Consistent with 40 P.S. § 991.1405, the Company is considered to be in compliance with the overall dictates of Pennsylvania laws as they relate to the existence, composition, and independence of the Board and its committee thereof.

OFFICERS

As of December 31, 2019, the following officers were appointed and serving in accordance with ACE American's by-laws:

Name

John J. Alfieri
Scott J. Arnold
John M. Buckley
Caroline J. Clouser
Rebecca L. Collins
Catherine A. Fabbitti

Title

Executive Vice President
Executive Vice President
Chief Financial Officer
Executive Vice President
Secretary
Executive Vice President

Chubb Group P&C Subgroup

-16-

Scott E. Henck	Executive Vice President
Bruce L. Kessler	Executive Vice President
Paul J. Krump	Executive Vice President
David J. Lupica	Executive Vice President
John J. Lupica	President and Chairman of the Board
Christopher A. Maleno	Executive Vice President
Patrick G. Markowski	Executive Vice President
Matthew G. Merna	Executive Vice President
Frances D. O'Brien	Executive Vice President
Kevin M. Rampe	Executive Vice President
Michael W. Smith	Executive Vice President
Drew K. Spitzer	Treasurer
Deborah A. G. Stalker	Executive Vice President
John P. Taylor	Senior Vice President
Edward D. Zaccaria	Executive Vice President

As of December 31, 2019, the following officers were appointed and serving in accordance with ACE Fire's by-laws:

John J. Alfieri	Executive Vice President
Caroline J. Clouser	Executive Vice President
Rebecca L. Collins	Secretary
Catherine A. Fabbitti	Executive Vice President
Scott E. Henck	Executive Vice President
Bruce L. Kessler	Executive Vice President
Paul J. Krump	Executive Vice President
David J. Lupica	Executive Vice President
John J. Lupica	President and Chairman of the Board
Christopher A. Maleno	Executive Vice President
Patrick G. Markowski	Executive Vice President
Matthew G. Merna	Executive Vice President
Frances D. O'Brien	Executive Vice President
Paul G. O'Connell	Chief Actuary
Kevin M. Rampe	Executive Vice President
Michael W. Smith	Executive Vice President
Drew K. Spitzer	Treasurer
Deborah A. G. Stalker	Executive Vice President
John P. Taylor	Senior Vice President
Edward D. Zaccaria	Executive Vice President

Chubb Group P&C Subgroup

-17-

As of December 31, 2019, the following officers were appointed and serving in accordance with ACE P&C's by-laws:

John J. Alfieri	Executive Vice President
Scott J. Arnold	Executive Vice President
Caroline J. Clouser	Executive Vice President
Rebecca L. Collins	Secretary
Catherine A. Fabbitti	Executive Vice President
Scott E. Henck	Executive Vice President
Bruce L. Kessler	Executive Vice President
Paul J. Krump	Executive Vice President
David J. Lupica	Executive Vice President
John J. Lupica	President and Chairman of the Board
Christopher A. Maleno	Executive Vice President
Patrick G. Markowski	Executive Vice President
Matthew G. Merna	Executive Vice President
Frances D. O'Brien	Executive Vice President
Paul G. O'Connell	Chief Actuary
Kevin M. Rampe	Executive Vice President
Michael W. Smith	Executive Vice President
Drew K. Spitzer	Treasurer
Deborah A. G. Stalker	Executive Vice President
John P. Taylor	Senior Vice President
Edward D. Zaccaria	Executive Vice President

As of December 31, 2019, the following officers were appointed and serving in accordance with Bankers Standard's by-laws:

John J. Alfieri	Executive Vice President
Caroline J. Clouser	Executive Vice President
Rebecca L. Collins	Secretary
Catherine A. Fabbitti	Executive Vice President
Scott E. Henck	Executive Vice President
Bruce L. Kessler	Executive Vice President
Paul J. Krump	Executive Vice President
David J. Lupica	Executive Vice President
John J. Lupica	President and Chairman of the Board
Christopher A. Maleno	Executive Vice President
Patrick G. Markowski	Executive Vice President
Matthew G. Merna	Executive Vice President
Frances D. O'Brien	Executive Vice President
Paul G. O'Connell	Chief Actuary
Kevin M. Rampe	Executive Vice President
Michael W. Smith	Executive Vice President
Drew K. Spitzer	Treasurer
Deborah A. G. Stalker	Executive Vice President

Chubb Group P&C Subgroup

-18-

John P. Taylor
Edward D. Zaccaria

Senior Vice President
Executive Vice President

As of December 31, 2019, the following officers were appointed and serving in accordance with Indemnity INA's by-laws:

John J. Alfieri	Executive Vice President
Caroline J. Clouser	Executive Vice President
Rebecca L. Collins	Secretary
Catherine A. Fabbitti	Executive Vice President
Scott E. Henck	Executive Vice President
Bruce L. Kessler	Executive Vice President
Paul J. Krump	Executive Vice President
David J. Lupica	Executive Vice President
John J. Lupica	President and Chairman of the Board
Christopher A. Maleno	Executive Vice President
Patrick G. Markowski	Executive Vice President
Matthew G. Merna	Executive Vice President
Frances D. O'Brien	Executive Vice President
Paul G. O'Connell	Chief Actuary
Kevin M. Rampe	Executive Vice President
Michael W. Smith	Executive Vice President
Drew K. Spitzer	Treasurer
Deborah A. G. Stalker	Executive Vice President
John P. Taylor	Senior Vice President
Edward D. Zaccaria	Executive Vice President

As of December 31, 2019, the following officers were appointed and serving in accordance with INA's by-laws:

John J. Alfieri	Executive Vice President
Caroline J. Clouser	Executive Vice President
Rebecca L. Collins	Secretary
Catherine A. Fabbitti	Executive Vice President
Scott E. Henck	Executive Vice President
Bruce L. Kessler	Executive Vice President
Paul J. Krump	Executive Vice President
David J. Lupica	Executive Vice President
John J. Lupica	President and Chairman of the Board
Christopher A. Maleno	Executive Vice President
Patrick G. Markowski	Executive Vice President
Matthew G. Merna	Executive Vice President
Frances D. O'Brien	Executive Vice President
Paul G. O'Connell	Chief Actuary
Kevin M. Rampe	Executive Vice President

Chubb Group P&C Subgroup

-19-

Michael W. Smith	Executive Vice President
Drew K. Spitzer	Treasurer
Deborah A. G. Stalker	Executive Vice President
John P. Taylor	Senior Vice President
Edward D. Zaccaria	Executive Vice President

As of December 31, 2019, the following officers were appointed and serving in accordance with Pacific Employers' by-laws:

John J. Alfieri	Executive Vice President
Caroline J. Clouser	Executive Vice President
Rebecca L. Collins	Secretary
Catherine A. Fabbitti	Executive Vice President
Scott E. Henck	Executive Vice President
Bruce L. Kessler	Executive Vice President
Paul J. Krump	Executive Vice President
David J. Lupica	Executive Vice President
John J. Lupica	President and Chairman of the Board
Christopher A. Maleno	Executive Vice President
Patrick G. Markowski	Executive Vice President
Matthew G. Merna	Executive Vice President
Frances D. O'Brien	Executive Vice President
Paul G. O'Connell	Chief Actuary
Kevin M. Rampe	Executive Vice President
Michael W. Smith	Executive Vice President
Drew K. Spitzer	Treasurer
Deborah A. G. Stalker	Executive Vice President
John P. Taylor	Senior Vice President
Edward D. Zaccaria	Executive Vice President

As of December 31, 2019, the following officers were appointed and serving in accordance with Penn Millers' by-laws:

Scott J. Arnold	Executive Vice President
Caroline J. Clouser	Executive Vice President
Rebecca L. Collins	Secretary
Catherine A. Fabbitti	Executive Vice President
Scott E. Henck	Executive Vice President
Paul J. Krump	Executive Vice President
John J. Lupica	President and Chairman of the Board
Christopher A. Maleno	Executive Vice President
Patrick G. Markowski	Executive Vice President
Frances D. O'Brien	Executive Vice President
Paul G. O'Connell	Chief Actuary
Kevin M. Rampe	Executive Vice President

Harold W. Roberts	Executive Vice President
Drew K. Spitzer	Treasurer
Deborah A. G. Stalker	Executive Vice President
John P. Taylor	Senior Vice President

As of December 31, 2019, the following officers were appointed and serving in accordance with Westchester Fire's by-laws:

Caroline J. Clouser	Executive Vice President
Rebecca L. Collins	Secretary
Catherine A. Fabbitti	Executive Vice President
Scott E. Henck	Executive Vice President
Bruce L. Kessler	Executive Vice President
Paul J. Krump	Executive Vice President
David J. Lupica	Executive Vice President
John J. Lupica	President and Chairman of the Board
Christopher A. Maleno	Executive Vice President
Patrick G. Markowski	Executive Vice President
Matthew G. Merna	Executive Vice President
Frances D. O'Brien	Executive Vice President
Paul G. O'Connell	Chief Actuary
Kevin M. Rampe	Executive Vice President
Michael W. Smith	Executive Vice President
Drew K. Spitzer	Treasurer
Deborah A. G. Stalker	Executive Vice President
John P. Taylor	Senior Vice President
Edward D. Zaccaria	Executive Vice President

CORPORATE RECORDS

MINUTES

A compliance review of corporate minutes revealed the following:

- The Annual Meetings of the Companies' Stockholders were held in compliance with their by-laws.
- The Stockholders elected directors in compliance with the by-laws at the annual meeting and at other times.
- Quorums were present at all directors' meetings.
- The Companies' investment transactions are approved quarterly by the Investment Committees. Minutes of those Investment Committees are approved by the applicable Board.

- Directors attend Board meetings regularly.
- Board meetings are held regularly on at least a quarterly basis.
- The Companies' Board meeting minutes reflect approval of affiliated service agreements.

ARTICLES OF INCORPORATION

There were no changes or amendments to the Companies' Articles of Incorporation during the examination period.

BY-LAWS

There were no changes or amendments to the Companies' by-laws during the examination period.

SERVICE AND OPERATING AGREEMENTS

The Companies are party to a number of service and operating agreements with affiliates. These intercompany agreements can be classified as one of the following types: administrative; accounting and legal service; expense allocation; reinsurance services (including brokerage); investment advisory; employee leasing; and tax allocation. The examination team reviewed a sample of these agreements and found them to be in compliance with the fair and reasonable requirements contained in 40 P.S. § 991.1405(a)(1)(i). All of the reviewed agreements are in writing and received approval by the Companies' Boards.

Additionally, the Companies are party to a number of service and operating agreements with external parties e.g., third party administrators, service providers, brokers, and investment advisors, which are not listed here as they were not considered material to the examination.

REINSURANCE

The Chubb Property & Casualty Reinsurance Program can be categorized into four components: Affiliated Reinsurance, External Reinsurance, Captive Reinsurance, and Pools and Associations. All reinsurance agreements were determined to have the proper insolvency, entire contract, arbitration, and intermediary clauses as required by the Statement of Statutory Accounting Principles ("SSAP") No. 62R, paragraph 8 and 40 P.S. § 443(a)(2). In addition, these agreements were found to include language that properly transfers risk as required by SSAP No. 62R.

AFFILIATED

Intercompany Pooling Arrangement ("Pool Companies")

Effective January 1, 2018, with the approval of the Department, the Companies participate in an intercompany reinsurance pooling agreement ("Intercompany Pool") in which ACE American is the lead company. ACE American ultimately reinsures the gross business written by

Chubb Group P&C Subgroup

-22-

each of the companies listed in the chart below through Intercompany Pooling Arrangements, Internal Reinsurance via the pooling agreement, or a 100.0% quota share reinsurance agreement. All ceded reinsurance in force for the Intercompany Pool and certain foreign branch business, inures to ACE American's benefit. After placing ceded reinsurance, ACE American retrocedes the remaining net business to each of the other Intercompany Pool members in proportion to their agreed upon pool share.

The names, NAIC company code and pool participation percentage of the companies participating in the Intercompany Pool at December 31, 2019 are shown in the following chart:

Pool Participants	NAIC Code	Pool Participation
ACE American Insurance Company (A)	22667	25.0%
Federal Insurance Company * (B)	20281	25.0%
ACE Property and Casualty Insurance Company *	20699	20.0%
Pacific Indemnity Company **	20346	20.0%
Executive Risk Indemnity Inc. **	35181	10.0%
ACE Fire Underwriters Insurance Company *	20702	0.0%
ACE Insurance Company of the Midwest *	26417	0.0%
Atlantic Employers Insurance Company *	38938	0.0%
Bankers Standard Insurance Company*	18279	0.0%
Chubb Insurance Company of New Jersey **	41386	0.0%
Chubb National Insurance Company **	10052	0.0%
Great Northern Insurance Company **	20303	0.0%
Indemnity Insurance Company of North America *	43575	0.0%
Insurance Company of North America *	22713	0.0%
Pacific Employers Insurance Company *	22748	0.0%
Penn Millers Insurance Company *	14982	0.0%
Westchester Fire Insurance Company *	10030	0.0%
Pool Participation Total		100.0%

*Company cedes 100.0% gross loss, LAE and underwriting expenses to ACE American Insurance Company

** Company cedes 100.0% gross loss, LAE and underwriting expenses to Federal Insurance Company

(A) ACE American aggregates and cedes the Pool's 3rd Party reinsurance; as a result, it has recorded the Intercompany Pool's Provision for Reinsurance.

(B) Federal assumes from other Pool/Quota Share Companies, then retrocedes 100% gross loss, LAE and underwriting expenses to ACE American.

In order to avoid incurred loss/LAE and earned premium while effectuating the Intercompany Pool in 2018, paid losses/LAE and written premiums were used to offset changes in loss/LAE reserves and Unearned Premium Reserves (“UPR”) resulting in zero incurred/earned impact. This will make some assumed and ceded paid/written items appear distorted; however, this treatment is in accordance with SAP guidance.

The following transactions listed below, as well as others, occurred, primarily to effectuate the new intercompany Quota Share Reinsurance and Intercompany Pool arrangement, effective January 1, 2018.

Westchester Surplus Lines Insurance Company

Effective January 1, 2018, ACE American terminated its 90.0% Quota Share Reinsurance agreements with an affiliate, Westchester Surplus Lines Insurance Company (“WSLIC”) under which ACE American assumed 90.0% of certain net retained business of WSLIC.

Westchester Surplus Lines Insurance Company

Effective January 1, 2018, ACE American entered into a 100.0% Quota Share Reinsurance agreement with WSLIC, an affiliate, under which ACE American assumes 100.0% of WSLIC’s gross underwriting exposure. All ceded reinsurance in force for WSLIC, including retroactive reinsurance, inures to ACE American’s benefit; as a result of this, WSLIC reversed its 2017 Provision for Reinsurance in the first quarter of 2018.

Illinois Union Insurance Company

Effective January 1, 2018, Illinois Union Insurance Company (“Illinois Union”), an affiliate, terminated its 100% Quota Share Reinsurance agreement with ACE American; this agreement excluded unallocated loss adjustment expenses (“ULAE”).

Illinois Union Insurance Company

Effective January 1, 2018, Illinois Union, an affiliate, entered into a 100.0% Quota Share Reinsurance agreement with ACE American under which ACE American assumes 100.0% of Illinois Union’s gross underwriting exposure. With the exception of Pre-1987 General Liability (“GL87”) losses ceded to Century, an affiliate, all ceded reinsurance in force for Illinois Union inures to ACE American’s benefit. As a result of this, Illinois Union reversed its 2017 Provision for Reinsurance in the first quarter of 2018.

Agri General Insurance Company

Effective January 1, 2018, Agri General Insurance Company (“AGIC”), an affiliate, terminated its 100% Quota Share Reinsurance agreements ACE American which excluded unallocated loss adjustment expenses (“ULAE”).

Agri General Insurance Company

Effective January 1, 2018, AGIC, an affiliate, entered into a 100% Quota Share Reinsurance agreement with ACE American under which ACE American assumes AGIC's gross underwriting exposure and all ceded reinsurance in force for AGIC inures to ACE American's benefit.

ACE Insurance Company of the Midwest

Effective January 1, 2018, ACE Insurance Company of the Midwest, an affiliate, terminated its participation in its Quota Share Reinsurance Agreement with ACE American and entered into a new Intercompany Pooling Agreement.

Atlantic Employers Insurance Company

Effective January 1, 2018, Atlantic Employers Insurance Company, an affiliate, terminated its participation in its Quota Share Reinsurance Agreement with ACE American and entered into a new Intercompany Pooling Agreement.

Penn Millers Insurance Company

Effective January 1, 2018, Penn Millers, an affiliate, terminated its participation in its Quota Share Reinsurance Agreement with ACE American and entered into a new Intercompany Pooling Agreement.

Chubb Tempest Re

Effective January 1, 2018, ACE American and other members of the legacy ACE American intercompany Pool terminated net liabilities quota share reinsurance agreements with a Bermuda affiliate, Chubb Tempest Reinsurance Ltd. (formerly known as ACE Tempest Reinsurance Ltd.) with development on subject losses continuing to be reinsured.

Chubb Tempest Re

Effective January 1, 2019, ACE American entered into an Aggregate Stop Loss Reinsurance Agreement ("Agreement") with an affiliate, Chubb Tempest Reinsurance Ltd. ("CTR"). This Agreement reinsures the net interest and liabilities of ACE American in respect of the policies covered for losses occurring, claims made, or claims discovered, as applicable during the terms of the Agreement. Security for reinsurance credit will take the form of a trust agreement. The term of the agreement is from January 1, 2019 to January 1, 2020.

Chubb Reinsurance (Switzerland) Limited

Effective January 1, 2018, ACE American and other members of the legacy ACE American intercompany Pool terminated net liabilities quota share reinsurance agreements with a Swiss affiliate, Chubb Reinsurance (Switzerland) Limited (formerly known as ACE Reinsurance (Switzerland) Limited) with development on subject losses continuing to be reinsured.

Chubb Reinsurance (Switzerland) Limited

Effective January 1, 2018, ACE American entered into an Aggregate Stop Loss Reinsurance Agreement (“Agreement”) with an affiliate, Chubb Reinsurance (Switzerland) Limited. This Agreement reinsures the net interest and liabilities of ACE American in respect of the policies covered for losses occurring, claims made, or claims discovered, as applicable during the terms of the Agreement. Security for reinsurance credit will take the form of a trust agreement.

Chubb Reinsurance (Switzerland) Limited

Effective January 1, 2019, ACE American terminated its Aggregate Stop Loss Reinsurance Agreement (“Agreement”) with an affiliate, Chubb Reinsurance (Switzerland) Limited, with development on subject losses continuing to be reinsured. This Agreement, effective January 1, 2018, reinsures the net interest and liabilities of ACE American in respect of the policies covered for losses occurring, claims made, or claims discovered, as applicable during the terms of the Agreement. Security for reinsurance credit is in the form of a trust agreement.

Pool Companies and Westchester Fire with ACE INA Overseas Insurance Company Ltd

Effective December 31, 2000, as amended for a company name change on January 1, 2011, the Pool Companies and Westchester Fire, formerly ACE Indemnity Insurance Company entered into a reinsurance agreement with a Bermuda affiliate, ACE INA Overseas Insurance Company, Ltd ("AIOIC"). Under the terms of this agreement, AIOIC will reimburse these companies for any and all ultimate net losses incurred by these companies under certain workers' compensation insurance and reinsurance policies issued by the companies. Coverage is provided by AIOIC for all incurred losses, allocated loss adjustment expenses, uncollectible reinsurance and any loss based assessments pertaining to losses occurring on workers' compensation insurance policies issued on or prior to December 31, 2000, net of all salvage, subrogation and other recoverable. Settlements of premiums and losses under this agreement are on a funds held basis with funds remaining on deposit with the ceding companies.

Pool Companies and Westchester Fire with Chubb Tempest Reinsurance Limited

Effective January 1, 2007, the Pool Companies and Westchester Fire entered into a loss portfolio transfer agreement with a Bermuda affiliate, Chubb Tempest Reinsurance Ltd. ("CTRL"). Under the terms of this agreement, CTRL will reimburse these companies for any and all ultimate net loss and allocated loss adjustment expenses incurred up to \$1.4 billion for workers' compensation insurance and reinsurance policies, classified under certain business classification codes, issued by these companies on or after January 1, 2001, and on or before December 31, 2005. Effective January 1, 2011, Westchester Fire's participation in this treaty was terminated on a cut-off basis. Consideration payable to CTRL is based on the premiums and losses that are ceded under the terms of the contracts.

ACE American Insurance Co. and Chubb Tempest Reinsurance Limited

Effective January 1, 2010, ACE American entered into excess of loss per person and catastrophe reinsurance contract with CTRL. Under the terms of this agreement, CTRL provides

Chubb Group P&C Subgroup

-26-

the following reinsurance coverage for business classified as personal accident or life:

Coverage	Attachment Point	Limit	Application of Coverage
Per Person	\$2,000,000	\$3,000,000	Per Accident, Per Person
Catastrophe	\$5,000,000	\$95,000,000	Per Occurrence

Note: This treaty contains sub-limits based on certain coverage, loss and territorial characteristics.

Consideration payable to CTRL is based on the premiums and losses that are ceded under the terms of the contracts.

Agri General Insurance Company and ACE American Insurance Co.

Effective January 1, 2018, Agri General Insurance Company ("AGIC") entered into a 100.0% quota share reinsurance agreement with ACE American. Effective January 1, 2018, Agri general is a zero percent participant in the Chubb Pool.

Penn Millers Insurance Company and ACE American Insurance Co.

Effective January 1, 2012, Penn Millers entered into a 100.0% quota share agreement with ACE American. Under this agreement, Penn Millers cedes premiums, losses, and allocated loss adjustment expenses starting with accident year 2012. Effective January 1, 2018, Penn Millers is a zero percent participant in the Chubb Pool.

Century Indemnity Company

As provided in the 1996 Restructuring Order ("the Order") creating the Brandywine Group run-off companies, Century issued to a number of the active ACE property and casualty insurance companies ("ACE Companies") a General Liability Reinsurance Agreement ("GL87"). In the GL87 agreement, Century agreed to reinsure certain defined liabilities of these companies arising from direct general liability policies issued prior to January 1, 1987. At the same time, the ACE Companies issued an Excess of Loss Reinsurance Treaty ("XOL") to Century with a limit of \$800 million to protect the surplus and cash flow of Century. Included in the GL87 agreement is a unique provision that suspends Century's obligation to settle reinsurance payments to the ACE Companies as long as Century cedes reserves to the XOL. Century currently cedes reserves to the XOL and projects that it will do so until the year 2068.

On September 19, 2013, the Department approved Century's request, as a consistent interpretation of the intent of certain provisions of the Order, to discount its reinsurance payables to the former ACE Companies under the GL87 agreement. The cumulative net effect, as of December 31, 2019, for the discounting of the GL87 reinsurance payables on the former ACE Companies is a decrease to surplus of \$893.0 million, which was recorded as change in accounting principles in 2013 and any change moving forward as an "Aggregate write-in for miscellaneous income" on the income statement. Century recorded a similar entry to record the effect of the discount, which offset those amounts recorded by the former ACE Companies.

Chubb Group P&C Subgroup

-27-

ACE American cedes GL87 losses to Century, an affiliate; at December 31, 2019, ACE American has total gross GL87 reinsurance recoverable of \$(434,000).

Certified Affiliated Reinsurers

As of December 31, 2019, the Department had approved the following affiliated reinsurers as Certified Reinsurers pursuant to 40 P.S. § 442.1(a) and 31 Pa. Code 161.3(a): Chubb Tempest Reinsurance Ltd., Chubb Reinsurance (Switzerland) Ltd., ACE INA Overseas Company Ltd.

CEDED

EXTERNAL REINSURANCE

Reinsurance Intermediaries

Reinsurance intermediaries utilized by the Companies include the following:

1. Aon Benfield, Inc. and Aon Benfield Fac. Inc. (effective February 1, 2016)
2. Cooper Gay Re, Ltd. (effective February 1, 2016)
3. Guy Carpenter and Company, LLC (effective February 1, 2016)
4. JLT Re (North America) Inc. (effective February 1, 2016); note: Chubb in the process of terminating in light of Guy Carpenter acquisition
5. Lockton Re, LP (effective January 14, 2016)
6. Miller Insurance Services LLP (effective February 1, 2016)
7. Reinsurance Management Associates, Inc. (May 4, 2017)
8. THB Intermediaries (effective May 8, 2017)
9. TigerRisk Partners LLC (effective May 1, 2016)
10. U.S. Risk, LLC (effective February 1, 2016)
11. Willis Re Inc. (February 1, 2016)

All are licensed by the Department as required by 40 P.S. § 321.2(a) and Chubb has written authorizations in place as required by 40 P.S. § 321.3. Since the 2014 examination by the Department, the Companies have entered into new written authorizations with the reinsurance intermediaries that contain the requisite termination provisions as specified in the statute.

Reinsurance Program

The External Reinsurance Program provides indemnification to the Intercompany Pool companies by unaffiliated reinsurers, excluding captive reinsurers, and voluntary and mandatory pools. The program consists of many treaties in force or in runoff, supplemented by facultative placements. Due to the size and complexity of the program, a large number of authorized and unauthorized reinsurers participate. The following are the five most significant reinsurers based on Gross Premiums Ceded:

Reinsurer	Gross Ceded Premium
SWISS REINSURANCE AMERICA CORP	\$ 333,358,387.24
MUNICH REINSURANCE CO	\$ 248,457,856.83
HANNOVER RUECKVERSICHERUNG SE	\$ 204,701,757.59
ABR REINSURANCE LTD	\$ 194,879,462.97
SWISS REINSURANCE CO LTD	\$ 177,694,248.54

The following general treaty programs were in place as of the examination date, December 31, 2019:

Accident and Health

Accident & Health	Layer	Placement %	Attachment Point	Limit
A&H Employers Stop Loss Ethos QS	1	50.00%	\$ -	\$ 1,000,000
RA&H Employers Stop Loss Ethos XOL	1	100.00%	\$ 1,000,000	Unlimited
A&H Employers Stop Loss IRC QS	1	50.00%	\$ -	\$ 1,000,000
A&H Employers Stop Loss IRC XOL	1	100.00%	\$ 1,000,000	Unlimited
A&H Employers Stop Loss Matrix QS	1	50.00%	\$ -	\$ 1,000,000
A&H Employers Stop Loss Matrix XOL	1	100.00%	\$ 1,000,000	\$ 1,000,000
A&H Employers Stop Loss Matrix XOL	2	100.00%	\$ 2,000,000	\$ 3,000,000
A&H Employers Stop Loss Matrix XOL	3	100.00%	\$ 5,000,000	Unlimited
A&H K-12 Medical Cat XOL	1	100.00%	\$ 2,000,000	\$ 6,500,000
Special Insurance Services Upper QS	1	90.00%	\$ -	\$ 5,000,000
Group Global A&H Personal Accident Per Person Section A XOL	1	100.00%	\$ 2,000,000	\$ 8,000,000
A&H PA USA, Canada & CICA Cat XOL	1	100.00%	\$ 2,500,000	\$ 2,500,000
Group Global A&H Personal Accident Cat Lower Layers	1	100.00%	\$ 5,000,000	\$ 15,000,000
Group Global A&H Personal Accident Cat Upper Layers	1	100.00%	\$ 20,000,000	\$ 30,000,000
Group Global A&H Personal Accident Cat Upper Layers	2	100.00%	\$ 50,000,000	\$ 150,000,000
Group Global A&H Personal Accident Cat Upper Layers	3	100.00%	\$ 200,000,000	\$ 200,000,000
RGroup Global A&H Personal Accident Cat 100Mx400M XOL	1	100.00%	\$ 400,000,000	\$ 100,000,000

Airports/Aviation

Airports/Aviation	Layer	Placement %	Attachment Point	Limit
North America Airports QS	1	50.00%	\$ -	\$ 100,000,000
North America Airports Hull & Liability XOL	1	50.00%	\$ 5,000,000	\$ 10,000,000
North America Airports Hull & Liability XOL	2	50.00%	\$ 15,000,000	\$ 10,000,000
North America Airports Hull Risk XS	1	50.00%	\$ 2,000,000	\$ 8,000,000
North America Airports Liability Risk XS	1	50.00%	\$ 25,000,000	\$ 75,000,000
North America USAIG Pool QS	1	35.00%	\$ -	Unlimited

Agriculture

Agriculture	Layer	Placement %	Attachment Point	Limit
Agriculture Crop Hail Stop Loss Multi-Year	1	100.00%	\$ 122,937,500	\$ 49,175,000
Agriculture MPCII Stop Loss Multi-Year	1	100.00%	\$ 1,559,175,750	\$ 47,247,750
Agriculture MPCII Stop Loss Multi-Year	2	100.00%	\$ 1,606,423,500	\$ 78,746,250
Agriculture MPCII Stop Loss Multi-Year	3	100.00%	\$ 1,685,169,750	\$ 188,991,000
Agriculture MPCII Stop Loss Multi-Year	4	100.00%	\$ 1,874,160,750	\$ 283,486,500
Agriculture Casualty Clash XOL	1	100.00%	\$ 1,000,000	\$ 4,000,000
Agriculture Casualty Clash XOL	2	100.00%	\$ 5,000,000	\$ 5,000,000
Agriculture Casualty Umbrella XOL	1	87.50%	\$ 2,000,000	\$ 8,000,000
Agriculture Casualty Umbrella XOL	2	42.50%	\$ 10,000,000	\$ 15,000,000
Agriculture Farm & Ranch Property Cat XOL	1	96.50%	\$ 7,500,000	\$ 7,500,000
Agriculture Farm & Ranch Property Cat XOL	2	91.50%	\$ 15,000,000	\$ 20,000,000
Agriculture Livestock QS	1	95.00%	\$ -	\$ 21,709,213
Agriculture WC XOL	1	35.00%	\$ 10,000,000	\$ 10,000,000

Environmental Risk

Environmental Risk	Layer	Placement %	Attachment Point	Limit
North American Environmental Liability Section A QS	1	27.50%	\$ -	\$ 15,000,000
North American Environmental Liability Section A QS	2	41.25%	\$ -	\$ 25,000,000
North American Environmental Liability Section A XOL	1	10.00%	\$ 10,000,000	\$ 15,000,000

General/Excess Liability

General/Excess Liability	Layer	Placement %	Attachment Point	Limit
North American Casualty Risk Excess QS	1	50.00%	\$ -	\$ 25,000,000
North American Casualty Risk Excess Surplus Share	1	53.00%	\$ -	\$ 25,000,000
Westchester Casualty QS	1	30.00%	\$ -	\$ 10,000,000
Westchester Casualty XOL	1	90.00%	\$ 10,000,000	\$ 15,000,000
North American Product Recall		42.50%	\$ -	\$ 5,000,000
Commercial Casualty Variable QS - Section A	1	100.00%	\$ -	\$ 25,000,000
Commercial Casualty Variable QS - Section B Non -Oblig	2	100.00%	\$ -	\$ 7,500,000
Commercial Casualty Variable - Clash	3	62.50%	\$ 25,000,000	\$ 25,000,000
Personal Lines Personal Umbrella VQS	1	100.00%	\$ -	\$ 80,000,000
Personal Lines Personal Umbrella XOL	1	100.00%	\$ 20,000,000	\$ 40,000,000
Programs Umbrella QS	1	50.00%	\$ -	\$ 10,000,000
Programs Umbrella Section II RPGs	1	46.00%	\$ -	\$ 10,000,000
Astrus MGU GL Policies QS	1	50.00%	\$ -	\$ 3,000,000

Marine

Marine	Layer	Placement %	Attachment Point	Limit
North America Commercial Marine Cargo Reporter	1	91.00%	\$ 10,000,000	\$ 50,000,000
North America Commercial Marine Excess Liabilities Burgee QS	1	15.00%	\$ -	\$ 15,000,000
North America Commercial Marine Excess Liabilities ex Burgee QS	1	80.00%	\$ -	\$ 10,000,000
North America Commercial Marine XOL	1	100.00%	\$ 5,000,000	\$ 5,000,000
Recreational Marine Hull XOL	1	90.00%	\$ 5,000,000	\$ 5,000,000
Recreational Marine Hull XOL	2	92.50%	\$ 10,000,000	\$ 15,000,000
Recreational Marine P&I XOL	1	100.00%	\$ 10,000,000	\$ 15,000,000
Overseas General Marine Combined XOL	1	100.00%	\$ 12,500,000	\$ 12,500,000
Group Global Marine XOL	1	100.00%	\$ 25,000,000	\$ 75,000,000
Group Global Marine XOL	2	100.00%	\$ 100,000,000	\$ 75,000,000
Musical Instruments XOL	1	100.00%	\$ 1,000,000	\$ 10,000,000
Personal Lines Equip. Breakdown QS	1	100.00%	\$ -	\$ 100,000,000

Medical Risk/Life Sciences

Medical Risk/Life Sciences	Layer	Placement %	Attachment Point	Limit
Medical Risk HPL/Facilities QS	1	57.00%	\$ -	\$ 15,000,000
Medical Risk HPL/Facilities QS	2	71.25%	\$ -	\$ 25,000,000
Medical Risk Life Sciences QS	1	28.50%	\$ -	\$ 15,000,000
Medical Risk Life Sciences QS	2	47.50%	\$ -	\$ 20,000,000
Medical Risk Managed Care E&O QS	1	57.00%	\$ -	\$ 10,000,000
Medical Risk Managed Care E&O QS	2	71.25%	\$ -	\$ 15,000,000
Medical Risk Stand Alone Long Term QS	1	57.00%	\$ -	\$ 15,000,000
North American Life Science Cessions	1	100.00%	\$ 5,000,000	\$ 10,000,000

Professional Risk

Professional Risk	Layer	Placement %	Attachment Point	Limit
Professional Risk Cyber Risk QS - First Party	1	75.00%	\$ -	\$ 25,000,000
Professional Risk Cyber Risk QS - Third Party	1	35.00%	\$ -	\$ 15,000,000
Professional Risk Cyber Risk QS - Third Party	2	50.00%	\$ -	\$ 25,000,000
Cyber Facility QS	1	90.00%	\$ -	\$ 100,000,000
North America Financial Lines Surplus Share - Sec A1	1	100.00%	\$ -	\$ 25,000,000
North America Financial Lines Surplus Share - Sec A2	2	100.00%	\$ -	\$ 25,000,000
North America Financial Lines Surplus Share - Sec B Expiring Policies	3	100.00%	\$ -	\$ 15,000,000
North America Financial Lines Surplus Share - Section C Non-Oblig	4	100.00%	\$ -	\$ 15,000,000
Representations & Warranties QS	1	54.00%	\$ -	\$ 30,000,000
Representations & Warranties Surplus Share	1	90.00%	\$ -	\$ 20,000,000
North America & Bermuda XS Lawyers Facultative Obligatory SS	1	100.00%	\$ 5,000,000	\$ 20,000,000

Property/Property Catastrophe

Property/Property Catastrophe	Layer	Placement %	Attachment Point	Limit
Group Global Property Cat XOL	1	87.40%	\$ 1,200,000,000	\$ 1,000,000,000
Group Global Property Cat XOL	2	87.40%	\$ 2,200,000,000	\$ 1,300,000,000
Group Global Property Cat XOL	3	12.60%	\$ 1,000,000,000	\$ 2,500,000,000
Group Global Property Cat XOL	4	100.00%	\$ 3,500,000,000	\$ 50,000,000
North America Property Per Risk XOL	1	100.00%	\$ 5,000,000	\$ 10,000,000
North America Property Per Risk XOL	2	100.00%	\$ 15,000,000	\$ 35,000,000
Group Global Property Per Risk & Clash XOL	1	100.00%	\$ 50,000,000	\$ 250,000,000
Group Global Property Per Risk & Clash XOL	2	100.00%	\$ 300,000,000	\$ 350,000,000
Westchester Property Per Risk XOL	1	90.00%	\$ 2,500,000	\$ 2,500,000
Westchester Property Per Risk XOL	2	100.00%	\$ 5,000,000	\$ 5,000,000
Westchester Property Per Risk XOL	3	100.00%	\$ 10,000,000	\$ 15,000,000
Personal Lines Property Per Risk XOL	1	100.00%	\$ 12,000,000	\$ 38,000,000
Personal Lines Property Per Risk XOL	2	100.00%	\$ 50,000,000	\$ 125,000,000
Personal Lines Property Catastrophe XOL	1	85.00%	\$ 125,000,000	\$ 300,000,000
Personal Lines Fine Arts All Risk	1	100.00%	\$ 5,000,000	\$ 95,000,000
Personal Lines Fine Arts All Risk	2	100.00%	\$ 100,000,000	\$ 100,000,000
Personal Lines Fine Arts All Risk	3	100.00%	\$ 200,000,000	\$ 300,000,000
Personal Lines Fine Arts Terrorism	1	100.00%	\$ 5,000,000	\$ 350,000,000
Personal Lines Flood QS	1	90.00%	\$ -	\$ 25,000,000
Personal Lines Homeowners NE 20% QS	1	20.00%	\$ -	\$ 1,000,000,000
Group Global Cat -International Underlier XOL	1	50.00%	\$ -	\$ 75,000,000
North America Property Middle Market Facility QS	1	50.00%	\$ -	\$ 300,000,000
Inland Marine VQS	1	100.00%	\$ -	\$ 50,000,000
North America Property Cat Surplus Share	1	93.75%	\$ -	\$ 20,000,000
North America Starr Tech Energy QS	1	73.75%	\$ -	\$ 150,000,000
Small Business Portfolio Transfer QS	1	45.00%	\$ -	\$ 25,000,000

Chubb Group P&C Subgroup

-32-

Surety

Surety	Layer	Placement %	Attachment Point	Limit
Global Surety XOL	1	100.00%	\$ 10,000,000	\$ 40,000,000
Global Surety XOL	2	100.00%	\$ 50,000,000	\$ 75,000,000
Global Surety XOL	3	100.00%	\$ 125,000,000	\$ 100,000,000
Global Surety XOL	4	100.00%	\$ 225,000,000	\$ 125,000,000

Workers' Compensation

Worker's Compensation	Layer	Placement %	Attachment Point	Limit
Industrial AID XOL - Owned, Leased or Chartered	1	100.00%	\$ 1,000,000	\$ 2,000,000
Industrial AID XOL - Owned, Leased or Chartered	2	50.00%	\$ 3,000,000	\$ 7,000,000
Industrial AID XOL - Commercial Aircraft	3	50.00%	\$ 3,000,000	\$ 7,000,000
Industrial AID XOL - Global Foreign Casualty	4	50.00%	\$ 3,000,000	\$ 7,000,000
North America Workers Compensation XOL	1	100.00%	\$ 1,000,000	\$ 2,000,000
North America Workers Compensation XOL	2	100.00%	\$ 3,000,000	\$ 2,000,000
North America Workers Compensation XOL	3	100.00%	\$ 5,000,000	\$ 5,000,000
WC 10m xs 10M XOL	1	60.00%	\$ 10,000,000	\$ 10,000,000
Group Global WC Cat First Layer Excess	1	100.00%	\$ 20,000,000	\$ 30,000,000
WC CAT and A&H CAT Location Specific FAC – XOL	1	100.00%	\$ 80,000,000	\$ 150,000,000
Group Global WC Cat Second Layer Excess	1	100.00%	\$ 230,000,000	\$ 675,000,000
Multiline Top Layer XOL	1	95.00%	\$ 905,000,000	\$ 100,000,000
WC Direct Assignment QS	1	100.00%	\$ -	\$ 56,798,240
Astrus MGU WC Policies XOL	1	100.00%	\$ 2,000,000	\$ 3,000,000
Astrus MGU WC Policies XOL	2	100.00%	\$ 5,000,000	\$ 5,000,000

ASSUMED

Captive Reinsurance Program

Chubb assumes a portion of the risks insured by certain “captive” insurers which are insurance companies owned by larger institutions, corporations, trade associations, local governments, educational institutions, etc. and insuring only the risks of that institution. These risks are generally assumed through treaty arrangements, though facultative reinsurance is also utilized. The reinsurance agreements limit the captive insurer’s losses either by occurrence or on an annual aggregate basis. Thus, these large institutions are insured through their “captive” insurers and the losses of those “captive” insurers are limited by the reinsurance placed with the Chubb family of insurance companies.

The Companies also have a number of captive reinsurance programs pursuant to which the Companies cede risks to “captive” reinsurers. These risks are generally ceded through quota share treaty arrangements.

Pools and Associations

The Companies participate in various mandatory and voluntary pools and associations. The Companies, inclusive of affiliates, are a major writer of crop and hail coverage, which is reinsured by the Federal Crop Insurance Corporation.

TERRITORY AND PLAN OF OPERATION

The Companies distribute their insurance products primarily through independent insurance agencies and accept business on a regular basis through a select number of insurance brokers. These include major international, national, regional and local agencies and brokers.

The Company's operations are organized into three business segments: North America Commercial Property and Casualty (P&C) Insurance, North America Personal P&C Insurance, and North America Agricultural Insurance. The North America Commercial P&C Insurance segment provides a broad range of specialty property, casualty, and accident and health insurance and risk management services to United States and Canadian-based large, middle market, and small commercial businesses in a variety of industries. The North America Personal P&C Insurance provides comprehensive personal insurance, such as homeowners, automobile and collector cars, personal and excess liability, and recreational marine insurance and risk management services to affluent and high net worth individuals and families in the United States and Canada. The North America Agricultural Insurance segment provides a variety of coverages, including crop insurance, primarily multiple peril crop insurance and crop-hail insurance through Rain and Hail Insurance Service, Inc., an affiliated company, as well as farm and ranch and specialty P&C commercial insurance products and services through the Chubb Agribusiness unit to United States and Canadian-based businesses.

Information on operations and premiums per entity is summarized below.

For Information Only

ACE American Insurance Company

ACE American is licensed to write property and casualty insurance in all fifty states, District of Columbia, Puerto Rico, the U.S. Virgin Islands, and several foreign countries. On a direct writings basis, ACE American's five most significant lines of business are Other Liability (occurrence), Workers' Compensation, Commercial Multiple-Peril, Other Liability (claims-made), and Commercial Auto Liability, which accounted for 67.9% of direct and assumed written premium and totaled \$3.7 billion for the year ended December 31, 2019.

ACE American is the lead company in the Intercompany Pool. Its major writings are Other Liability (occurrence), Workers' Compensation, and Commercial Multiple-Peril, accounting for 37.1% of the ACE American's net written premium for the year ended December 31, 2019. ACE American's premium writings are summarized in the following chart:

Line of Business	Direct and Assumed Premium	Ceded Premium	Net Written Premium	Percentage of NWP Total
December 31, 2019				
Fire	\$ 570,869,844	\$ 528,035,010	\$ 42,834,834	0.9%
Allied lines	2,597,647,755	2,133,061,785	464,585,970	10.3%
Farmowners multiple peril	49,747,248	37,584,536	12,162,712	0.3%
Homeowners multiple peril	3,069,585,824	2,425,224,814	644,361,010	14.2%
Commercial multiple peril	2,391,657,657	1,966,197,076	425,460,581	9.4%
Mortgage guaranty	32,241	24,181	8,060	0.0%
Ocean marine	288,566,475	238,875,332	49,691,143	1.1%
Inland marine	1,370,149,853	1,108,978,276	261,171,577	5.8%
Financial guaranty	10,733,432	10,837,123	(103,691)	0.0%
Medical malpractice - occurrence	11,807,848	9,718,204	2,089,644	0.0%
Medical malpractice - claims-made	158,774,035	139,427,211	19,346,824	0.4%
Earthquake	176,059,673	141,472,085	34,587,588	0.8%
Group accident and health	738,233,116	594,823,457	143,409,659	3.2%
Credit accident and health	119,031	98,969	20,062	0.0%
Other accident and health	213,258,282	203,590,730	9,667,552	0.2%
Workers' compensation	2,520,317,062	1,980,606,582	539,710,480	11.9%
Other liability - occurrence	4,423,907,501	3,708,696,542	715,210,959	15.8%
Other liability - claims-made	2,499,042,051	1,938,353,671	560,688,380	12.4%
Excess workers' compensation	162,775,206	121,755,833	41,019,373	0.9%
Products liability - occurrence	251,586,232	208,701,254	42,884,978	0.9%
Products liability - claims-made	181,592,195	144,319,666	37,272,529	0.8%
Private passenger auto liability	471,083,380	353,101,507	117,981,873	2.6%
Commercial auto liability	879,668,278	711,708,853	167,959,425	3.7%
Auto physical damage	538,000,434	406,135,847	131,864,587	2.9%
Aircraft	135,740,078	126,501,859	9,238,219	0.2%
Fidelity	242,266,179	184,163,119	58,103,060	1.3%
Surety	444,389,586	339,361,728	105,027,858	2.3%
Burglary and theft	46,592,180	35,209,269	11,382,911	0.3%
Boiler and machinery	125,244,127	99,014,108	26,230,019	0.6%
Credit	36,050,474	32,892,259	3,158,215	0.1%
International	17,116,806	15,865,505	1,251,301	0.0%
Warranty	7,493,182	5,619,887	1,873,295	0.0%
Reinsurance - Non-proportional Assumed Property	6,094,721	4,918,189	1,176,532	0.0%
Reinsurance - Non-proportional Assumed Liability	23,538,173	175,024,234	(151,486,061)	-3.3%
Reinsurance - Non-proportional Assumed Financial Lines	(527,307)	(438,591)	(88,716)	0.0%
Aggregate write-ins for other lines of business	3,435,259	2,576,445	858,814	0.0%
Totals	\$24,662,648,111	\$20,132,036,555	\$ 4,530,611,556	100.0%

ACE Fire Underwriters Insurance Company

ACE Fire is licensed to write property and casualty insurance in fifty states and the District of Columbia. Its major writings are Workers' Compensation, Other Liability – Claims Made, Commercial Multiple Peril, Other Liability – Occurrence, and Commercial Auto Liability, accounting for \$149.9 million, or 96.9% of the ACE Fire's net written premium for the year ended December 31, 2019. Due to its position as a 0.0% participant in the intercompany pooling arrangement, ACE Fire cedes all gross loss, LAE and underwriting expenses to ACE American and does not retain net premiums, ACE Fire's premium writings are summarized in the following chart:

Line of Business	Direct and Assumed Premium	Ceded Premium	Net Written Premium	Percentage of NWP Total
December 31, 2019				
Fire	\$ 405	\$ 405	\$ 0	0.0%
Allied lines	557	557	0	0.0%
Commercial multiple peril	20,589,464	20,589,464	0	0.0%
Ocean marine	20,435	20,435	0	0.0%
Inland marine	2,909,741	2,909,741	0	0.0%
Medical malpractice - occurrence	90,620	90,620	0	0.0%
Earthquake	48,341	48,341	0	0.0%
Workers' compensation	95,877,997	95,877,997	0	0.0%
Other liability - occurrence	4,093,293	4,093,293	0	0.0%
Other liability - claims-made	26,185,518	26,185,518	0	0.0%
Commercial auto liability	3,114,026	3,114,026	0	0.0%
Auto physical damage	411,856	411,856	0	0.0%
Boiler and machinery	1,374,104	1,374,104	0	0.0%
Totals	<u>\$ 154,716,357</u>	<u>\$ 154,716,357</u>	<u>\$ 0</u>	<u>0.0%</u>

ACE Property and Casualty Insurance Company

ACE P&C is licensed in all fifty states, the District of Columbia, Puerto Rico, and writes business in the Northern Mariana Islands and Guam. On a direct writings basis, ACE P&C's five most significant lines of business are Allied Lines, Other liability – occurrence, Commercial Auto Liability, Commercial multiple peril, and Inland marine which accounted for 98.2% of direct written premium and totaled \$2.4 Billion for the year ended December 31, 2019. ACE P&C's premium writings are summarized in the following chart:

Line of Business	Direct and Assumed Premium	Ceded Premium	Net Written Premium	Percentage of NWP Total
December 31, 2019				
Fire	80,398,313	46,130,445	34,267,868	0.9%
Allied lines	1,900,489,601	1,528,820,825	371,668,776	10.3%
Farmowners multiple peril	9,730,169	0	9,730,169	0.3%
Homeowners multiple peril	596,589,081	81,100,274	515,488,807	14.2%
Commercial multiple peril	429,934,096	89,565,630	340,368,466	9.4%
Mortgage guaranty	6,448	0	6,448	0.0%
Ocean marine	43,771,612	4,018,695	39,752,917	1.1%
Inland marine	\$ 231,695,712	\$ 22,758,450	\$ 208,937,262	5.8%
Financial guaranty	(199,250)	(116,297)	(82,953)	0.0%
Medical malpractice - occurrence	2,434,608	762,892	1,671,716	0.0%
Medical malpractice - claims-made	15,638,858	161,400	15,477,458	0.4%
Earthquake	27,731,052	60,983	27,670,069	0.8%
Group accident and health	115,039,616	311,888	114,727,728	3.2%
Credit accident and health	127,605	111,556	16,049	0.0%
Other accident and health	10,706,416	2,972,374	7,734,042	0.2%
Workers' compensation	484,934,007	53,165,623	431,768,384	11.9%
Other liability - occurrence	1,320,611,281	748,442,517	572,168,764	15.8%
Other liability - claims-made	477,672,750	29,122,041	448,550,709	12.4%
Excess workers' compensation	32,815,498	0	32,815,498	0.9%
Products liability - occurrence	52,054,514	17,746,531	34,307,983	0.9%
Products liability - claims-made	29,832,225	14,201	29,818,024	0.8%
Private passenger auto liability	178,036,195	83,650,697	94,385,498	2.6%
Commercial auto liability	224,794,123	90,426,581	134,367,542	3.7%
Auto physical damage	110,932,816	5,441,145	105,491,671	2.9%
Aircraft	7,670,134	279,559	7,390,575	0.2%
Fidelity	47,315,421	832,971	46,482,450	1.3%
Surety	92,160,436	8,138,149	84,022,287	2.3%
Burglary and theft	9,482,827	376,497	9,106,330	0.3%
Boiler and machinery	27,870,076	6,886,059	20,984,017	0.6%
Credit	2,936,107	409,533	2,526,574	0.1%
International	2,331,633	1,330,595	1,001,038	0.0%
Warranty	1,498,636	0	1,498,636	0.0%
Reinsurance - Non-proportional Assumed Property	7,133,477	6,192,252	941,225	0.0%
Reinsurance - Non-proportional Assumed Liability	(97,351,358)	23,837,491	(121,188,849)	-3.3%
Reinsurance - Non-proportional Assumed Financial Lines	(604,797)	(534,069)	(70,728)	0.0%
Aggregate write-ins for other lines of business	687,052	0	687,052	0.0%
Totals	\$ 6,476,906,990	\$ 2,852,417,488	\$ 3,624,489,502	100.0%

Bankers Standard Insurance Company

The Company is licensed in all fifty states and the District of Columbia. On a direct writings basis, Bankers Standard's five most significant lines of business are Homeowners multiple peril, Auto Physical Damage, Other Liability – Occurrence, Inland Marine, and Private passenger auto liability which accounted for 93.7% of direct written premium and totaled \$774.9 million for the year ended December 31, 2019. Due to its position as a 0.0% participant in the intercompany pooling arrangement, Bankers Standard cedes all gross loss, LAE and underwriting expenses to ACE American and does not retain net premiums. Bankers Standard's premium writings are summarized in the following chart:

Line of Business	Direct and Assumed Premium	Ceded Premium	Net Written Premium	Percentage of NPW Total
December 31, 2019				
Fire	\$ 8,111	\$ 8,111	\$ 0	0.0%
Allied lines	2,880,423	2,880,423	0	0.0%
Homeowners multiple peril	436,632,620	436,632,620	0	0.0%
Ocean marine	2,278	2,278	0	0.0%
Inland marine	83,349,250	83,349,250	0	0.0%
Earthquake	34,610,143	34,610,143	0	0.0%
Workers' compensation	11,134,987	11,134,987	0	0.0%
Other liability - occurrence	85,068,434	85,068,434	0	0.0%
Private passenger auto liability	79,717,317	79,717,317	0	0.0%
Commercial auto liability	838,796	838,796	0	0.0%
Auto physical damage	90,229,030	90,229,030	0	0.0%
Fidelity	16,518	16,518	0	0.0%
Burglary and theft	461,355	461,355	0	0.0%
Boiler and machinery	2,670,213	2,670,213	0	0.0%
Credit	272,840	272,840	0	0.0%
Aggregate write-ins for other lines of business	11	11	0	0.0%
Totals	<u>\$ 827,892,326</u>	<u>\$ 827,892,326</u>	<u>\$ 0</u>	<u>0.0%</u>

Chubb Group P&C Subgroup

-38-

Indemnity Insurance Company of North America

Indemnity INA operates internationally and domestically with licenses in all fifty states, the District of Columbia, and certain U.S. territories, and has a relatively small portion of business outside the U.S. Due to its position as a 0.0% participant in the intercompany pooling arrangement, Indemnity INA cedes all gross loss, LAE and underwriting expenses to ACE American and does not retain net premiums. Indemnity INA's premium writings are summarized in the following chart:

Line of Business	Direct and Assumed Premium	Ceded Premium	Net Written Premium	Percentage of NWP Total
December 31, 2019				
Fire	\$ 3,594,754	\$ 3,594,754	\$ 0	0.0%
Allied lines	117,013,305	117,013,305	0	0.0%
Farmowners multiple peril	49,747,248	49,747,248	0	0.0%
Commercial multiple peril	31,699,430	31,699,430	0	0.0%
Ocean marine	31,125,388	31,125,388	0	0.0%
Inland marine	146,378,794	146,378,794	0	0.0%
Group accident and health	1	1	0	0.0%
Other accident and health	3,305,807	3,305,807	0	0.0%
Workers' compensation	519,335,104	519,335,104	0	0.0%
Other liability - occurrence	335,646,647	335,646,647	0	0.0%
Other liability - claims-made	1,547,402	1,547,402	0	0.0%
Products liability - occurrence	223,672	223,672	0	0.0%
Commercial auto liability	7,606,140	7,606,140	0	0.0%
Auto physical damage	4,512,609	4,512,609	0	0.0%
Aircraft	317	317	0	0.0%
Fidelity	756,430	756,430	0	0.0%
Surety	20,190	20,190	0	0.0%
Boiler and machinery	471,809	471,809	0	0.0%
International	6,018	6,018	0	0.0%
Warranty	7,457,558	7,457,558	0	0.0%
Totals	<u>\$ 1,260,448,623</u>	<u>\$ 1,260,448,623</u>	<u>\$ 0</u>	<u>0.0%</u>

Insurance Company of North America

INA is licensed in all fifty states, the District of Columbia, Guam, Puerto Rico, and the Northern Mariana Islands. On a direct writing basis, INA's five most significant lines of business are Other Accident and Health, Other Liability – Occurrence, Fire, Group Accident and Health, and International which accounted for 88.4% of direct written premium and totaled \$148.1 Million for the year ended December 31, 2019. Due to its position as a 0.0% participant in the intercompany pooling arrangement, INA cedes all gross loss, LAE and underwriting expenses to ACE American and does not retain net premiums. INA's premium writings are summarized in the following chart:

Line of Business	Direct and Assumed Premium	Ceded Premium	Net Written Premium	Percentage of NWP Total
December 31, 2019				
Fire	\$ 64,433,902	\$ 64,433,902	\$ 0	0.0%
Allied lines	3,538,306	3,538,306	0	0.0%
Homeowners multiple peril	2,121,038	2,121,038	0	0.0%
Commercial multiple peril	457,480	457,480	0	0.0%
Ocean marine	6,105,195	6,105,195	0	0.0%
Inland marine	1,208,695	1,208,695	0	0.0%
Earthquake	10,585	10,585	0	0.0%
Group accident and health	21,022,228	21,022,228	0	0.0%
Other accident and health	46,393,947	46,393,947	0	0.0%
Workers' compensation	20,232,476	20,232,476	0	0.0%
Other liability - occurrence	67,213,290	67,213,290	0	0.0%
Other liability - claims-made	395,881	395,881	0	0.0%
Products liability - occurrence	7,043,126	7,043,126	0	0.0%
Private passenger auto liability	248,353	248,353	0	0.0%
Commercial auto liability	135,415	135,415	0	0.0%
Surety	53,251	53,251	0	0.0%
Boiler and machinery	66	66	0	0.0%
Credit	327,046	327,046	0	0.0%
International	16,267,140	16,267,140	0	0.0%
Totals	<u>\$ 257,207,420</u>	<u>\$ 257,207,420</u>	<u>\$ 0</u>	<u>0.0%</u>

Pacific Employers Insurance Company

Pacific Employers is licensed in all fifty states and the District of Columbia. On a direct writings basis, Pacific Employers' five most significant lines of business are Homeowners Multiple Peril, Other Liability – Occurrence, Inland Marine, Fire, and Commercial Auto Liability which accounted for 79.6% of direct written premium and totaled \$82 Million for the year ended December 31, 2019. Due to its position as a 0.0% participant in the intercompany pooling arrangement, Pacific Employers cedes all gross loss, LAE and underwriting expenses to ACE American and does not retain net premiums. Pacific Employers' premium writings are summarized in the following chart:

Line of Business	Direct and Assumed Premium	Ceded Premium	Net Written Premium	Percentage of NWP Total
December 31, 2019				
Fire	\$ 6,442,111	\$ 6,442,111	\$ 0	0.0%
Allied lines	4,083,928	4,083,928	0	0.0%
Homeowners multiple peril	46,599,010	46,599,010	0	0.0%
Commercial multiple peril	3,438,444	3,438,444	0	0.0%
Ocean marine	13,132	13,132	0	0.0%
Inland marine	10,757,219	10,757,219	0	0.0%
Medical malpractice - occurrence	38,004	38,004	0	0.0%
Earthquake	119,293	119,293	0	0.0%
Group accident and health	822	822	0	0.0%
Workers' compensation	684,844	684,844	0	0.0%
Other liability - occurrence	12,470,723	12,470,723	0	0.0%
Other liability - claims-made	1,063,413	1,063,413	0	0.0%
Products liability - occurrence	2,440,580	2,440,580	0	0.0%
Private passenger auto liability	2,545,928	2,545,928	0	0.0%
Commercial auto liability	6,085,972	6,085,972	0	0.0%
Auto physical damage	5,450,593	5,450,593	0	0.0%
Fidelity	12,331	12,331	0	0.0%
Surety	9,042	9,042	0	0.0%
Burglary and theft	99,511	99,511	0	0.0%
Boiler and machinery	1,029,439	1,029,439	0	0.0%
Totals	<u>\$ 103,384,339</u>	<u>\$ 103,384,339</u>	<u>\$ 0</u>	<u>0.0%</u>

Chubb Group P&C Subgroup

-41-

Penn Millers Insurance Company

Penn Millers is licensed in 41 states and the District of Columbia. On a direct writings basis, Penn Millers' five most significant lines of business are Fire, Other Liability – Occurrence, Commercial Auto Liability, Allied Lines, and Auto Physical Damage which accounted for 77.1% of direct written premium and totaled \$109.9 Million for the year ended December 31, 2019. Due to its position as a 0.0% participant in the intercompany pooling arrangement, Penn Millers cedes all gross loss, LAE and underwriting expenses to ACE American and does not retain net premiums. Penn Millers' premium writings are summarized in the following chart:

Line of Business	Direct and Assumed Premium	Ceded Premium	Net Written Premium	Percentage of NWP Total
December 31, 2019				
Fire	\$ 40,584,997	\$ 40,584,997	\$ 0	0.0%
Allied lines	13,514,793	13,514,793	0	0.0%
Commercial multiple peril	3,652	3,652	0	0.0%
Ocean marine	8,561	8,561	0	0.0%
Inland marine	7,935,093	7,935,093	0	0.0%
Workers' compensation	10,690,174	10,690,174	0	0.0%
Other liability - occurrence	23,455,222	23,455,222	0	0.0%
Other liability - claims-made	1,323,060	1,323,060	0	0.0%
Products liability - occurrence	9,703,269	9,703,269	0	0.0%
Commercial auto liability	21,731,956	21,731,956	0	0.0%
Auto physical damage	10,660,247	10,660,247	0	0.0%
Surety	20,080	20,080	0	0.0%
Burglary and theft	374,275	374,275	0	0.0%
Boiler and machinery	2,885,264	2,885,264	0	0.0%
Totals	<u>\$ 142,890,643</u>	<u>\$ 142,890,643</u>	<u>\$ 0</u>	<u>0.0%</u>

Westchester Fire Insurance Company

Westchester Fire is licensed in all fifty states, Guam, Puerto Rico, US Virgin Islands, Northern Mariana Islands, the District of Columbia, and several foreign countries. On a direct writings basis, Westchester Fire's five most significant lines of business are Other Liability – Occurrence, Other Liability – Claims-made, Surety, Inland Marine, and Fire which accounted for 93.8% of direct written premium and totaled \$517.1 million for the year ended December 31, 2019. Due to its position as a 0.0% participant in the intercompany pooling arrangement, Westchester Fire cedes all gross loss, LAE and underwriting expenses to ACE American and does not retain net premiums. Westchester Fire's premium writings are summarized in the following chart:

Line of Business	Direct and Assumed Premium	Ceded Premium	Net Written Premium	Percentage of NWP Total
December 31, 2019				
Fire	\$ 11,232,194	\$ 11,232,194	\$ 0	0.0%
Allied lines	10,857,716	10,857,716	0	0.0%
Inland marine	64,911,603	64,911,603	0	0.0%
Earthquake	4,080,392	4,080,392	0	0.0%
Workers' compensation	106,434	106,434	0	0.0%
Other liability - occurrence	159,649,591	159,649,591	0	0.0%
Other liability - claims-made	154,431,393	154,431,393	0	0.0%
Products liability - occurrence	5,036,218	5,036,218	0	0.0%
Products liability - claims-made	637,884	637,884	0	0.0%
Commercial auto liability	1,958,751	1,958,751	0	0.0%
Aircraft	9,487,839	9,487,839	0	0.0%
Fidelity	5,584,408	5,584,408	0	0.0%
Surety	129,549,844	129,549,844	0	0.0%
Burglary and theft	2,167,722	2,167,722	0	0.0%
Boiler and machinery	29,675	29,675	0	0.0%
Reinsurance - Non-proportional Assumed Financial Lines	957	957	0	0.0%
Totals	<u>\$ 559,722,621</u>	<u>\$ 559,722,621</u>	<u>\$ 0</u>	<u>0.0%</u>

SIGNIFICANT OPERATING RATIOS AND TRENDS

The underwriting ratios summarized below, per entity, are shown on an earned/incurred basis, and encompass the five-year period covered by this examination.

ACE American Insurance Company

	Amount	Percentage
Premiums earned	14,148,868,687	100.0 %
Losses incurred	8,279,272,154	58.5 %
Loss expenses incurred	1,783,477,363	12.6 %
Other underwriting expenses incurred	3,052,206,527	21.6 %
Net underwriting gain or (loss)	1,033,912,546	7.3 %
Totals	<u>14,148,868,687</u>	<u>100.0 %</u>

Chubb Group P&C Subgroup

-43-

ACE Fire Underwriters Insurance Company

	Amount	Percentage
Premiums earned	29,675,202	100.0 %
Losses incurred	19,199,699	64.7 %
Loss expenses incurred	3,956,779	13.3 %
Other underwriting expenses incurred	5,447,624	18.4 %
Net underwriting gain or (loss)	1,071,100	3.6 %
Totals	29,675,202	100.0 %

ACE Property and Casualty Insurance Company

	Amount	Percentage
Premiums earned	12,120,323,070	100.0 %
Losses incurred	7,141,809,452	58.8 %
Loss expenses incurred	1,533,615,530	12.7 %
Other underwriting expenses incurred	2,588,852,570	21.4 %
Net underwriting gain or (loss)	856,045,518	7.1 %
Totals	12,120,323,070	100.0 %

Bankers Standard Insurance Company

	Amount	Percentage
Premiums earned	445,128,034	100.0 %
Losses incurred	287,995,490	64.6 %
Loss expenses incurred	59,352,076	13.3 %
Other underwriting expenses incurred	81,714,361	18.3 %
Net underwriting gain or (loss)	16,066,107	3.8 %
Totals	445,128,034	100.0 %

Indemnity Insurance Company of North America

	Amount	Percentage
Premiums earned	296,752,030	100.0 %
Losses incurred	191,996,999	64.7 %
Loss expenses incurred	39,568,072	13.3 %
Other underwriting expenses incurred	54,476,234	18.4 %
Net underwriting gain or (loss)	10,710,725	3.6 %
Totals	296,752,030	100.0 %

Chubb Group P&C Subgroup

-44-

Insurance Company of North America

	Amount	Percentage
Premiums earned	741,880,080	100.0 %
Losses incurred	479,992,505	64.7 %
Loss expenses incurred	98,920,234	13.3 %
Other underwriting expenses incurred	136,190,600	18.4 %
Net underwriting gain or (loss)	26,776,741	3.6 %
Totals	741,880,080	100.0 %

Pacific Employers Insurance Company

	Amount	Percentage
Premiums earned	2,641,093,072	100.0 %
Losses incurred	1,708,773,324	64.7 %
Loss expenses incurred	352,155,856	13.3 %
Other underwriting expenses incurred	484,838,534	18.4 %
Net underwriting gain or (loss)	95,325,358	3.6 %
Totals	2,641,093,072	100.0 %

Penn Millers Insurance Company

	Amount	Percentage
Premiums earned	0	0.0 %
Losses incurred	(1,455,350)	0.0 %
Loss expenses incurred	10,011,268	0.0 %
Other underwriting expenses incurred	(15,715,021)	0.0 %
Net underwriting gain or (loss)	7,159,103	0.0 %
Totals	0	0.0 %

Westchester Fire Insurance Company

	Amount	Percentage
Premiums earned	1,069,263,451	100.0 %
Losses incurred	565,089,831	52.8 %
Loss expenses incurred	200,104,987	18.7 %
Other underwriting expenses incurred	365,513,325	34.2 %
Net underwriting gain or (loss)	(61,444,692)	(5.7)%
Totals	1,069,263,451	100.0 %

Chubb Group P&C Subgroup

-45-

The Companies reported the following net underwriting, investment, and other gains or losses during the period under examination:

ACE American Insurance Company

	2019	2018	2017	2016	2015
Admitted assets	\$ 23,962,471,676	\$ 25,135,881,115	\$ 13,605,973,247	\$ 13,035,791,582	\$ 12,073,965,444
Liabilities	\$ 18,963,131,345	\$ 19,706,440,106	\$ 11,074,166,495	\$ 10,223,425,255	\$ 9,495,147,186
Surplus as regards policyholders	\$ 4,999,340,331	\$ 5,429,441,009	\$ 2,531,806,752	\$ 2,812,366,327	\$ 2,578,818,258
Gross premium written	\$ 24,662,648,111	\$ 29,151,016,336	\$ 11,517,922,438	\$ 10,679,471,672	\$ 11,093,378,002
Net premium written	\$ 4,530,611,556	\$ 5,455,905,936	\$ 2,002,607,046	\$ 1,848,616,605	\$ 1,760,451,125
Underwriting gain/(loss)	\$ 289,233,555	\$ 546,531,308	\$ (29,463,888)	\$ 113,868,062	\$ 113,743,509
Investment gain/(loss)	\$ 467,481,925	\$ 649,879,615	\$ 590,903,697	\$ 276,184,377	\$ 305,781,876
Other gain/(loss)	\$ (48,450,252)	\$ (54,245,628)	\$ (106,984,585)	\$ (104,658,786)	\$ (91,532,774)
Net income	\$ 588,784,757	\$ 1,076,578,755	\$ 401,018,243	\$ 180,923,031	\$ 214,045,606

ACE Fire Underwriters Insurance Company

	2019	2018	2017	2016	2015
Admitted assets	\$ 103,746,487	\$ 99,201,904	\$ 119,883,232	\$ 114,294,201	\$ 109,350,860
Liabilities	\$ 21,834,801	\$ 19,060,120	\$ 41,812,381	\$ 37,415,473	\$ 34,371,579
Surplus as regards policyholders	\$ 81,911,686	\$ 80,141,784	\$ 78,070,851	\$ 76,878,728	\$ 74,979,281
Gross premium written	\$ 154,716,357	\$ 142,478,190	\$ 128,620,007	\$ 105,109,352	\$ 87,534,377
Net premium written	\$ 0	\$ (3,453,040)	\$ 10,816,276	\$ 9,996,726	\$ 9,531,755
Underwriting gain/(loss)	\$ 0	\$ 0	\$ (159,238)	\$ 615,506	\$ 614,832
Investment gain/(loss)	\$ 2,231,862	\$ 2,072,225	\$ 2,185,856	\$ 2,269,437	\$ 2,207,714
Other gain/(loss)	\$ (6,000)	\$ 512	\$ (29,502)	\$ (97,096)	\$ 19,224
Net income	\$ 1,759,848	\$ 2,032,509	\$ 1,352,995	\$ 1,947,302	\$ 1,965,170

ACE Property and Casualty Insurance Company

	2019	2018	2017	2016	2015
Admitted assets	\$ 11,986,620,581	\$ 11,390,139,095	\$ 8,693,129,945	\$ 8,192,211,568	\$ 7,748,829,574
Liabilities	\$ 8,982,146,085	\$ 8,487,775,356	\$ 6,722,809,798	\$ 6,034,628,945	\$ 5,752,933,999
Surplus as regards policyholders	\$ 3,004,474,496	\$ 2,902,363,739	\$ 1,970,320,147	\$ 2,157,582,623	\$ 1,995,895,575
Gross premium written	\$ 6,476,906,990	\$ 4,099,434,135	\$ 12,096,717,066	\$ 10,603,776,535	\$ 8,037,578,031
Net premium written	\$ 3,624,489,502	\$ 4,270,895,060	\$ 1,894,358,006	\$ 1,748,691,369	\$ 1,665,291,594
Underwriting gain/(loss)	\$ 231,385,903	\$ 437,225,050	\$ (27,872,333)	\$ 107,714,111	\$ 107,592,787
Investment gain/(loss)	\$ 434,614,592	\$ 240,618,209	\$ 236,557,186	\$ 184,495,765	\$ 159,754,060
Other gain/(loss)	\$ (30,563,318)	\$ (96,722,008)	\$ (51,031,256)	\$ (44,127,565)	\$ (67,918,534)
Net income	\$ 519,863,391	\$ 396,335,726	\$ 157,854,246	\$ 181,247,386	\$ 136,177,449

Bankers Standard Insurance Company

	2019	2018	2017	2016	2015
Admitted assets	\$ 348,023,460	\$ 392,566,346	\$ 762,894,871	\$ 636,326,525	\$ 574,207,010
Liabilities	\$ 143,336,312	\$ 192,742,433	\$ 595,115,575	\$ 470,188,843	\$ 433,908,864
Surplus as regards policyholders	\$ 204,687,148	\$ 199,823,913	\$ 167,779,296	\$ 166,137,682	\$ 153,303,473
Gross premium written	\$ 827,892,326	\$ 794,828,852	\$ 1,091,173,710	\$ 1,089,113,479	\$ 860,925,334
Net premium written	\$ 0	\$ (52,127,624)	\$ 162,373,539	\$ 149,887,830	\$ 142,739,278
Underwriting gain/(loss)	\$ 0	\$ 0	\$ (2,388,923)	\$ 9,232,593	\$ 9,222,437
Investment gain/(loss)	\$ 6,079,806	\$ 5,931,688	\$ 8,811,670	\$ 9,727,229	\$ 9,254,896
Other gain/(loss)	\$ 0	\$ 7,680	\$ (444,380)	\$ (481,390)	\$ (536,840)
Net income	\$ 5,297,647	\$ 13,067,218	\$ 4,480,491	\$ 12,905,249	\$ 12,193,471

Chubb Group P&C Subgroup

-46-

Indemnity Insurance Company of North America

	2019	2018	2017	2016	2015
Admitted assets	\$ 337,596,866	\$ 346,437,189	\$ 485,458,100	\$ 463,694,045	\$ 438,557,060
Liabilities	\$ 179,739,545	\$ 193,550,334	\$ 355,485,702	\$ 334,039,606	\$ 317,833,535
Surplus as regards policyholders	\$ 157,857,321	\$ 152,886,855	\$ 129,972,398	\$ 129,654,439	\$ 120,723,525
Gross premium written	\$ 1,260,448,623	\$ 1,280,920,721	\$ 1,163,425,964	\$ 1,050,746,929	\$ 1,094,320,557
Net premium written	\$ 0	\$ (34,530,472)	\$ 108,162,754	\$ 99,967,227	\$ 95,317,560
Underwriting gain/(loss)	\$ 0	\$ 0	\$ (1,592,636)	\$ 6,155,063	\$ 6,148,298
Investment gain/(loss)	\$ 5,006,334	\$ 4,357,216	\$ 5,187,568	\$ 7,153,406	\$ 6,398,441
Other gain/(loss)	\$ (419,410)	\$ 5,120	\$ (296,366)	\$ (321,856)	\$ (396,217)
Net income	\$ 4,721,924	\$ 6,950,706	\$ 2,125,978	\$ 9,067,158	\$ 8,747,507

Insurance Company of North America

	2019	2018	2017	2016	2015
Admitted assets	\$ 271,774,066	\$ 357,319,881	\$ 999,408,125	\$ 944,214,424	\$ 883,791,037
Liabilities	\$ 8,750,847	\$ 14,180,716	\$ 748,160,580	\$ 694,054,528	\$ 650,227,492
Surplus as regards policyholders	\$ 263,023,219	\$ 343,139,165	\$ 251,247,545	\$ 250,159,896	\$ 233,563,545
Gross premium written	\$ 257,207,420	\$ 107,051,491	\$ 597,519,395	\$ 520,408,622	\$ 522,977,273
Net premium written	\$ 0	\$ (86,879,363)	\$ 270,622,574	\$ 249,813,051	\$ 237,898,796
Underwriting gain/(loss)	\$ 0	\$ 0	\$ (3,981,658)	\$ 15,387,639	\$ 15,370,760
Investment gain/(loss)	\$ 8,138,315	\$ 9,561,333	\$ 15,083,742	\$ 15,437,656	\$ 15,213,506
Other gain/(loss)	\$ (9,322,260)	\$ (11,931,200)	\$ (4,414,600)	\$ (7,715,361)	\$ (18,971,148)
Net income	\$ (973,445)	\$ 4,683,830	\$ 5,992,279	\$ 16,492,296	\$ 8,593,082

Pacific Employers Insurance Company

	2019	2018	2017	2016	2015
Admitted assets	\$ 896,947,355	\$ 926,312,932	\$ 3,687,373,794	\$ 3,774,235,596	\$ 3,541,625,095
Liabilities	\$ 12,063,293	\$ 45,815,068	\$ 2,623,939,092	\$ 2,454,363,318	\$ 2,301,252,609
Surplus as regards policyholders	\$ 884,884,062	\$ 880,497,864	\$ 1,063,434,702	\$ 1,319,872,278	\$ 1,240,372,486
Gross premium written	\$ 103,384,339	\$ (348,804,096)	\$ 1,455,853,250	\$ 1,337,749,172	\$ 1,314,378,036
Net premium written	\$ 0	\$ (309,290,550)	\$ 963,416,358	\$ 889,334,461	\$ 846,919,725
Underwriting gain/(loss)	\$ 0	\$ 0	\$ (14,174,502)	\$ 54,780,014	\$ 54,719,846
Investment gain/(loss)	\$ 20,023,829	\$ 32,240,124	\$ 76,632,205	\$ 118,010,276	\$ 76,378,074
Other gain/(loss)	\$ (10,724,000)	\$ (53,896,432)	\$ (19,444,068)	\$ (30,923,324)	\$ (33,196,264)
Net income	\$ 10,330,829	\$ 13,528,848	\$ 36,005,865	\$ 114,623,414	\$ 69,496,126

Penn Millers Insurance Company

	2019	2018	2017	2016	2015
Admitted assets	\$ 77,008,002	\$ 72,873,827	\$ 99,756,735	\$ 91,894,813	\$ 122,372,117
Liabilities	\$ 31,289,049	\$ 28,738,523	\$ 57,521,461	\$ 50,878,700	\$ 56,002,646
Surplus as regards policyholders	\$ 45,718,953	\$ 44,135,304	\$ 42,235,274	\$ 41,016,113	\$ 66,369,471
Gross premium written	\$ 142,890,643	\$ 122,447,025	\$ 104,880,756	\$ 87,584,989	\$ 84,306,611
Net premium written	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Underwriting gain/(loss)	\$ 0	\$ 0	\$ (358,149)	\$ 3,842,185	\$ 3,675,067
Investment gain/(loss)	\$ 1,743,951	\$ 1,198,872	\$ 1,606,691	\$ 2,483,177	\$ 3,324,071
Other gain/(loss)	\$ 336,206	\$ 103,339	\$ 182,582	\$ 68,651	\$ 59,318
Net income	\$ 1,332,639	\$ 1,898,734	\$ 1,142,206	\$ 4,678,013	\$ 5,268,456

Westchester Fire Insurance Company

	2019	2018	2017	2016	2015
Admitted assets	\$ 244,570,563	\$ 338,378,117	\$ 1,655,722,983	\$ 1,764,444,470	\$ 1,797,867,225
Liabilities	\$ 100,006,065	\$ 120,980,545	\$ 973,516,177	\$ 1,061,597,827	\$ 1,066,491,932
Surplus as regards policyholders	\$ 144,564,498	\$ 217,397,572	\$ 682,206,806	\$ 702,846,643	\$ 731,375,293
Gross premium written	\$ 559,722,621	\$ 554,596,688	\$ 623,003,204	\$ 650,555,089	\$ 672,002,915
Net premium written	\$ 0	\$ (192,425,217)	\$ 339,902,075	\$ 361,801,160	\$ 374,065,541
Underwriting gain/(loss)	\$ 0	\$ 0	\$ (29,935,600)	\$ (38,420,904)	\$ 6,911,812
Investment gain/(loss)	\$ 7,645,906	\$ 7,946,225	\$ 62,572,912	\$ 43,776,477	\$ 59,294,063
Other gain/(loss)	\$ (284,828)	\$ (238,862)	\$ 27,469,383	\$ 26,981,954	\$ 5,569,596
Net income	\$ 7,381,901	\$ 31,882,062	\$ 51,293,648	\$ 22,904,527	\$ 52,994,571

PENDING LITIGATION

The Companies are subject to litigation and arbitration arising in the normal course of business. A review of the legal representation letters from the Companies' legal counsel, and outside attorneys, explaining all current litigation to which the Companies are a party indicated that the Companies are not a party to any material litigation or arbitration, and none of which will, in the opinion of management, the ultimate liability, if any, associated with the outcome of these matters have a material adverse effect on the Companies' financial condition as of the date of this report.

FINANCIAL STATEMENTS

The financial condition of the Companies, as of December 31, 2019, and the results of their operations for the five-year period under examination, are reflected in the following statements*:

Comparative Statement of Assets, Liabilities, Surplus and Other Funds;
Comparative Statement of Income;
Comparative Statement of Capital and Surplus; and
Comparative Statement of Cash Flow

*Note: Some financials shown in this report may contain immaterial differences to those reported in the Companies' filed Annual Statements due to rounding errors.

For Informational Purposes Only

Comparative Statement of Assets, Liabilities, Surplus and Other Funds As of December 31,

ACE American Insurance Company

	2019	2018	2017	2016	2015
Bonds	\$14,489,227,485	\$13,548,292,733	\$ 6,772,816,698	\$ 6,899,535,961	\$ 6,264,610,191
Common stocks	1,846,251,715	1,786,318,119	1,678,134,334	1,951,141,824	1,902,794,209
Real estate	61,941,450	72,927,597	51,993,758	52,619,809	53,774,355
Cash, cash equivalents, and short term investments	(864,409,442)	808,726,042	309,292,638	(328,501,181)	(233,194,231)
Other invested assets	225,471,310	163,997,768	271,203,358	295,284,253	392,125,103
Receivable for securities	5,398,467	24,389,646	18,285,982	63,280,675	16,827,162
Securities lending reinvested collateral assets	105,955,933	155,764,203	101,040,607	3,925,128	6,682,040
Subtotals, cash and invested assets	15,869,836,918	16,560,416,108	9,202,767,375	8,937,286,469	8,403,618,829
Investment income due and accrued	104,947,202	117,630,003	63,450,207	68,261,607	54,679,090
Premiums and agents' balances due	1,624,568,551	1,391,090,348	743,434,544	693,845,680	632,843,800
Amounts recoverable from reinsurers	2,971,212,871	3,505,747,952	1,052,823,436	854,387,807	863,109,185
Funds held by or deposited with reinsured companies	16,748,503	15,774,315	15,097,063	14,161,652	13,369,802
Amounts receivable relating to uninsured plans	72,402,010	66,389,853	73,896,221	81,960,933	82,016,863
Net deferred tax asset	179,449,274	168,261,137	129,866,524	184,892,709	155,618,482
Electronic data processing equipment and software	18,193,229	21,522,865	17,443,260	14,971,411	12,298,067
Receivable from parent, subsidiaries and affiliates	1,956,899,507	1,824,310,941	910,053,291	769,969,942	719,168,666
Aggregate write-ins for other than invested assets	1,148,213,611	1,464,737,593	1,397,141,326	1,416,053,372	1,137,242,660
Total	\$23,962,471,676	\$25,135,881,115	\$13,605,973,247	\$13,035,791,582	\$12,073,965,444
Losses	\$ 5,263,065,165	\$ 5,074,000,357	\$ 3,023,195,281	\$ 2,808,944,884	\$ 2,619,484,747
Reinsurance payable on paid loss and loss adjustment expenses	2,539,080,186	3,037,902,180	668,758,109	474,933,451	454,549,314
Loss adjustment expenses	1,560,626,184	1,449,481,385	590,405,339	566,550,945	551,818,326
Commissions payable, contingent commissions and other similar charges	46,738,822	50,260,755	13,653,967	4,211,937	2,969,147
Taxes, licenses and fees	30,799,688	23,030,938	19,998,092	21,917,068	22,864,624
Current federal and foreign income taxes	9,308,985	22,118,773	8,773,813	3,864,141	34,670,975
Borrowed money and interest thereon	707,299,223	467,061,907	497,670,613	547,682,357	371,192,473
Unearned premiums	2,014,727,076	1,914,189,686	666,175,970	630,200,696	597,796,195
Advance premium	47,119,766	60,119,320	21,480,817	0	0
Dividends declared and unpaid:					
Policyholders'	25,130,645	26,166,453	0	0	0
Ceded reinsurance premiums payable (net of ceding commissions)	466,588,090	514,992,631	475,069,591	462,317,689	421,875,374
Funds held by company under reinsurance treaties	248,480,465	272,251,701	95,797,706	106,929,317	118,532,372
Amounts withheld or retained by company for account of others	2,523,797,906	2,788,202,979	2,575,387,848	2,537,767,852	2,452,253,356
Remittances and items not allocated	45,886,683	10,413,802	13,501,408	12,909,572	(18,749,740)
Provision for reinsurance	276,636,000	309,379,000	42,244,104	47,416,400	18,972,741
Drafts outstanding	211,619,178	254,277,733	211,756,313	144,553,394	162,974,628
Payable to parent, subsidiaries and affiliates	1,849,038,344	2,252,761,532	1,000,769,459	922,658,098	865,792,017
Payable for securities	52,599,270	79,099,642	45,010,255	62,993,137	20,700,034
Payable for securities lending	105,955,933	155,764,203	101,040,607	3,925,128	6,682,040
Aggregate write-ins for liabilities	938,633,736	944,965,129	1,003,477,203	863,649,189	790,768,563
Total liabilities	18,963,131,345	19,706,440,106	11,074,166,495	10,223,425,255	9,495,147,186
Aggregate write-ins for special surplus funds	119,974,535	123,776,425	0	0	1,517,000
Common capital stock	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Gross paid in and contributed surplus	4,123,742,393	4,123,742,393	1,180,990,699	1,180,990,699	1,166,891,170
Unassigned funds (surplus)	750,623,403	1,176,922,191	1,345,816,053	1,626,375,628	1,405,410,088
Surplus as regards policyholders	4,999,340,331	5,429,441,009	2,531,806,752	2,812,366,327	2,578,818,258
Totals	\$23,962,471,676	\$25,135,881,115	\$13,605,973,247	\$13,035,791,582	\$12,073,965,444

Comparative Statement of Income For the Year Ended December 31,

ACE American Insurance Company

Underwriting Income	2019	2018	2017	2016	2015
Premiums earned	\$ 4,430,929,584	\$ 4,228,026,495	\$ 1,972,891,149	\$ 1,820,549,661	\$ 1,696,471,798
Deductions:					
Losses incurred	2,506,004,006	2,221,323,547	1,398,868,819	1,141,091,944	1,011,983,838
Loss expenses incurred	595,701,796	455,765,264	256,737,380	251,874,424	223,398,499
Other underwriting expenses incurred	1,039,990,227	1,004,406,376	346,748,741	313,715,231	347,345,952
Total underwriting deductions	<u>4,141,696,029</u>	<u>3,681,495,187</u>	<u>2,002,355,040</u>	<u>1,706,681,599</u>	<u>1,582,728,289</u>
Net underwriting gain or (loss)	<u>289,233,555</u>	<u>546,531,308</u>	<u>(29,463,888)</u>	<u>113,868,062</u>	<u>113,743,509</u>
Investment Income					
Net investment income earned	463,944,266	733,931,049	609,410,335	286,992,131	323,665,233
Net realized capital gains or (losses)	3,537,659	(84,051,434)	(18,506,638)	(10,807,754)	(17,883,357)
Net investment gain or (loss)	<u>467,481,925</u>	<u>649,879,615</u>	<u>590,903,697</u>	<u>276,184,377</u>	<u>305,781,876</u>
Other Income					
Net gain or (loss) from agents' or premium balances charged off	0	0	(3,195)	(1,984)	462
Aggregate write-ins for miscellaneous income	(48,450,252)	(54,245,628)	(106,981,390)	(104,656,802)	(91,533,236)
Total other income	<u>(48,450,252)</u>	<u>(54,245,628)</u>	<u>(106,984,585)</u>	<u>(104,658,786)</u>	<u>(91,532,774)</u>
Net income before dividends to policyholders and before federal and foreign income taxes	708,265,228	1,142,165,295	454,455,224	285,393,653	327,992,611
Dividends to policyholders	11,459,542	11,976,841	0	0	0
Federal and foreign income taxes incurred	108,020,929	53,609,699	53,436,981	104,470,622	113,947,005
Net income	<u>\$ 588,784,757</u>	<u>\$ 1,076,578,755</u>	<u>\$ 401,018,243</u>	<u>\$ 180,923,031</u>	<u>\$ 214,045,606</u>

For Informational Purposes Only

**Comparative Statement of Capital and Surplus
For the Year Ended December 31,**

ACE American Insurance Company

	2019	2018	2017	2016	2015
Surplus as regards policyholders,					
December 31, previous year	\$ 5,429,441,009	\$ 2,531,806,752	\$ 2,812,366,327	\$ 2,578,818,258	\$ 2,992,907,211
Net income	588,784,757	1,076,578,755	401,018,243	180,923,031	214,045,606
Net unrealized capital gains or (losses)	56,843,743	(338,626,342)	(278,585,168)	57,985,363	(85,318,753)
Change in net unrealized foreign exchange capital gain or (loss)	9,600,099	17,589,785	8,643,947	(1,904,603)	(3,614,101)
Change in net deferred income tax	26,503,377	6,235,044	(160,243,146)	43,875,744	161,361,994
Change in nonadmitted assets	(39,811,959)	(86,703,913)	19,641,401	(32,987,336)	(426,485,165)
Change in provision for reinsurance	32,743,000	(267,134,896)	5,172,296	(28,443,659)	8,469,259
Surplus adjustments:					
Paid in	0	2,942,751,694	0	14,099,529	19,121,200
Dividends to stockholders	(1,100,000,000)	(450,000,000)	(280,000,000)	0	(299,000,000)
Aggregate write-ins for gains and losses in surplus	(4,763,695)	(3,055,870)	3,792,852	0	(2,668,993)
Change in surplus as regards policyholder for the year	<u>(430,100,678)</u>	<u>2,897,634,257</u>	<u>(280,559,575)</u>	<u>233,548,069</u>	<u>(414,088,953)</u>
Surplus as regards policyholders,					
December 31, current year	<u>\$ 4,999,340,331</u>	<u>\$ 5,429,441,009</u>	<u>\$ 2,531,806,752</u>	<u>\$ 2,812,366,327</u>	<u>\$ 2,578,818,258</u>

For Informational Purposes Only

Comparative Statement of Cash Flow For the Year Ended December 31,

ACE American Insurance Company

	2019	2018	2017	2016	2015
Cash from Operations					
Premiums collected net of reinsurance	\$ 4,236,567,411	\$ 4,909,348,807	\$ 1,989,782,060	\$ 1,830,575,012	\$ 1,724,645,233
Net investment income	552,848,323	780,715,854	649,177,887	304,994,896	373,389,495
Miscellaneous income	(29,934,572)	(36,847,159)	(78,337,035)	(72,914,777)	(10,545,469)
Total income	4,759,481,162	5,653,217,502	2,560,622,912	2,062,655,131	2,087,489,259
Benefit and loss related payments	2,282,200,299	254,976,168	1,205,800,113	940,402,932	836,968,679
Commissions, expenses paid and aggregate write-ins for deductions	1,531,466,349	556,707,351	565,038,623	550,936,393	535,034,776
Dividends to policyholders	12,495,350	(14,189,612)	0	0	0
Federal and foreign income taxes paid (recovered)	130,139,731	35,224,956	54,980,852	121,106,647	44,929,081
Total deductions	3,956,301,729	832,718,863	1,825,819,588	1,612,445,972	1,416,932,536
Net cash from operations	803,179,433	4,820,498,639	734,803,324	450,209,159	670,556,723
Cash from Investments					
Proceeds from investments sold, matured or repaid:					
Bonds	3,603,276,856	12,197,444,107	3,094,576,121	2,341,081,865	2,115,851,664
Stocks	780,892,428	100,793,993	77,145,158	75,908,353	82,396,683
Real estate	4,402,859	0	0	0	0
Other invested assets	199,875,741	374,730,870	363,372,384	494,427,444	309,937,805
Net gain or (loss) on cash and short-term investments	3,375	(865,750)	(97,342)	(34,552)	(1,563)
Miscellaneous proceeds	18,991,179	34,089,387	44,994,693	42,293,103	0
Total investment proceeds	4,607,442,438	12,706,192,607	3,579,991,014	2,953,676,213	2,508,184,589
Cost of investments acquired (long-term only):					
Bonds	4,567,765,240	19,188,393,142	3,005,411,095	2,996,057,204	2,349,099,356
Stocks	797,459,859	217,838,368	91,145,809	81,139,836	96,683,686
Real estate	12,397,030	23,496,856	1,550,943	1,006,848	728,783
Other invested assets	266,429,943	263,026,949	338,454,735	374,946,331	318,275,439
Miscellaneous applications	26,500,372	6,103,664	17,982,882	46,425,957	3,293,099
Total investments acquired	5,670,552,444	19,698,858,979	3,454,545,464	3,499,576,176	2,768,080,363
Net cash from investments	(1,063,110,006)	(6,992,666,372)	125,445,550	(545,899,963)	(259,895,774)
Cash from Financing and Miscellaneous Services					
Other cash provided (applied):					
Capital and paid in surplus, less treasury stock	0	2,645,000,000	0	0	0
Borrowed funds received or (repaid)	239,228,894	(33,277,020)	(50,870,751)	177,124,155	(704,179)
Dividends to stockholders paid	1,100,000,000	450,000,000	280,000,000	0	299,000,000
Other cash provided or (applied)	(552,433,805)	509,878,157	108,415,696	(176,740,301)	(612,389,821)
Net cash from financing and miscellaneous sources	(1,413,204,911)	2,671,601,137	(222,455,055)	383,854	(912,094,000)
Reconciliation of cash and short-term investments:					
Net change in cash and short-term investments	(1,673,135,484)	499,433,404	637,793,819	(95,306,950)	(501,433,051)
Cash and short-term investments:					
Beginning of the year	808,726,042	309,292,638	(328,501,181)	(233,194,231)	268,238,820
End of the year	\$ (864,409,442)	\$ 808,726,042	\$ 309,292,638	\$ (328,501,181)	\$ (233,194,231)

**Comparative Statement of Assets, Liabilities, Surplus and Other Funds
As of December 31,**

ACE Fire Underwriters Insurance Company

	2019	2018	2017	2016	2015
Bonds	\$ 65,988,048	\$ 66,517,208	\$ 89,462,044	\$ 91,616,146	\$ 91,596,460
Common stocks	0	0	1	1	6
Cash, cash equivalents, and short term investments	15,823,745	13,325,813	9,034,724	4,821,933	1,339,931
Receivable for securities	0	4,375	30,587	26,451	29,298
Securities lending reinvested collateral assets	110,511	0	735,526	1,276,781	1,492,545
Subtotals, cash and invested assets	81,922,304	79,847,396	99,262,882	97,741,312	94,458,240
Investment income due and accrued	413,351	424,915	574,545	578,317	600,233
Premiums and agents' balances due	0	490,841	4,935,216	3,389,836	3,079,425
Amounts recoverable from reinsurers	21,410,832	18,437,444	14,857,973	12,144,348	10,803,968
Net deferred tax asset	0	0	246,711	415,698	401,085
Receivable from parent, subsidiaries and affiliates	0	1,308	5,905	24,690	7,909
Total	\$ 103,746,487	\$ 99,201,904	\$ 119,883,232	\$ 114,294,201	\$ 109,350,860
Losses	\$ 0	\$ 0	\$ 16,341,596	\$ 15,183,486	\$ 14,159,377
Reinsurance payable on paid loss and loss adjustment expenses	0	0	2,906,602	2,316,801	2,266,511
Loss adjustment expenses	0	0	3,191,385	3,062,463	2,982,821
Commissions payable, contingent commissions and other similar charges	0	0	73,805	22,767	16,050
Taxes, licenses and fees	0	0	108,098	118,470	123,595
Current federal and foreign income taxes	226,718	132,640	144,992	292,002	341,888
Net deferred tax liability	46,149	58,228	0	0	0
Unearned premiums	0	0	3,600,948	3,406,488	3,231,329
Ceded reinsurance premiums payable (net of ceding commissions)	0	490,841	3,565,678	2,138,338	1,939,057
Funds held by company under reinsurance treaties	0	0	517,020	577,310	640,066
Payable to parent, subsidiaries and affiliates	21,429,044	18,349,317	9,990,908	8,028,812	7,178,296
Payable for securities	0	0	635,311	991,755	0
Payable for securities lending	110,511	0	735,526	1,276,781	1,492,545
Aggregate write-ins for liabilities	22,379	29,094	512	0	44
Total liabilities	21,834,801	19,060,120	41,812,381	37,415,473	34,371,579
Common capital stock	4,250,000	4,250,000	4,250,000	4,250,000	4,250,000
Gross paid in and contributed surplus	8,529,527	8,529,527	8,529,527	8,529,527	8,529,527
Unassigned funds (surplus)	69,132,159	67,362,257	65,291,324	64,099,201	62,199,754
Surplus as regards policyholders	81,911,686	80,141,784	78,070,851	76,878,728	74,979,281
Totals	\$ 103,746,487	\$ 99,201,904	\$ 119,883,232	\$ 114,294,201	\$ 109,350,860

For Informational Purposes Only

Comparative Statement of Income For the Year Ended December 31,

ACE Fire Underwriters Insurance Company

	2019	2018	2017	2016	2015
Underwriting Income					
Premiums earned	\$ 0	\$ 0	\$ 10,664,277	\$ 9,840,807	\$ 9,170,118
Deductions:					
Losses incurred	0	0	7,561,454	6,168,063	5,470,182
Loss expenses incurred	0	0	1,387,743	1,361,477	1,207,559
Other underwriting expenses incurred	0	0	1,874,318	1,695,761	1,877,545
Total underwriting deductions	0	0	10,823,515	9,225,301	8,555,286
Net underwriting gain or (loss)	0	0	(159,238)	615,506	614,832
Investment Income					
Net investment income earned	2,237,721	2,157,820	2,350,649	2,294,695	2,215,791
Net realized capital gains or (losses)	(5,859)	(85,595)	(164,793)	(25,258)	(8,077)
Net investment gain or (loss)	2,231,862	2,072,225	2,185,856	2,269,437	2,207,714
Other Income					
Aggregate write-ins for miscellaneous income	(6,000)	512	(29,502)	(97,096)	19,224
Total other income	(6,000)	512	(29,502)	(97,096)	19,224
Net income before dividends to policyholders and before federal and foreign income taxes	2,225,862	2,072,737	1,997,116	2,787,847	2,841,770
Federal and foreign income taxes incurred	466,014	40,228	644,121	840,545	876,600
Net income	\$ 1,759,848	\$ 2,032,509	\$ 1,352,995	\$ 1,947,302	\$ 1,965,170

For Informational Purposes Only

**Comparative Statement of Capital and Surplus
For the Year Ended December 31,**

ACE Fire Underwriters Insurance Company

	2019	2018	2017	2016	2015
Surplus as regards policyholders, December 31, previous year	\$ 80,141,784	\$ 78,070,851	\$ 76,878,728	\$ 74,979,281	\$ 73,024,971
Net income	1,759,848	2,032,509	1,352,995	1,947,302	1,965,170
Net unrealized capital gains or (losses)	(533)	0	(3)	(16)	90
Change in net unrealized foreign exchange capital gain or (loss)	(56)	(7,361)	(2,126)	(545)	(726)
Change in net deferred income tax	332,693	(471,473)	(322,597)	4,672	(707)
Change in nonadmitted assets	(322,050)	517,258	163,854	(51,966)	4,910
Aggregate write-ins for gains and losses in surplus	0	0	0	0	(14,427)
Change in surplus as regards policyholder for the year	1,769,902	2,070,933	1,192,123	1,899,447	1,954,310
Surplus as regards policyholders, December 31, current year	\$ 81,911,686	\$ 80,141,784	\$ 78,070,851	\$ 76,878,728	\$ 74,979,281

For Informational Purposes Only

Comparative Statement of Cash Flow For the Year Ended December 31,

ACE Fire Underwriters Insurance Company

	2019	2018	2017	2016	2015
Cash from Operations					
Premiums collected net of reinsurance	\$ 0	\$ (2,178,654)	\$ 10,720,545	\$ 9,895,000	\$ 9,322,406
Net investment income	2,696,713	2,859,531	3,118,099	3,231,619	3,239,054
Miscellaneous income	0	0	0	0	0
Total income	2,696,713	680,877	13,838,644	13,126,619	12,561,460
Benefit and loss related payments	2,979,388	22,838,550	8,611,684	6,590,268	8,816,962
Commissions, expenses paid and aggregate write-ins for deductions	0	3,374,258	3,097,247	2,978,626	2,949,538
Federal and foreign income taxes paid (recovered)	371,936	52,580	754,225	888,431	774,364
Total deductions	3,351,324	26,265,388	12,463,156	10,457,325	12,540,864
Net cash from operations	(654,611)	(25,584,511)	1,375,488	2,669,294	20,596
Cash from Investments					
Proceeds from investments sold, matured or repaid:					
Bonds	10,581,449	44,124,919	19,289,382	18,626,944	8,691,987
Stocks	0	9	0	0	0
Net gain or (loss) on cash and short-term investments	0	0	0	287	0
Miscellaneous proceeds	4,375	26,212	0	994,602	0
Total investment proceeds	10,585,824	44,151,140	19,289,382	19,621,833	8,691,987
Cost of investments acquired (long-term only):					
Bonds	10,506,251	21,817,767	18,101,130	19,589,205	16,000,229
Miscellaneous applications	110,511	635,311	360,580	0	11,752
Total investments acquired	10,616,762	22,453,078	18,461,710	19,589,205	16,011,981
Net cash from investments	(30,938)	21,698,062	827,672	32,628	(7,319,994)
Cash from Financing and Miscellaneous Services					
Other cash provided (applied):					
Other cash provided or (applied)	3,183,481	8,177,538	2,009,631	780,080	5,375,007
Net cash from financing and miscellaneous sources	3,183,481	8,177,538	2,009,631	780,080	5,375,007
Reconciliation of cash and short-term investments:					
Net change in cash and short-term investments	2,497,932	4,291,089	4,212,791	3,482,002	(1,924,391)
Cash and short-term investments:					
Beginning of the year	13,325,813	9,034,724	4,821,933	1,339,931	3,264,322
End of the year	\$ 15,823,745	\$ 13,325,813	\$ 9,034,724	\$ 4,821,933	\$ 1,339,931

Comparative Statement of Assets, Liabilities, Surplus and Other Funds As of December 31,

ACE Property and Casualty Insurance Company

	2019	2018	2017	2016	2015
Bonds	\$ 9,393,458,686	\$ 8,380,528,368	\$ 5,587,758,963	\$ 5,132,050,110	\$ 4,846,583,873
Common stocks	183,878,711	179,838,424	176,694,073	201,829,844	197,709,782
Cash, cash equivalents, and short term investments	525,628	249,820,734	23,521,504	540,715,190	556,756,499
Other invested assets	78,955,077	372,771,943	318,973,265	219,373,166	287,727,179
Receivable for securities	4,584,236	2,717,752	48,586,140	16,977,906	10,714,553
Securities lending reinvested collateral assets	69,089,020	87,925,566	52,510,644	20,281,436	41,057,319
Subtotals, cash and invested assets	9,730,491,358	9,273,602,787	6,208,044,589	6,131,227,652	5,940,549,205
Investment income due and accrued	79,652,352	77,329,555	50,074,997	49,695,128	44,043,721
Premiums and agents' balances due	1,188,964,170	1,002,581,653	1,023,349,037	905,855,733	564,951,306
Amounts recoverable from reinsurers	297,966,329	293,444,853	1,255,341,473	865,973,627	1,060,925,500
Funds held by or deposited with reinsured companies	40,550,056	40,407,204	46,194,299	51,620,753	58,542,317
Current federal and foreign income tax recoverable and interest thereon	0	0	42,370,060	0	0
Net deferred tax asset	101,882,405	99,095,586	43,130,793	72,789,682	70,461,082
Receivable from parent, subsidiaries and affiliates	540,347,789	587,125,613	10,225,960	106,241,124	1,438,115
Aggregate write-ins for other than invested assets	6,766,122	16,551,844	14,398,737	8,807,869	7,918,328
Total	\$ 11,986,620,581	\$ 11,390,139,095	\$ 8,693,129,945	\$ 8,192,211,568	\$ 7,748,829,574
Losses	\$ 4,210,452,132	\$ 4,059,200,290	\$ 2,859,779,318	\$ 2,657,110,023	\$ 2,477,890,978
Reinsurance payable on paid loss and loss adjustment expenses	615,016,639	620,463,714	1,197,017,539	785,645,869	967,261,592
Loss adjustment expenses	1,248,500,948	1,159,585,097	558,491,587	535,929,775	521,994,983
Commissions payable, contingent commissions and other similar charges	37,391,063	40,208,608	12,915,917	3,984,267	2,808,654
Taxes, licenses and fees	24,639,758	18,424,753	18,917,115	20,732,362	21,629,061
Current federal and foreign income taxes	18,482,271	29,196,186	0	21,579,672	23,624,085
Borrowed money and interest thereon	734,193,295	482,884,500	478,996,435	476,178,203	485,387,363
Unearned premiums	1,611,781,666	1,531,351,753	630,166,436	596,135,775	565,482,877
Dividends declared and unpaid:					
Policyholders'	20,104,516	20,933,162	0	0	0
Ceded reinsurance premiums payable (net of ceding commissions)	262,579,800	301,703,476	633,679,503	686,842,773	365,386,593
Funds held by company under reinsurance treaties	0	0	118,731,355	129,255,114	142,036,046
Remittances and items not allocated	6,831,717	453,845	0	0	(15,001,741)
Provision for reinsurance	0	0	32,783,002	0	0
Payable to parent, subsidiaries and affiliates	66,063,668	66,579,791	58,759,521	65,995,480	138,869,012
Payable for securities	11,937,118	31,755,594	57,483,263	26,862,616	2,154,981
Payable for securities lending	69,089,020	87,925,566	52,510,644	20,281,436	41,057,319
Aggregate write-ins for liabilities	45,082,474	37,109,021	12,578,163	8,095,580	12,352,196
Total liabilities	8,982,146,085	8,487,775,356	6,722,809,798	6,034,628,945	5,752,933,999
Common capital stock	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Gross paid in and contributed surplus	1,261,674,995	1,261,674,995	486,674,995	486,674,995	486,674,995
Unassigned funds (surplus)	1,732,799,501	1,630,688,744	1,473,645,152	1,660,907,628	1,499,220,580
Surplus as regards policyholders	3,004,474,496	2,902,363,739	1,970,320,147	2,157,582,623	1,995,895,575
Totals	\$ 11,986,620,581	\$ 11,390,139,095	\$ 8,693,129,945	\$ 8,192,211,568	\$ 7,748,829,574

Comparative Statement of Income For the Year Ended December 31,

ACE Property and Casualty Insurance Company

Underwriting Income	2019	2018	2017	2016	2015
Premiums earned	\$ 3,544,743,773	\$ 3,382,421,200	\$ 1,866,248,388	\$ 1,722,141,563	\$ 1,604,768,146
Deductions:					
Losses incurred	2,004,802,795	1,777,058,837	1,323,254,381	1,079,411,431	957,282,008
Loss expenses incurred	476,561,474	364,612,210	242,860,781	238,258,209	211,322,856
Other underwriting expenses incurred	831,993,601	803,525,101	328,005,558	296,757,812	328,570,495
Total underwriting deductions	<u>3,313,357,870</u>	<u>2,945,196,148</u>	<u>1,894,120,720</u>	<u>1,614,427,452</u>	<u>1,497,175,359</u>
Net underwriting gain or (loss)	<u>231,385,903</u>	<u>437,225,050</u>	<u>(27,872,333)</u>	<u>107,714,111</u>	<u>107,592,787</u>
Investment Income					
Net investment income earned	434,641,459	281,695,427	257,590,983	209,933,153	182,164,407
Net realized capital gains or (losses)	(26,867)	(41,077,218)	(21,033,797)	(25,437,388)	(22,410,347)
Net investment gain or (loss)	<u>434,614,592</u>	<u>240,618,209</u>	<u>236,557,186</u>	<u>184,495,765</u>	<u>159,754,060</u>
Other Income					
Net gain or (loss) from agents' or premium balances charged off	0	(389)	0	0	0
Aggregate write-ins for miscellaneous income	(30,563,318)	(96,721,619)	(51,031,256)	(44,127,565)	(67,918,534)
Total other income	<u>(30,563,318)</u>	<u>(96,722,008)</u>	<u>(51,031,256)</u>	<u>(44,127,565)</u>	<u>(67,918,534)</u>
Net income before dividends to policyholders and before federal and foreign income taxes	635,437,177	581,121,251	157,653,598	248,082,311	199,428,313
Dividends to policyholders	9,167,634	9,581,474	0	0	0
Federal and foreign income taxes incurred	106,406,152	175,204,051	(200,648)	66,834,925	63,250,864
Net income	<u>\$ 519,863,391</u>	<u>\$ 396,335,726</u>	<u>\$ 157,854,246</u>	<u>\$ 181,247,386</u>	<u>\$ 136,177,449</u>

For Informational Purposes Only

**Comparative Statement of Capital and Surplus
For the Year Ended December 31,**

ACE Property and Casualty Insurance Company

	2019	2018	2017	2016	2015
Surplus as regards policyholders,					
December 31, previous year	\$ 2,902,363,739	\$ 1,970,320,147	\$ 2,157,582,623	\$ 1,995,895,575	\$ 2,064,425,570
Net income	519,863,391	396,335,726	157,854,246	181,247,386	136,177,449
Net unrealized capital gains or (losses)	(20,230,242)	(32,820,152)	(38,012,731)	(11,886,699)	2,966,603
Change in net unrealized foreign exchange capital gain or (loss)	(5,986,177)	(19,217,077)	(241,306)	1,133,561	787,596
Change in net deferred income tax	(12,390,293)	56,344,188	(88,799,346)	(4,584,036)	8,268,059
Change in nonadmitted assets	(4,145,922)	23,617,905	29,719,663	(4,223,164)	(9,204,979)
Change in provision for reinsurance	0	32,783,000	(32,783,002)	0	0
Surplus adjustments:					
Paid in	0	775,000,000	0	0	0
Dividends to stockholders	(375,000,000)	(300,000,000)	(215,000,000)	0	(205,000,000)
Aggregate write-ins for gains and losses in surplus	0	0	0	0	(2,524,723)
Change in surplus as regards policyholder for the year	102,110,757	932,043,592	(187,262,476)	161,687,048	(68,529,995)
Surplus as regards policyholders,					
December 31, current year	\$ 3,004,474,496	\$ 2,902,363,739	\$ 1,970,320,147	\$ 2,157,582,623	\$ 1,995,895,575

For Informational Purposes Only

Comparative Statement of Cash Flow For the Year Ended December 31,

ACE Property and Casualty Insurance Company

	2019	2018	2017	2016	2015
Cash from Operations					
Premiums collected net of reinsurance	\$ 3,399,624,716	\$ 3,975,721,535	\$ 1,726,057,302	\$ 1,731,503,525	\$ 1,631,348,088
Net investment income	471,477,879	300,159,064	305,602,686	247,062,913	222,546,674
Miscellaneous income	1,032,682	1,000,392	(4,424,337)	1,215,435	(740,634)
Total income	3,872,135,277	4,276,880,991	2,027,235,651	1,979,781,873	1,853,154,128
Benefit and loss related payments	1,896,232,865	285,595,088	1,148,981,309	935,828,906	945,693,219
Commissions, expenses paid and aggregate write-ins for deductions	1,216,140,045	539,982,472	541,974,624	521,261,176	516,165,924
Dividends to policyholders	9,996,280	(11,351,688)	0	0	0
Federal and foreign income taxes paid (recovered)	118,603,157	106,190,023	70,876,320	74,561,878	43,837,356
Total deductions	3,240,972,347	920,415,895	1,761,832,253	1,531,651,960	1,505,696,499
Net cash from operations	631,162,930	3,356,465,096	265,403,398	448,129,913	347,457,629
Cash from Investments					
Proceeds from investments sold, matured or repaid:					
Bonds	1,769,128,349	3,026,068,562	1,789,637,861	1,183,095,641	1,088,586,995
Stocks	0	340	0	802,671	0
Other invested assets	207,275,470	21,686,777	13,895,258	30,028,480	45,287,584
Net gain or (loss) on cash and short-term investments	739	(75,882)	(20,185)	34,230	22
Miscellaneous proceeds	0	45,868,388	30,620,647	24,707,635	16,069,663
Total investment proceeds	1,976,404,558	3,093,548,185	1,834,133,581	1,238,668,657	1,149,944,264
Cost of investments acquired (long-term only):					
Bonds	2,756,852,619	5,968,683,510	2,298,316,754	1,507,013,032	1,354,118,075
Stocks	0	0	0	659,164	0
Other invested assets	5,832,149	54,000,000	157,751,000	11,181,192	24,973,783
Miscellaneous applications	21,684,960	25,727,669	31,608,234	6,229,614	5,554,818
Total investments acquired	2,784,369,728	6,048,411,179	2,487,675,988	1,525,083,002	1,384,646,676
Net cash from investments	(807,965,170)	(2,954,862,994)	(653,542,407)	(286,414,345)	(234,702,412)
Cash from Financing and Miscellaneous Services					
Other cash provided (applied):					
Capital and paid in surplus, less treasury stock	0	775,000,000	0	0	0
Borrowed funds received or (repaid)	250,000,000	2,237,000	0	(8,339,000)	759
Dividends to stockholders paid	375,000,000	300,000,000	215,000,000	0	205,000,000
Other cash provided or (applied)	52,507,134	(652,539,872)	85,945,323	(169,417,877)	130,463,845
Net cash from financing and miscellaneous sources	(72,492,866)	(175,302,872)	(129,054,677)	(177,756,877)	(74,535,396)
Reconciliation of cash and short-term investments:					
Net change in cash and short-term investments	(249,295,106)	226,299,230	(517,193,686)	(16,041,309)	38,219,821
Cash and short-term investments:					
Beginning of the year	249,820,734	23,521,504	540,715,190	556,756,499	518,536,678
End of the year	\$ 525,628	\$ 249,820,734	\$ 23,521,504	\$ 540,715,190	\$ 556,756,499

Comparative Statement of Assets, Liabilities, Surplus and Other Funds As of December 31,

Bankers Standard Insurance Company

	2019	2018	2017	2016	2015
Bonds	\$ 158,697,002	\$ 164,079,894	\$ 359,388,823	\$ 375,460,796	\$ 325,451,953
Common stocks	0	0	0	1	1
Cash, cash equivalents, and short term investments	39,974,172	26,649,510	119,150,208	71,149,259	101,547,572
Receivable for securities	0	138,500	188,935	203,739	128,640
Securities lending reinvested collateral assets	480,723	2,070,588	701,430	2,999,149	2,346,174
Subtotals, cash and invested assets	199,151,897	192,938,492	479,429,396	449,812,944	429,474,340
Investment income due and accrued	1,030,641	1,136,284	2,307,522	2,264,893	2,113,295
Premiums and agents' balances due	30,425	0	55,168,228	52,737,341	48,446,652
Amounts recoverable from reinsurers	146,315,369	192,079,196	220,126,585	124,060,691	88,010,161
Current federal and foreign income tax recoverable and interest thereon	1,485,467	6,392,767	2,067,287	0	0
Net deferred tax asset	0	0	3,708,626	6,246,146	6,043,930
Receivable from parent, subsidiaries and affiliates	9,661	19,607	87,227	1,204,510	118,633
Total	\$ 348,023,460	\$ 392,566,346	\$ 762,894,871	\$ 636,326,525	\$ 574,207,011
Losses	\$ 0	\$ 0	\$ 245,123,941	\$ 227,752,288	\$ 212,390,656
Reinsurance payable on paid loss and loss adjustment expenses	0	0	43,599,021	34,752,019	33,997,661
Loss adjustment expenses	0	0	47,870,706	45,936,608	44,742,064
Commissions payable, contingent commissions and other similar charges	0	0	1,107,079	341,509	240,742
Taxes, licenses and fees	0	0	1,621,467	1,777,060	1,853,923
Current federal and foreign income taxes	0	0	0	2,177,068	2,490,226
Net deferred tax liability	647,081	224,074	0	0	0
Unearned premiums	0	0	54,014,267	51,097,354	48,469,963
Ceded reinsurance premiums payable (net of ceding commissions)	30,425	0	34,625,127	33,964,804	31,341,110
Funds held by company under reinsurance treaties	0	0	7,767,283	8,669,916	9,610,767
Amounts withheld or retained by company for account of others	0	0	3,448	0	0
Payable to parent, subsidiaries and affiliates	142,105,886	189,347,275	146,269,013	59,729,313	33,419,593
Payable for securities	0	1,026,713	12,405,114	991,755	0
Payable for securities lending	480,723	2,070,588	701,429	2,999,149	2,346,173
Aggregate write-ins for liabilities	72,197	73,783	7,680	0	660
Total liabilities	143,336,312	192,742,433	595,115,575	470,188,843	420,903,538
Common capital stock	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Gross paid in and contributed surplus	62,419,922	62,419,922	44,419,922	44,419,922	44,419,922
Unassigned funds (surplus)	138,767,226	133,903,991	119,859,374	118,217,760	105,383,551
Surplus as regards policyholders	204,687,148	199,823,913	167,779,296	166,137,682	153,303,473
Totals	\$ 348,023,460	\$ 392,566,346	\$ 762,894,871	\$ 636,326,525	\$ 574,207,011

**Comparative Statement of Income
For the Year Ended December 31,**

Bankers Standard Insurance Company

Underwriting Income	2019	2018	2017	2016	2015
Premiums earned	\$ 0	\$ 0	\$ 159,964,147	\$ 147,612,126	\$ 137,551,761
Deductions:					
Losses incurred	0	0	113,421,804	92,520,943	82,052,743
Loss expenses incurred	0	0	20,816,503	20,422,178	18,113,395
Other underwriting expenses incurred	0	0	28,114,763	25,436,412	28,163,186
Total underwriting deductions	0	0	162,353,070	138,379,533	128,329,324
Net underwriting gain or (loss)	0	0	(2,388,923)	9,232,593	9,222,437
Investment Income					
Net investment income earned	6,085,966	6,112,844	10,850,314	9,842,400	9,240,675
Net realized capital gains or (losses)	(6,160)	(181,156)	(2,038,644)	(115,171)	14,221
Net investment gain or (loss)	6,079,806	5,931,688	8,811,670	9,727,229	9,254,896
Other Income					
Aggregate write-ins for miscellaneous income	0	7,680	(444,380)	(481,390)	(536,840)
Total other income	0	7,680	(444,380)	(481,390)	(536,840)
Net income before dividends to policyholders and before federal and foreign income taxes	6,079,806	5,939,368	5,978,367	18,478,432	17,940,493
Federal and foreign income taxes incurred	782,159	(7,127,850)	1,497,876	5,573,183	5,747,022
Net income	<u>\$ 5,297,647</u>	<u>\$ 13,067,218</u>	<u>\$ 4,480,491</u>	<u>\$ 12,905,249</u>	<u>\$ 12,193,471</u>

For Informational Purposes Only

**Comparative Statement of Capital and Surplus
For the Year Ended December 31,**

Bankers Standard Insurance Company

	2019	2018	2017	2016	2015
Surplus as regards policyholders,					
December 31, previous year	\$ 199,823,913	\$ 167,779,296	\$ 166,137,682	\$ 153,303,472	\$ 141,265,562
Net income	5,297,617	13,067,218	4,480,491	12,905,219	12,193,471
Net unrealized capital gains or (losses)	(709)	0	(7)	(27)	348
Change in net unrealized foreign exchange capital gain or (loss)	(872)	(110,401)	(31,898)	(8,173)	(10,887)
Change in net deferred income tax	(44,857)	(6,617,554)	(4,279,800)	(192,903)	29,178
Change in nonadmitted assets	(387,974)	7,705,354	1,472,828	130,064	42,203
Surplus adjustments:					
Paid in	0	18,000,000	0	0	0
Aggregate write-ins for gains and losses in surplus	0	0	0	0	(216,403)
Change in surplus as regards policyholder for the year	<u>4,863,235</u>	<u>32,044,617</u>	<u>1,641,614</u>	<u>12,834,210</u>	<u>12,037,910</u>
Surplus as regards policyholders,					
December 31, current year	<u>\$ 204,687,148</u>	<u>\$ 199,823,913</u>	<u>\$ 167,779,296</u>	<u>\$ 166,137,682</u>	<u>\$ 153,303,472</u>

For Informational Purposes Only

Comparative Statement of Cash Flow For the Year Ended December 31,

Bankers Standard Insurance Company

	2019	2018	2017	2016	2015
Cash from Operations					
Premiums collected net of reinsurance	\$ 0	\$ (32,679,820)	\$ 160,808,208	\$ 148,424,987	\$ 139,836,096
Net investment income	7,348,593	8,902,677	13,762,251	12,652,856	12,488,205
Miscellaneous income	0	0	0	(50)	558
Total income	<u>7,348,593</u>	<u>(23,777,143)</u>	<u>174,570,459</u>	<u>161,077,793</u>	<u>152,324,859</u>
Benefit and loss related payments	(45,763,827)	260,838,765	184,518,137	113,823,838	70,695,854
Commissions, expenses paid and aggregate write-ins for deductions	0	50,613,597	46,454,605	44,679,473	44,243,187
Federal and foreign income taxes paid (recovered)	(4,125,141)	(2,802,370)	5,588,192	5,859,341	4,386,026
Total deductions	<u>(49,888,968)</u>	<u>308,649,992</u>	<u>236,560,934</u>	<u>164,362,652</u>	<u>119,325,067</u>
Net cash from operations	<u>57,237,561</u>	<u>(332,427,135)</u>	<u>(61,990,475)</u>	<u>(3,284,859)</u>	<u>32,999,792</u>
Cash from Investments					
Proceeds from investments sold, matured or repaid:					
Bonds	36,555,837	274,475,191	130,388,547	56,770,600	70,693,618
Stocks	0	3	0	0	0
Net gain or (loss) on cash and short-term investments	0	0	0	246	0
Miscellaneous proceeds	138,500	50,435	11,428,163	991,755	0
Total investment proceeds	<u>36,694,337</u>	<u>274,525,629</u>	<u>141,816,710</u>	<u>57,762,601</u>	<u>70,693,618</u>
Cost of investments acquired (long-term only):					
Bonds	32,336,991	80,966,010	119,463,825	109,883,957	78,964,469
Miscellaneous applications	1,026,713	11,378,401	0	75,099	44,825
Total investments acquired	<u>33,363,704</u>	<u>92,344,411</u>	<u>119,463,825</u>	<u>109,959,056</u>	<u>79,009,294</u>
Net cash from investments	<u>3,330,633</u>	<u>182,181,218</u>	<u>22,352,885</u>	<u>(52,196,455)</u>	<u>(8,315,676)</u>
Cash from Financing and Miscellaneous Services					
Other cash provided (applied):					
Capital and paid in surplus, less treasury stock	0	18,000,000	0	0	0
Other cash provided or (applied)	(47,243,532)	39,745,219	87,638,539	25,083,001	16,756,705
Net cash from financing and miscellaneous sources	<u>(47,243,532)</u>	<u>57,745,219</u>	<u>87,638,539</u>	<u>25,083,001</u>	<u>16,756,705</u>
Reconciliation of cash and short-term investments:					
Net change in cash and short-term investments	13,324,662	(92,500,698)	48,000,949	(30,398,313)	41,440,821
Cash and short-term investments:					
Beginning of the year	26,649,510	119,150,208	71,149,259	101,547,572	60,106,751
End of the year	<u>\$ 39,974,172</u>	<u>\$ 26,649,510</u>	<u>\$ 119,150,208</u>	<u>\$ 71,149,259</u>	<u>\$ 101,547,572</u>

Comparative Statement of Assets, Liabilities, Surplus and Other Funds As of December 31,

Indemnity Insurance Company of North America

	2019	2018	2017	2016	2015
Bonds	\$ 116,152,099	\$ 114,258,132	\$ 261,222,723	\$ 290,241,644	\$ 211,653,660
Common stocks	0	0	21	0	0
Cash, cash equivalents, and short term investments	36,299,229	36,263,319	50,774,221	29,011,935	90,292,650
Receivable for securities	2,688	9,000	24,485	488,066	35,931
Securities lending reinvested collateral assets	1,179,774	3,271,000	2,592,106	980,685	976,978
Subtotals, cash and invested assets	153,633,790	153,801,451	314,613,556	320,722,330	302,959,219
Investment income due and accrued	912,632	941,779	1,810,531	1,941,297	1,539,299
Premiums and agents' balances due	27,270,017	22,061,537	54,505,299	46,522,016	38,368,995
Amounts recoverable from reinsurers	152,958,465	164,416,840	109,496,658	90,024,185	91,169,196
Current federal and foreign income tax recoverable and interest thereon	2,500,913	4,774,275	2,070,339	0	0
Net deferred tax asset	0	0	2,461,626	4,155,429	4,020,103
Receivable from parent, subsidiaries and affiliates	7,025	13,922	60,212	800	263,702
Aggregate write-ins for other than invested assets	314,024	427,385	439,879	327,988	236,546
Total	\$ 337,596,866	\$ 346,437,189	\$ 485,458,100	\$ 463,694,045	\$ 438,557,060
Losses	\$ 0	\$ 0	\$ 163,415,960	\$ 151,834,858	\$ 141,593,770
Reinsurance payable on paid loss and loss adjustment expenses	0	0	29,066,012	23,168,012	22,665,106
Loss adjustment expenses	0	0	31,913,803	30,624,380	29,828,020
Commissions payable, contingent commissions and other similar charges	0	0	738,052	227,672	160,495
Taxes, licenses and fees	0	0	1,080,978	1,184,707	1,235,947
Current federal and foreign income taxes	0	0	0	1,037,835	1,215,675
Net deferred tax liability	0	256,435	0	0	0
Unearned premiums	0	0	36,009,507	34,064,900	32,313,306
Ceded reinsurance premiums payable (net of ceding commissions)	27,270,017	22,061,537	40,809,899	34,006,990	26,965,297
Funds held by company under reinsurance treaties	0	0	5,178,093	5,779,879	6,407,046
Remittances and items not allocated	3,098	44,449	78,504	0	0
Payable to parent, subsidiaries and affiliates	151,239,824	167,272,350	39,008,107	50,078,675	54,412,199
Payable for securities	0	589,887	5,168,883	991,755	0
Payable for securities lending	1,179,774	3,271,000	2,592,106	980,685	976,978
Aggregate write-ins for liabilities	46,832	54,676	425,798	59,258	59,696
Total liabilities	179,739,545	193,550,334	355,485,702	334,039,606	317,833,535
Common capital stock	4,501,500	4,501,500	4,501,500	4,501,500	4,501,500
Gross paid in and contributed surplus	42,250,750	42,250,750	29,250,750	29,250,750	29,250,750
Unassigned funds (surplus)	111,105,071	106,134,605	96,220,148	95,902,189	86,971,275
Surplus as regards policyholders	157,857,321	152,886,855	129,972,398	129,654,439	120,723,525
Totals	\$ 337,596,866	\$ 346,437,189	\$ 485,458,100	\$ 463,694,045	\$ 438,557,060

**Comparative Statement of Income
For the Year Ended December 31,**

Indemnity Insurance Company of North America

	Underwriting Income		Investment Income		Other Income	
	2019	2018	2017	2016	2015	
	\$	\$	\$	\$	\$	
Premiums earned	0	0	106,642,765	98,408,089	91,701,176	
Deductions:						
Losses incurred	0	0	75,614,536	61,680,634	54,701,829	
Loss expenses incurred	0	0	13,877,693	13,614,787	12,075,592	
Other underwriting expenses incurred	0	0	18,743,172	16,957,605	18,775,457	
Total underwriting deductions	0	0	108,235,401	92,253,026	85,552,878	
Net underwriting gain or (loss)	0	0	(1,592,636)	6,155,063	6,148,298	
Net investment income earned	4,979,260	4,528,183	7,950,768	7,221,764	6,509,472	
Net realized capital gains or (losses)	27,074	(170,967)	(2,763,200)	(68,358)	(111,031)	
Net investment gain or (loss)	5,006,334	4,357,216	5,187,568	7,153,406	6,398,441	
Aggregate write-ins for miscellaneous income	(419,410)	5,120	(296,366)	(321,856)	(396,217)	
Total other income	(419,410)	5,120	(296,366)	(321,856)	(396,217)	
Net income before dividends to policyholders and before federal and foreign income taxes	4,586,924	4,362,336	3,298,566	12,986,613	12,150,522	
Federal and foreign income taxes incurred	(135,000)	(2,588,370)	1,172,588	3,919,455	3,403,015	
Net income	\$ 4,721,924	\$ 6,950,706	\$ 2,125,978	\$ 9,067,158	\$ 8,747,507	

For Informational Purpose Only

**Comparative Statement of Capital and Surplus
For the Year Ended December 31,**

Indemnity Insurance Company of North America

	2019	2018	2017	2016	2015
Surplus as regards policyholders, December 31, previous year	\$ 152,886,855	\$ 129,972,398	\$ 129,654,439	\$ 120,723,525	\$ 111,981,944
Net income	4,721,924	6,950,706	2,125,978	9,067,158	8,747,507
Net unrealized capital gains or (losses)	(178)	(17)	(188)	0	59
Change in net unrealized foreign exchange capital gain or (loss)	296,699	1,044,745	(21,266)	(56,737)	(78,311)
Change in net deferred income tax	279,545	(3,004,585)	(2,568,730)	(85,852)	(96,907)
Change in nonadmitted assets	(327,524)	4,923,608	782,165	6,345	313,503
Surplus adjustments:					
Paid in	0	13,000,000	0	0	0
Aggregate write-ins for gains and losses in surplus	0	0	0	0	(144,270)
Change in surplus as regards policyholder for the year	<u>4,970,466</u>	<u>22,914,457</u>	<u>317,959</u>	<u>8,930,914</u>	<u>8,741,581</u>
Surplus as regards policyholders, December 31, current year	<u>\$ 157,857,321</u>	<u>\$ 152,886,855</u>	<u>\$ 129,972,398</u>	<u>\$ 129,654,439</u>	<u>\$ 120,723,525</u>

For Informational Purposes Only

Comparative Statement of Cash Flow For the Year Ended December 31,

Indemnity Insurance Company of North America

	2019	2018	2017	2016	2015
Cash from Operations					
Premiums collected net of reinsurance	\$ 0	\$ (21,786,543)	\$ 107,205,472	\$ 98,949,999	\$ 93,224,065
Net investment income	5,822,233	6,486,853	10,373,067	8,867,099	8,460,147
Miscellaneous income	(419,410)	0	(146)	(456)	(37,217)
Total income	5,402,823	(15,299,690)	117,578,393	107,816,642	101,646,995
Benefit and loss related payments	(11,458,375)	247,510,946	78,441,496	50,703,865	49,364,479
Commissions, expenses paid and aggregate write-ins for deductions	0	33,742,397	30,969,733	29,786,317	29,495,462
Federal and foreign income taxes paid (recovered)	(2,408,362)	115,566	3,873,018	4,098,295	2,877,262
Total deductions	(13,866,737)	281,368,909	113,284,247	84,588,477	81,737,203
Net cash from operations	19,269,560	(296,668,599)	4,294,146	23,228,165	19,909,792
Cash from Investments					
Proceeds from investments sold, matured or repaid:					
Bonds	18,096,654	196,508,905	123,777,627	46,637,781	44,749,908
Stocks	0	147	0	0	0
Net gain or (loss) on cash and short-term investments	0	0	0	75	0
Miscellaneous proceeds	6,312	15,485	4,640,709	991,755	0
Total investment proceeds	18,102,966	196,524,537	128,418,336	47,629,611	44,749,908
Cost of investments acquired (long-term only):					
Bonds	20,777,598	50,762,391	99,924,768	127,340,527	40,886,220
Miscellaneous applications	589,887	4,578,996	0	452,135	5,696
Total investments acquired	21,367,485	55,341,387	99,924,768	127,792,662	40,891,916
Net cash from investments	(3,264,519)	141,183,150	28,493,568	(80,163,051)	3,857,992
Cash from Financing and Miscellaneous Services					
Other cash provided (applied):					
Capital and paid in surplus, less treasury stock	0	13,000,000	0	0	0
Other cash provided or (applied)	(15,969,131)	127,974,547	(11,025,428)	(4,345,829)	13,793,101
Net cash from financing and miscellaneous sources	(15,969,131)	140,974,547	(11,025,428)	(4,345,829)	13,793,101
Reconciliation of cash and short-term investments:					
Net change in cash and short-term investments	35,910	(14,510,902)	21,762,286	(61,280,715)	37,560,885
Cash and short-term investments:					
Beginning of the year	36,263,319	50,774,221	29,011,935	90,292,650	52,731,765
End of the year	\$ 36,299,229	\$ 36,263,319	\$ 50,774,221	\$ 29,011,935	\$ 90,292,650

Comparative Statement of Assets, Liabilities, Surplus and Other Funds As of December 31,

Insurance Company of North America

	2019	2018	2017	2016	2015
Bonds	\$ 242,472,641	\$ 246,150,638	\$ 684,486,526	\$ 565,892,780	\$ 570,014,817
Common stocks	3,363	3,364	12,614	12,614	49,615
Real estate	21,786,857	22,690,853	23,611,033	24,379,313	25,314,856
Cash, cash equivalents, and short term investments	(22,546,343)	53,220,402	42,618,327	130,630,023	98,349,870
Receivable for securities	980	148,857	2,271,361	162,551	124,377
Securities lending reinvested collateral assets	1,270,873	0	6,733,774	4,242,089	1,907,755
Subtotals, cash and invested assets	242,988,371	322,214,114	759,733,635	725,319,370	695,761,290
Investment income due and accrued	2,026,497	2,382,297	4,901,888	4,606,904	4,762,433
Premiums and agents' balances due	1,612,746	1,356,932	93,790,633	89,592,720	83,209,293
Amounts recoverable from reinsurers	20,242,617	18,112,346	35,003,620	32,663,363	33,582,773
Current federal and foreign income tax recoverable and interest thereon	3,732,315	7,941,688	7,121,013	0	396,571
Net deferred tax asset	1,155,420	5,279,820	6,156,797	10,389,794	10,051,842
Receivable from parent, subsidiaries and affiliates	16,100	32,684	92,700,539	81,642,273	56,026,835
Total	\$ 271,774,066	\$ 357,319,881	\$ 999,408,125	\$ 944,214,424	\$ 883,791,037
Losses	\$ 0	\$ 0	\$ 408,539,903	\$ 379,587,146	\$ 353,984,426
Reinsurance payable on paid loss and loss adjustment expenses	0	0	72,665,033	57,920,031	56,662,768
Loss adjustment expenses	0	0	79,784,503	76,560,883	74,569,992
Commissions payable, contingent commissions and other similar charges	0	0	1,845,132	569,181	401,237
Taxes, licenses and fees	0	0	2,702,445	2,961,766	3,089,867
Current federal and foreign income taxes	0	0	0	684,044	0
Borrowed money and interest thereon	0	8,722,500	8,445,000	8,167,500	7,890,000
Unearned premiums	0	0	90,023,774	85,162,251	80,783,265
Ceded reinsurance premiums payable (net of ceding commissions)	1,612,745	1,356,932	59,552,128	58,305,156	54,700,051
Funds held by company under reinsurance treaties	0	0	12,945,271	14,449,694	16,017,711
Amounts withheld or retained by company for account of others	0	0	9,850	0	0
Payable to parent, subsidiaries and affiliates	5,719,434	3,507,808	765,359	486,013	219,320
Payable for securities	0	461,763	4,135,608	4,958,774	0
Payable for securities lending	1,270,873	0	6,733,774	4,242,089	1,907,755
Aggregate write-ins for liabilities	147,795	131,713	12,800	0	1,100
Total liabilities	8,750,847	14,180,716	748,160,580	694,054,528	650,227,492
Common capital stock	11,357,109	11,357,109	11,357,109	11,357,109	11,357,109
Gross paid in and contributed surplus	236,682,926	236,682,926	156,682,926	156,682,926	156,682,926
Unassigned funds (surplus)	14,983,184	95,099,130	83,207,510	82,119,861	65,523,510
Surplus as regards policyholders	265,023,219	343,139,165	251,247,545	250,159,896	233,563,545
Totals	\$ 271,774,066	\$ 357,319,881	\$ 999,408,125	\$ 944,214,424	\$ 883,791,037

Comparative Statement of Income For the Year Ended December 31,

Insurance Company of North America

	2019	2018	2017	2016	2015
Underwriting Income					
Premiums earned	\$ 0	\$ 0	\$ 266,606,913	\$ 246,020,222	\$ 229,252,945
Deductions:					
Losses incurred	0	0	189,036,340	154,201,593	136,754,572
Loss expenses incurred	0	0	34,694,294	34,036,969	30,188,971
Other underwriting expenses incurred	0	0	46,857,937	42,394,021	46,938,642
Total underwriting deductions	0	0	270,588,571	230,632,583	213,882,185
Net underwriting gain or (loss)	0	0	(3,981,658)	15,387,639	15,370,760
Investment Income					
Net investment income earned	8,146,712	9,249,160	17,669,085	15,540,574	15,598,289
Net realized capital gains or (losses)	(8,397)	312,173	(2,585,343)	(102,918)	(384,783)
Net investment gain or (loss)	8,138,315	9,561,333	15,083,742	15,437,656	15,213,506
Other Income					
Aggregate write-ins for miscellaneous income	(9,322,260)	(11,931,200)	(4,414,600)	(7,715,361)	(18,971,148)
Total other income	(9,322,260)	(11,931,200)	(4,414,600)	(7,715,361)	(18,971,148)
Net income before dividends to policyholders and before federal and foreign income taxes	(1,183,945)	(2,369,867)	6,687,484	23,109,934	11,613,118
Federal and foreign income taxes incurred	(210,500)	(7,053,697)	695,205	6,617,638	3,020,036
Net income	\$ (973,445)	\$ 4,683,830	\$ 5,992,279	\$ 16,492,296	\$ 8,593,082

For Informational Purposes Only

**Comparative Statement of Capital and Surplus
For the Year Ended December 31,**

Insurance Company of North America

	2019	2018	2017	2016	2015
Surplus as regards policyholders,					
December 31, previous year	\$ 343,139,165	\$ 251,247,545	\$ 250,159,896	\$ 233,563,545	\$ 225,232,084
Net income	(973,445)	4,683,830	5,992,279	16,492,296	8,593,082
Net unrealized capital gains or (losses)	(533)	(7,306)	1,449	(24,051)	582
Change in net unrealized foreign exchange capital gain or (loss)	(1,451)	(183,999)	(53,163)	(13,616)	(18,148)
Change in net deferred income tax	2,524,345	(5,251,301)	(8,499,871)	183,866	486,649
Change in nonadmitted assets	(6,664,862)	12,650,396	3,646,955	(42,144)	(370,029)
Surplus adjustments:					
Paid in	0	80,000,000	0	0	0
Dividends to stockholders	(75,000,000)	0	0	0	0
Aggregate write-ins for gains and losses in surplus	0	0	0	0	(360,675)
Change in surplus as regards policyholder for the year	(80,115,946)	91,891,620	1,087,649	16,596,351	8,331,461
Surplus as regards policyholders,					
December 31, current year	\$ 263,023,219	\$ 343,139,165	\$ 251,247,545	\$ 250,159,896	\$ 233,563,545

For Informational Purposes Only

Comparative Statement of Cash Flow For the Year Ended December 31,

Insurance Company of North America

	2019	2018	2017	2016	2015
Cash from Operations					
Premiums collected net of reinsurance	\$ 0	\$ (54,466,359)	\$ 268,013,682	\$ 247,374,996	\$ 233,060,168
Net investment income	10,915,149	15,047,918	23,221,408	22,181,536	21,710,892
Miscellaneous income	83,740	0	0	0	3,252
Total income	10,998,889	(39,418,441)	291,235,090	269,556,532	254,774,312
Benefit and loss related payments	11,536,271	476,529,646	153,434,663	135,615,793	140,230,318
Commissions, expenses paid and aggregate write-ins for deductions	(903,996)	83,435,810	76,495,761	73,530,266	72,820,640
Federal and foreign income taxes paid (recovered)	(4,419,873)	(6,233,022)	8,075,400	5,633,023	23,564,793
Total deductions	6,212,402	553,732,434	238,005,824	214,779,082	236,615,751
Net cash from operations	4,786,487	(593,150,875)	53,229,266	54,777,450	18,158,561
Cash from Investments					
Proceeds from investments sold, matured or repaid:					
Bonds	42,588,781	511,867,354	213,518,273	129,131,059	85,772,046
Stocks	0	64,752	0	0	0
Net gain or (loss) on cash and short-term investments	0	0	0	494	0
Miscellaneous proceeds	147,877	2,122,504	0	4,958,774	0
Total investment proceeds	42,736,658	514,054,610	213,518,273	134,090,327	85,772,046
Cost of investments acquired (long-term only):					
Bonds	41,332,492	76,285,708	340,692,434	131,224,365	164,352,512
Real estate	0	0	160,296	0	275,027
Miscellaneous applications	461,763	3,673,845	2,931,976	38,174	485
Total investments acquired	41,794,255	79,959,553	343,784,706	131,262,539	164,628,024
Net cash from investments	942,403	434,095,057	(130,266,433)	2,827,788	(78,855,978)
Cash from Financing and Miscellaneous Services					
Other cash provided (applied):					
Capital and paid in surplus, less treasury stock	0	80,000,000	0	0	0
Borrowed funds received or (repaid)	(8,722,500)	0	0	0	0
Dividends to stockholders paid	75,000,000	0	0	0	0
Other cash provided or (applied)	2,226,865	89,657,893	(10,974,529)	(25,325,085)	131,943,854
Net cash from financing and miscellaneous sources	(81,495,635)	169,657,893	(10,974,529)	(25,325,085)	131,943,854
Reconciliation of cash and short-term investments:					
Net change in cash and short-term investments	(75,766,745)	10,602,075	(88,011,696)	32,280,153	71,246,437
Cash and short-term investments:					
Beginning of the year	53,220,402	42,618,327	130,630,023	98,349,870	27,103,433
End of the year	<u>\$ (22,546,343)</u>	<u>\$ 53,220,402</u>	<u>\$ 42,618,327</u>	<u>\$ 130,630,023</u>	<u>\$ 98,349,870</u>

Comparative Statement of Assets, Liabilities, Surplus and Other Funds As of December 31,

Pacific Employers Insurance Company

	2019	2018	2017	2016	2015
Bonds	\$ 626,993,760	\$ 639,559,464	\$ 2,575,588,483	\$ 2,555,830,715	\$ 2,294,397,560
Preferred stocks	59,000	93,200	94,800	91,250	87,688
Common stocks	139,118,118	137,656,726	130,664,248	125,794,481	161,271,801
Cash, cash equivalents, and short term investments	25,812,612	2,098,539	104,330,131	230,354,416	373,122,002
Receivable for securities	3,594	260,859	612,914	1,310,496	511,952
Securities lending reinvested collateral assets	5,020,344	0	17,379,762	26,595,515	14,715,648
Subtotals, cash and invested assets	797,007,428	779,668,788	2,828,670,338	2,939,976,873	2,844,106,651
Investment income due and accrued	4,607,675	5,589,651	23,440,585	24,468,695	22,360,512
Premiums and agents' balances due	6,549,738	5,358,935	334,758,994	322,230,917	300,252,322
Amounts recoverable from reinsurers	67,455,216	87,127,120	121,799,256	113,127,160	107,036,047
Current federal and foreign income tax recoverable and interest thereon	13,194,371	33,810,306	17,850,028	0	0
Net deferred tax asset	7,331,000	14,641,777	21,918,142	36,992,509	35,787,690
Receivable from parent, subsidiaries and affiliates	801,927	116,355	338,936,451	337,439,442	232,081,873
Total	\$ 896,947,355	\$ 926,312,932	\$ 3,687,373,794	\$ 3,774,235,596	\$ 3,541,625,095
Losses	\$ 0	\$ 0	\$ 1,454,402,053	\$ 1,351,330,240	\$ 1,260,184,553
Reinsurance payable on paid loss and loss adjustment expenses	0	0	258,687,510	206,195,302	201,719,441
Loss adjustment expenses	0	0	284,032,840	272,556,951	265,469,363
Commissions payable, contingent commissions and other similar charges	0	0	6,568,666	2,026,285	1,428,401
Taxes, licenses and fees	0	0	9,620,704	10,543,887	10,999,923
Current federal and foreign income taxes	0	0	0	4,772,187	3,359,666
Unearned premiums	0	0	320,484,646	303,177,627	287,588,437
Ceded reinsurance premiums payable (net of ceding commissions)	6,549,737	5,358,934	202,869,914	210,847,185	198,759,410
Funds held by company under reinsurance treaties	0	0	46,086,617	51,441,817	57,023,851
Payable to parent, subsidiaries and affiliates	35,030	38,228,260	0	0	0
Payable for securities	0	1,796,317	23,760,812	14,876,322	0
Payable for securities lending	5,020,344	0	17,379,762	26,595,515	14,715,648
Aggregate write-ins for liabilities	458,182	431,557	45,568	0	3,916
Total liabilities	12,063,293	45,815,068	2,623,939,092	2,454,363,318	2,301,252,609
Common capital stock	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Gross paid in and contributed surplus	334,229,512	334,229,512	259,229,512	259,229,512	259,229,512
Unassigned funds (surplus)	544,654,550	540,268,352	798,205,190	1,054,642,766	975,142,974
Surplus as regards policyholders	884,884,062	880,497,864	1,063,434,702	1,319,872,278	1,240,372,486
Totals	\$ 896,947,355	\$ 926,312,932	\$ 3,687,373,794	\$ 3,774,235,596	\$ 3,541,625,095

**Comparative Statement of Income
For the Year Ended December 31,**

Pacific Employers Insurance Company

Underwriting Income	2019	2018	2017	2016	2015
Premiums earned	\$ 0	\$ 0	\$ 949,120,608	\$ 875,831,987	\$ 816,140,477
Deductions:					
Losses incurred	0	0	672,969,371	548,957,674	486,846,279
Loss expenses incurred	0	0	123,511,484	121,171,587	107,472,785
Other underwriting expenses incurred	0	0	166,814,255	150,922,712	167,101,567
Total underwriting deductions	0	0	963,295,110	821,051,973	761,420,631
Net underwriting gain or (loss)	0	0	(14,174,502)	54,780,014	54,719,846
Investment Income					
Net investment income earned	19,922,449	33,898,399	84,687,363	118,829,656	77,664,167
Net realized capital gains or (losses)	101,380	(1,658,275)	(8,055,158)	(819,380)	(1,286,093)
Net investment gain or (loss)	20,023,829	32,240,124	76,632,205	118,010,276	76,378,074
Other Income					
Aggregate write-ins for miscellaneous income	(10,724,000)	(53,896,432)	(19,444,068)	(30,923,324)	(33,196,264)
Total other income	(10,724,000)	(53,896,432)	(19,444,068)	(30,923,324)	(33,196,264)
Net income before dividends to policyholders and before federal and foreign income taxes	9,299,829	(21,656,308)	43,013,635	141,866,966	97,901,656
Federal and foreign income taxes incurred	(1,031,000)	(35,185,156)	7,007,770	27,243,552	28,405,530
Net income	\$ 10,330,829	\$ 13,528,848	\$ 36,005,865	\$ 114,623,414	\$ 69,496,126

For Informational Purposes Only

**Comparative Statement of Capital and Surplus
For the Year Ended December 31,**

Pacific Employers Insurance Company

	2019	2018	2017	2016	2015
Surplus as regards policyholders,					
December 31, previous year	\$ 880,497,864	\$ 1,063,434,702	\$ 1,319,872,278	\$ 1,240,372,486	\$ 1,170,179,513
Net income	10,330,829	13,528,848	36,005,865	114,623,414	69,496,126
Net unrealized capital gains or (losses)	1,580,301	6,849,289	4,879,743	(35,454,108)	1,634,898
Change in net unrealized foreign exchange capital gain or (loss)	(5,175)	(655,028)	(189,260)	(48,472)	(64,603)
Change in net deferred income tax	(1,697,070)	(22,042,724)	(25,981,097)	(1,249,978)	118,688
Change in nonadmitted assets	(5,822,687)	44,382,777	8,847,173	1,628,936	291,866
Surplus adjustments:					
Paid in	0	75,000,000	0	0	0
Dividends to stockholders	0	(300,000,000)	(280,000,000)	0	0
Aggregate write-ins for gains and losses in surplus	0	0	0	0	(1,284,002)
Change in surplus as regards policyholder for the year	4,386,198	(182,936,838)	(256,437,576)	79,499,792	70,192,973
Surplus as regards policyholders,					
December 31, current year	\$ 884,884,062	\$ 880,497,864	\$ 1,063,434,702	\$ 1,319,872,278	\$ 1,240,372,486

For Informational Purposes Only

Comparative Statement of Cash Flow For the Year Ended December 31,

Pacific Employers Insurance Company

	2019	2018	2017	2016	2015
Cash from Operations					
Premiums collected net of reinsurance	\$ 0	\$ (183,900,246)	\$ 944,128,702	\$ 880,654,990	\$ 829,694,187
Net investment income	25,100,031	58,230,811	107,647,285	139,534,668	98,262,417
Miscellaneous income	0	0	0	3,876	11,036
Total income	<u>25,100,031</u>	<u>(125,669,435)</u>	<u>1,051,775,987</u>	<u>1,020,193,534</u>	<u>927,967,640</u>
Benefit and loss related payments	(8,947,904)	1,733,327,692	550,295,741	495,613,139	454,644,428
Commissions, expenses paid and aggregate write-ins for deductions	0	300,307,328	275,630,642	265,098,227	262,509,628
Federal and foreign income taxes paid (recovered)	<u>(21,646,935)</u>	<u>(19,224,878)</u>	<u>29,629,227</u>	<u>26,430,031</u>	<u>9,557,904</u>
Total deductions	<u>(30,594,839)</u>	<u>2,014,410,142</u>	<u>855,555,610</u>	<u>787,141,397</u>	<u>726,711,960</u>
Net cash from operations	<u>55,694,870</u>	<u>(2,140,079,577)</u>	<u>196,220,377</u>	<u>233,052,137</u>	<u>201,255,680</u>
Cash from Investments					
Proceeds from investments sold, matured or repaid:					
Bonds	97,737,412	2,237,310,828	760,094,141	520,546,654	379,337,632
Stocks	0	110,109	0	0	0
Net gain or (loss) on cash and short-term investments	0	0	0	593	0
Miscellaneous proceeds	<u>257,265</u>	<u>352,055</u>	<u>9,582,072</u>	<u>14,876,322</u>	<u>62,321</u>
Total investment proceeds	<u>97,994,677</u>	<u>2,237,772,992</u>	<u>769,676,213</u>	<u>535,423,569</u>	<u>379,399,953</u>
Cost of investments acquired (long-term only):					
Bonds	89,263,959	309,532,766	809,838,241	805,015,709	432,612,716
Miscellaneous applications	<u>1,796,317</u>	<u>21,964,495</u>	<u>0</u>	<u>798,544</u>	<u>0</u>
Total investments acquired	<u>91,060,276</u>	<u>331,497,261</u>	<u>809,838,241</u>	<u>805,814,253</u>	<u>432,612,716</u>
Net cash from investments	<u>6,934,401</u>	<u>1,906,275,731</u>	<u>(40,162,028)</u>	<u>(270,390,684)</u>	<u>(53,212,763)</u>
Cash from Financing and Miscellaneous Services					
Other cash provided (applied):					
Capital and paid in surplus, less treasury stock	0	75,000,000	0	0	0
Dividends to stockholders paid	0	300,000,000	280,000,000	0	0
Other cash provided or (applied)	<u>(38,915,198)</u>	<u>356,572,254</u>	<u>(2,082,634)</u>	<u>(105,429,039)</u>	<u>39,839,171</u>
Net cash from financing and miscellaneous sources	<u>(38,915,198)</u>	<u>131,572,254</u>	<u>(282,082,634)</u>	<u>(105,429,039)</u>	<u>39,839,171</u>
Reconciliation of cash and short-term investments:					
Net change in cash and short-term investments	23,714,073	(102,231,592)	(126,024,285)	(142,767,586)	187,882,088
Cash and short-term investments:					
Beginning of the year	2,098,539	104,330,131	230,354,416	373,122,002	185,239,914
End of the year	<u>\$ 25,812,612</u>	<u>\$ 2,098,539</u>	<u>\$ 104,330,131</u>	<u>\$ 230,354,416</u>	<u>\$ 373,122,002</u>

Comparative Statement of Assets, Liabilities, Surplus and Other Funds As of December 31,

Penn Millers Insurance Company

	2019	2018	2017	2016	2015
Bonds	\$ 41,380,767	\$ 40,260,871	\$ 54,604,561	\$ 55,496,017	\$ 82,434,970
Common stocks	0	0	0	1,000	1,000
Real estate	1,100,194	1,156,117	1,319,033	1,520,088	1,707,479
Cash, cash equivalents, and short term investments	13,048,537	9,154,813	(2,619,591)	(11,396,149)	(2,991,805)
Receivable for securities	0	0	0	8,500	8,500
Subtotals, cash and invested assets	<u>55,529,498</u>	<u>50,571,801</u>	<u>53,304,003</u>	<u>45,629,456</u>	<u>81,160,144</u>
Investment income due and accrued	259,047	292,188	450,436	454,633	743,041
Premiums and agents' balances due	0	0	30,829,490	27,577,505	25,878,269
Amounts recoverable from reinsurers	20,238,092	21,427,464	10,748,500	15,058,109	12,606,095
Funds held by or deposited with reinsured companies	115	115	115	115	115
Current federal and foreign income tax recoverable and interest thereon	137,276	0	240,318	0	0
Net deferred tax asset	304,719	110,985	265,230	469,686	537,792
Receivable from parent, subsidiaries and affiliates	6,735	2,702	3,441,053	2,279,528	1,040,141
Aggregate write-ins for other than invested assets	532,520	468,572	477,590	425,781	406,520
Total	<u>\$ 77,008,002</u>	<u>\$ 72,873,827</u>	<u>\$ 99,756,735</u>	<u>\$ 91,894,813</u>	<u>\$ 122,372,117</u>
Losses	\$ 0	\$ 0	\$ 16,960,497	\$ 15,432,159	\$ 22,215,158
Loss adjustment expenses	0	0	4,122,017	5,131,263	4,809,889
Commissions payable, contingent commissions and other similar charges	0	0	5,475,322	4,105,616	3,548,580
Taxes, licenses and fees	0	0	2,381,379	2,030,605	1,773,055
Current federal and foreign income taxes	0	4,839,246	0	257,813	1,318,673
Ceded reinsurance premiums payable (net of ceding commissions)	0	0	24,757,904	20,111,271	18,901,768
Amounts withheld or retained by company for account of others	0	5,198	5,198	5,198	5,198
Remittances and items not allocated	528,527	178,011	97,075	291,691	110,260
Provision for reinsurance	0	0	249,800	443,595	386,828
Payable to parent, subsidiaries and affiliates	30,747,496	22,199,178	12,366	6,820	6,768
Payable for securities	0	1,232,227	0	0	0
Aggregate write-ins for liabilities	13,026	284,663	3,459,903	3,062,669	2,926,469
Total liabilities	<u>31,289,049</u>	<u>28,738,523</u>	<u>57,521,461</u>	<u>50,878,700</u>	<u>56,002,646</u>
Aggregate write-ins for special surplus funds	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
Common capital stock	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Gross paid in and contributed surplus	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Unassigned funds (surplus)	8,468,953	6,885,304	4,985,274	3,766,113	29,119,471
Surplus as regards policyholders	45,718,953	44,135,304	42,235,274	41,016,113	66,369,471
Totals	<u>\$ 77,008,002</u>	<u>\$ 72,873,827</u>	<u>\$ 99,756,735</u>	<u>\$ 91,894,813</u>	<u>\$ 122,372,117</u>

**Comparative Statement of Income
For the Year Ended December 31,**

Penn Millers Insurance Company

Underwriting Income	2019	2018	2017	2016	2015
Premiums earned	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Deductions:					
Losses incurred	0	0	3,085,581	(2,734,626)	(1,806,305)
Loss expenses incurred	0	0	2,641,380	4,639,435	2,730,453
Other underwriting expenses incurred	0	0	(5,368,812)	(5,746,994)	(4,599,215)
Total underwriting deductions	0	0	358,149	(3,842,185)	(3,675,067)
Net underwriting gain or (loss)	0	0	(358,149)	3,842,185	3,675,067
Investment Income					
Net investment income earned	1,686,435	1,422,418	1,569,026	2,325,521	2,778,986
Net realized capital gains or (losses)	57,516	(223,546)	37,665	157,656	545,085
Net investment gain or (loss)	1,743,951	1,198,872	1,606,691	2,483,177	3,324,071
Other Income					
Net gain or (loss) from agents' or premium balances charged off	0	0	0	0	7,421
Finance and service charges not included in premiums	77,493	68,130	65,305	60,870	57,280
Aggregate write-ins for miscellaneous income	258,713	35,209	117,277	7,781	(5,383)
Total other income	336,206	103,339	182,582	68,651	59,318
Net income before dividends to policyholders and before federal and foreign income taxes	2,080,157	1,302,211	1,431,124	6,394,013	7,058,456
Federal and foreign income taxes incurred	747,518	(596,523)	288,918	1,716,000	1,790,000
Net income	<u>\$ 1,332,639</u>	<u>\$ 1,898,734</u>	<u>\$ 1,142,206</u>	<u>\$ 4,678,013</u>	<u>\$ 5,268,456</u>

For Informational Purposes Only

**Comparative Statement of Capital and Surplus
For the Year Ended December 31,**

Penn Millers Insurance Company

	2019	2018	2017	2016	2015
Surplus as regards policyholders,					
December 31, previous year	\$ 44,135,304	\$ 42,235,274	\$ 41,016,113	\$ 66,369,471	\$ 83,312,546
Net income	1,332,639	1,898,734	1,142,206	4,678,013	5,268,456
Change in net deferred income tax	1,581,794	(1,449,373)	(1,463,031)	(272,722)	(937,870)
Change in nonadmitted assets	(1,280,784)	1,200,869	1,346,191	298,118	(644,336)
Change in provision for reinsurance	0	249,800	193,795	(56,767)	370,675
Dividends to stockholders	(50,000)	0	0	(30,000,000)	(21,000,000)
Change in surplus as regards policyholder for the year	1,583,649	1,900,030	1,219,161	(25,353,358)	(16,943,075)
Surplus as regards policyholders,					
December 31, current year	\$ 45,718,953	\$ 44,135,304	\$ 42,235,274	\$ 41,016,113	\$ 66,369,471

For Informational Purposes Only

**Comparative Statement of Cash Flow
For the Year Ended December 31,**

Penn Millers Insurance Company

	2019	2018	2017	2016	2015
Cash from Operations					
Premiums collected net of reinsurance	\$ 0	\$ 6,071,586	\$ 1,394,648	\$ (489,733)	\$ (2,153,715)
Net investment income	1,832,283	1,740,726	1,883,390	3,133,793	3,553,605
Miscellaneous income	336,206	103,339	182,582	68,651	59,318
Total income	2,168,489	7,915,651	3,460,620	2,712,711	1,459,208
Benefit and loss related payments	(1,189,372)	27,639,461	(2,752,366)	6,500,387	7,075,899
Commissions, expenses paid and aggregate write-ins for deductions	0	11,815,802	(3,639,723)	(2,430,912)	(1,691,765)
Federal and foreign income taxes paid (recovered)	5,740,787	(5,685,150)	812,613	2,887,860	643,501
Total deductions	4,551,415	33,770,113	(5,579,476)	6,957,335	6,027,635
Net cash from operations	(2,382,926)	(25,854,462)	9,040,096	(4,244,624)	(4,568,427)
Cash from Investments					
Proceeds from investments sold, matured or repaid:					
Bonds	7,155,920	28,210,727	12,684,164	46,234,400	34,778,048
Net gain or (loss) on cash and short-term investments	0	0	0	188	0
Miscellaneous proceeds	0	1,232,227	8,500	0	1,500
Total investment proceeds	7,155,920	29,442,954	12,692,664	46,234,588	34,779,548
Cost of investments acquired (long-term only):					
Bonds	8,314,257	14,259,704	12,039,648	19,546,845	18,107,713
Real estate	0	0	0	0	103,057
Miscellaneous applications	1,232,227	0	0	0	0
Total investments acquired	9,546,484	14,259,704	12,039,648	19,546,845	18,210,770
Net cash from investments	(2,390,564)	15,183,250	653,016	26,687,743	16,568,778
Cash from Financing and Miscellaneous Services					
Other cash provided (applied):					
Dividends to stockholders paid	50,000	0	0	30,000,000	21,000,000
Other cash provided or (applied)	8,717,214	22,445,616	(916,554)	(847,463)	2,028,996
Net cash from financing and miscellaneous sources	8,867,214	22,445,616	(916,554)	(30,847,463)	(18,971,004)
Reconciliation of cash and short-term investments:					
Net change in cash and short-term investments	3,893,724	11,774,404	8,776,558	(8,404,344)	(6,970,653)
Cash and short term investments:					
Beginning of the year	9,154,813	(2,619,591)	(11,396,149)	(2,991,805)	3,978,848
End of the year	\$ 13,048,537	\$ 9,154,813	\$ (2,619,591)	\$ (11,396,149)	\$ (2,991,805)

For Informational Purposes Only

**Comparative Statement of Assets, Liabilities, Surplus and Other Funds
As of December 31,**

Westchester Fire Insurance Company

	2019	2018	2017	2016	2015
Bonds	\$ 163,050,964	\$ 156,724,089	\$ 1,414,055,830	\$ 1,492,813,519	\$ 1,607,005,886
Common stocks	28,304	29,185	43,460	450,903	3,117
Cash, cash equivalents, and short term investments	(17,346,485)	56,685,592	(10,076,502)	54,770,809	(45,319,960)
Other invested assets	6,007,495	9,874,793	16,528,721	16,357,039	19,031,332
Receivable for securities	0	2,578	718,210	24,981	396,481
Securities lending reinvested collateral assets	0	0	20,755,053	3,583,620	8,589,985
Subtotals, cash and invested assets	151,740,278	223,316,237	1,442,024,772	1,568,000,871	1,589,706,841
Investment income due and accrued	994,407	970,199	14,694,454	14,505,011	16,151,460
Premiums and agents' balances due	0	0	61,431,233	69,254,246	80,820,180
Amounts recoverable from reinsurers	90,938,744	104,066,786	65,061,394	66,912,003	57,983,756
Current federal and foreign income tax recoverable and interest thereon	897,134	9,108,570	0	0	0
Net deferred tax asset	0	0	12,487,773	25,398,263	27,038,272
Receivable from parent, subsidiaries and affiliates	0	766,881	59,481,465	20,153,567	26,166,716
Aggregate write-ins for other than invested assets	0	149,444	541,892	220,509	0
Total	\$ 244,570,563	\$ 338,378,117	\$ 1,655,722,983	\$ 1,764,444,470	\$ 1,797,867,225
Losses	\$ 0	\$ 0	\$ 553,298,970	\$ 652,696,401	\$ 683,408,017
Reinsurance payable on paid loss and loss adjustment expenses	0	146,343	8,914,646	4,575,120	16,212,774
Loss adjustment expenses	0	0	217,253,373	198,306,789	165,097,607
Commissions payable, contingent commissions and other similar charges	0	0	8,780,055	6,648,897	6,725,045
Taxes, licenses and fees	0	0	3,366,569	3,961,123	4,043,338
Current federal and foreign income taxes	0	0	13,754,897	16,081,016	7,043,333
Net deferred tax liability	3,051,041	1,588,174	0	0	0
Unearned premiums	0	0	192,425,216	200,260,562	203,506,626
Ceded reinsurance premiums payable (net of ceding commissions)	0	0	34,485,918	43,342,182	44,641,523
Funds held by company under reinsurance treaties	0	0	5,757,334	5,666,051	5,739,389
Amounts withheld or retained by company for account of others	0	3,970,850	3,903,844	3,914,883	3,951,911
Remittances and items not allocated	0	0	0	2,484	(1,038,533)
Provision for reinsurance	0	0	16,846,972	22,085,284	24,039,918
Payable to parent, subsidiaries and affiliates	96,053,549	113,109,665	470,589	542,661	2,141,002
Payable for securities	0	992,992	5,011,417	10,194,599	409,461
Payable for securities lending	0	0	20,755,053	3,583,620	8,589,985
Aggregate write-ins for liabilities	901,475	1,172,521	(111,508,576)	(110,263,845)	(108,019,464)
Total liabilities	100,006,065	120,980,545	973,516,177	1,061,597,827	1,066,491,932
Aggregate write-ins for special surplus funds	0	0	117,350,928	113,661,643	111,103,666
Common capital stock	5,000,100	5,000,100	5,000,100	5,000,100	5,000,100
Gross paid in and contributed surplus	59,855,778	59,855,778	304,543,059	304,543,059	301,430,636
Unassigned funds (surplus)	79,708,620	152,541,694	255,312,719	279,641,841	313,840,891
Surplus as regards policyholders	144,564,498	217,397,572	682,206,806	702,846,643	731,375,293
Totals	\$ 244,570,563	\$ 338,378,117	\$ 1,655,722,983	\$ 1,764,444,470	\$ 1,797,867,225

Comparative Statement of Income For the Year Ended December 31,

Westchester Fire Insurance Company

Underwriting Income	2019	2018	2017	2016	2015
Premiums earned	\$ 0	\$ 0	\$ 347,737,423	\$ 365,026,770	\$ 356,499,258
Deductions:					
Losses incurred	0	0	198,274,962	190,919,696	175,895,173
Loss expenses incurred	0	0	73,489,773	88,206,119	38,409,095
Other underwriting expenses incurred	0	0	105,908,288	124,321,859	135,283,178
Total underwriting deductions	0	0	377,673,023	403,447,674	349,587,446
Net underwriting gain or (loss)	0	0	(29,935,600)	(38,420,904)	6,911,812
Investment Income					
Net investment income earned	7,555,501	16,461,473	58,774,170	60,730,028	69,670,340
Net realized capital gains or (losses)	90,405	(8,515,248)	3,798,742	(16,953,551)	(10,376,277)
Net investment gain or (loss)	7,645,906	7,946,225	62,572,912	43,776,477	59,294,063
Other Income					
Aggregate write-ins for miscellaneous income	(284,828)	(238,862)	27,469,383	26,981,954	5,569,596
Total other income	(284,828)	(238,862)	27,469,383	26,981,954	5,569,596
Net income before dividends to policyholders and before federal and foreign income taxes	7,361,078	7,707,363	60,106,695	32,337,527	71,775,471
Federal and foreign income taxes incurred	(20,823)	(24,174,699)	8,813,047	9,433,000	18,780,900
Net income	\$ 7,381,901	\$ 31,882,062	\$ 51,293,648	\$ 22,904,527	\$ 52,994,571

For Informational Purposes Only

**Comparative Statement of Capital and Surplus
For the Year Ended December 31,**

Westchester Fire Insurance Company

	2019	2018	2017	2016	2015
Surplus as regards policyholders,					
December 31, previous year	\$ 217,397,572	\$ 682,206,806	\$ 702,846,643	\$ 731,375,293	\$ 906,058,134
Net income	7,381,901	31,882,062	51,293,648	22,904,527	52,994,571
Net unrealized capital gains or (losses)	(1,908,990)	(2,160,432)	5,837,654	10,995,581	(8,428,633)
Change in net unrealized foreign exchange capital gain or (loss)	3,275	(62,073)	936	(563)	9,236
Change in net deferred income tax	(3,249,459)	(17,426,276)	(21,001,399)	(776,628)	(7,007,047)
Change in nonadmitted assets	444,511	2,815,201	10,536,419	5,281,376	1,832,423
Change in provision for reinsurance	0	16,846,972	5,238,312	1,954,634	(762,438)
Surplus adjustments:					
Paid in	0	(244,687,281)	0	3,112,423	3,001,147
Dividends to stockholders	(75,000,000)	(255,312,719)	(70,000,000)	(72,000,000)	(215,000,000)
Aggregate write-ins for gains and losses in surplus	(504,312)	3,295,312	(2,545,407)	0	(1,322,100)
Change in surplus as regards policyholder for the year	(72,833,074)	(464,809,234)	(20,639,837)	(28,528,650)	(174,682,841)
Surplus as regards policyholders,					
December 31, current year	\$ 144,564,498	\$ 217,397,572	\$ 682,206,806	\$ 702,846,643	\$ 731,375,293

For Informational Purposes Only

Comparative Statement of Cash Flow For the Year Ended December 31,

Westchester Fire Insurance Company

	2019	2018	2017	2016	2015
Cash from Operations					
Premiums collected net of reinsurance	\$ 0	\$ (165,479,901)	\$ 338,868,826	\$ 372,050,445	\$ 352,675,898
Net investment income	7,941,402	31,583,780	67,837,860	70,541,244	84,001,392
Miscellaneous income	(284,828)	(238,862)	(909,943)	(150,402)	(489,613)
Total income	<u>7,656,574</u>	<u>(134,134,983)</u>	<u>405,796,743</u>	<u>442,441,287</u>	<u>436,187,677</u>
Benefit and loss related payments	(12,981,699)	601,072,565	291,582,358	242,227,213	211,048,400
Commissions, expenses paid and aggregate write-ins for deductions	0	229,399,997	159,183,479	179,477,159	190,366,705
Federal and foreign income taxes paid (recovered)	(8,153,084)	2,379,924	9,047,753	(3,010,106)	6,129,329
Total deductions	<u>(21,134,783)</u>	<u>832,852,486</u>	<u>459,813,590</u>	<u>418,694,266</u>	<u>407,544,434</u>
Net cash from operations	<u>28,791,357</u>	<u>(966,987,469)</u>	<u>(54,016,847)</u>	<u>23,747,021</u>	<u>28,643,243</u>
Cash from Investments					
Proceeds from investments sold, matured or repaid:					
Bonds	30,724,677	1,324,891,665	335,931,945	418,661,771	586,115,737
Stocks	881	18,017	599,725	1,092,048	0
Other invested assets	2,403,093	1,334,005	3,914,693	2,151,847	0
Net gain or (loss) on cash and short-term investments	0	0	0	936	(5,149)
Miscellaneous proceeds	0	0	0	10,379,401	0
Total investment proceeds	<u>33,128,651</u>	<u>1,326,243,687</u>	<u>340,446,363</u>	<u>432,286,003</u>	<u>586,110,588</u>
Cost of investments acquired (long-term only):					
Bonds	37,296,678	70,397,039	259,844,097	310,168,024	253,559,405
Stocks	0	0	42,838	1,377,582	0
Other invested assets	951,563	803,572	611,607	2,437,163	1,419,134
Miscellaneous applications	990,414	3,302,793	5,876,411	0	8,491,721
Total investments acquired	<u>39,238,655</u>	<u>74,503,404</u>	<u>266,374,953</u>	<u>313,982,769</u>	<u>263,470,260</u>
Net cash from investments	<u>(6,110,004)</u>	<u>1,251,740,283</u>	<u>74,071,410</u>	<u>118,303,234</u>	<u>322,640,328</u>
Cash from Financing and Miscellaneous Services					
Other cash provided (applied):					
Capital and paid in surplus, less treasury stock	0	(244,687,281)	0	0	0
Dividends to stockholders paid	75,000,000	255,312,719	70,000,000	72,000,000	215,000,000
Other cash provided or (applied)	(21,713,430)	282,009,280	(14,901,874)	30,040,514	13,586,412
Net cash from financing and miscellaneous sources	<u>(96,713,430)</u>	<u>(217,990,720)</u>	<u>(84,901,874)</u>	<u>(41,959,486)</u>	<u>(201,413,588)</u>
Reconciliation of cash and short-term investments:					
Net change in cash and short-term investments	(74,032,077)	66,762,094	(64,847,311)	100,090,769	149,869,983
Cash and short-term investments:					
Beginning of the year	56,685,592	(10,076,502)	54,770,809	(45,319,960)	(195,189,943)
End of the year	<u>\$ (17,346,485)</u>	<u>\$ 56,685,592</u>	<u>\$ (10,076,502)</u>	<u>\$ 54,770,809</u>	<u>\$ (45,319,960)</u>

SUMMARY OF EXAMINATION CHANGES

There were no examination changes to the preceding financial statements as filed with regulatory authorities over the review period.

NOTES TO FINANCIAL STATEMENTS**ASSETS****INVESTMENTS****ACE American Insurance Company**

As of December 31, 2019, ACE American's invested assets were distributed as follows:

	Amount	Percentage
Bonds	14,489,227,485	91.4 %
Common stocks	1,846,251,715	11.6 %
Real estate	61,941,450	0.4 %
Cash	(1,134,907,463)	(7.2)%
Cash equivalents	244,694,726	1.5 %
Short-term investments	25,803,295	0.2 %
Other invested assets	225,471,310	1.4 %
Receivable for securities	5,398,467	0.0 %
Securities lending reinvested collateral assets	105,955,933	0.7 %
Totals	<u>15,869,836,918</u>	<u>100.0 %</u>

ACE American's bond and short-term investment portfolio had the following quality and maturity profiles:

NAIC Designation	Amount	Percentage
1 - highest quality	11,715,488,312	79.4 %
2 - high quality	1,530,671,918	10.4 %
3 - medium quality	579,476,779	3.9 %
4 - low quality	925,743,943	6.3 %
5 - lower quality	5,692,777	0.0 %
6 - in or near default	2,651,777	0.0 %
Totals	<u>14,759,725,506</u>	<u>100.0 %</u>

Years to Maturity	Amount	Percentage
1 year or less	1,834,107,670	12.4 %
2 to 5 years	7,409,222,606	50.2 %
6 to 10 years	4,467,514,071	30.3 %
11 to 20 years	795,671,061	5.4 %
over 20 years	253,210,098	1.7 %
Totals	<u>14,759,725,506</u>	<u>100.0 %</u>

Chubb Group P&C Subgroup

-85-

ACE American's \$14.5 billion of bonds comprise about 91.4% of the total cash and invested assets at year-end. The bond portfolio is comprised of \$1.2 billion of securities in U.S. Governments, \$109.0 million of All Other Governments, \$418.7 million of U.S. States, Territories and Possessions, \$436.8 million of U.S. Political Subdivisions of States, Territories and Possessions, \$6.1 billion of U.S. Special Revenue and Special Assessment Obligations, etc., \$5.3 billion of Industrial and Miscellaneous bonds, \$14.1 million of Hybrid Securities, and \$1.0 billion of Unaffiliated Bank Loans. As of December 31, 2019, the bond portfolio's fair value of \$14,919,696,213 exceeded the book adjusted carrying value of \$14,489,227,487 by approximately \$430 million, or 3.0% of the book value. The gross yield on the bond portfolio is consistent when compared to the industry over the past five years.

Approximately 89.8% of ACE American's bonds are categorized as NAIC 1 or 2. ACE American's bond portfolio has 92.9% of its holdings in maturities of ten years or less and 50.2% in maturities of two to five years. Both of these statistics are comparable with industry averages.

The real estate owned and reported by ACE American includes Chubb's North America headquarters located at 436 Walnut Street in Philadelphia, Pennsylvania with a carrying value of \$46.1 million, and at 202 Halls Mills Road in Whitehouse Station, New Jersey with a carrying value of \$15.8 million, as well as an airplane hangar at the Northeast Philadelphia Airport with a net statutory carrying value of \$20,409.023.

ACE American's other long-term investments within the Schedule BA asset category equate to approximately \$225 million, with the largest concentration being \$116 million in its affiliate Century. There is no concentration risk within the remaining unaffiliated amounts of approximately \$110 million.

The examiners reviewed the Custodial Agreement with The Bank of New York Mellon for compliance with the provisions of 31 Pa. Code §148a.3 and found the Custodial Agreement to be in compliance with the regulation.

ACE American has a written investment policy as required by 40 P.S. §653b(b). The Board reviews and approves the investment policy on an annual basis. ACE American was following its investment policy at December 31, 2019.

ACE Fire Underwriters Insurance Company

As of December 31, 2019, ACE Fire's invested assets were distributed as follows:

	Amount	Percentage
Bonds	65,988,048	80.6 %
Cash	13,493,428	16.5 %
Cash equivalents	2,330,317	2.8 %
Securities lending reinvested collateral assets	110,511	0.1 %
Totals	<u>81,922,304</u>	<u>100.0 %</u>

Chubb Group P&C Subgroup

-86-

ACE Fire's bond and short-term investment portfolio had the following quality and maturity profiles:

NAIC Designation	Amount	Percentage
1 - highest quality	67,109,758	98.3 %
2 - high quality	1,174,484	1.7 %
5 - lower quality	34,123	0.0 %
Totals	<u>68,318,365</u>	<u>100.0 %</u>

Years to Maturity	Amount	Percentage
1 year or less	7,411,932	10.7 %
2 to 5 years	38,840,154	56.9 %
6 to 10 years	13,494,452	19.8 %
11 to 20 years	6,333,772	9.3 %
over 20 years	2,238,055	3.3 %
Totals	<u>68,318,365</u>	<u>100.0 %</u>

ACE Fire's \$66 million of bonds comprise about 80.6% of the total cash and invested assets. In all categories, the annual statement values fall within an acceptable range for the property and casualty industry. The bond portfolio is comprised of \$16 million of securities in U.S. government, foreign governments and political subdivisions; \$18 million in unaffiliated securities including credit tenant loans rated by the Securities Valuation Office of the NAIC; and \$32 million in U.S. Special Revenue issuer obligations, residential and commercial mortgage-backed securities, and other loan-backed and structured securities. As of December 31, 2019 the bond portfolio's fair value of \$68,312,179 exceeded the book adjusted carrying value of \$65,988,048 by \$2,324,131, or about 3.5% of the book value. The gross yield on the bond portfolio is consistent when compared to the industry over the past five years.

Virtually all of ACE Fire's bonds are categorized as NAIC 1 or 2, with a very small exception. ACE Fire holds approximately \$5 million in privately placed bonds. ACE Fire's private bond portfolio is diversified across various industries and issuers. ACE Fire's bond portfolio has 87.4% of its holdings in maturities of ten years or less and 10.7% in maturities of one year or less. Both of these statistics are comparable with industry averages.

ACE Fire owns no common or preferred stock.

ACE Fire owns no real estate.

ACE Fire holds no long term investments within the Schedule BA asset category.

The examiners reviewed the Custodial Agreement with State Street Bank and Trust Company for compliance with the provisions of 31 Pa. Code § 148a.3 and found the Custodial Agreement complies with the regulation.

ACE Fire has a written investment policy as required by 40 P.S. § 653b(b). The investment policy is reviewed and approved on an annual basis by the Board. ACE Fire was following its investment policy at December 31, 2019.

Chubb Group P&C Subgroup

-87-

ACE Property and Casualty Insurance Company

As of December 31, 2019, ACE P&C's invested assets were distributed as follows:

	Amount	Percentage
Bonds	9,393,458,686	96.7 %
Common stocks	183,878,711	1.9 %
Cash	(73,340,037)	(0.8)%
Cash equivalents	71,702,357	0.7 %
Short-term investments	2,163,308	0.0 %
Other invested assets	78,955,077	0.8 %
Receivable for securities	4,584,236	0.0 %
Securities lending reinvested collateral assets	69,089,020	0.7 %
Totals	<u>9,730,491,358</u>	<u>100.0 %</u>

ACE P&C's bond and short-term investment portfolio had the following quality and maturity profiles:

NAIC Designation	Amount	Percentage
1 - highest quality	6,196,830,353	65.4 %
2 - high quality	1,085,249,687	11.5 %
3 - medium quality	941,776,107	9.9 %
4 - low quality	1,181,780,302	12.5 %
5 - lower quality	61,687,901	0.7 %
6 - in or near default	1	0.0 %
Totals	<u>9,467,324,351</u>	<u>100.0 %</u>

Years to Maturity	Amount	Percentage
1 year or less	909,785,469	9.6 %
2 to 5 years	4,342,273,206	45.9 %
6 to 10 years	2,999,818,598	31.7 %
11 to 20 years	808,259,349	8.5 %
over 20 years	407,187,729	4.3 %
Totals	<u>9,467,324,351</u>	<u>100.0 %</u>

ACE P&C's \$9.4 billion of bonds comprises about 96.7% of the total cash and invested assets at year-end. In all categories, the annual statement values fall within an acceptable range for the property and casualty industry. The bond portfolio is comprised \$335.6 million of securities in U.S. Governments, \$163.6 million of All Other Governments, \$235.5 million of U.S. States, Territories and Possessions, \$288.4 million of U.S. Political Subdivisions of States, Territories and Possessions, \$3.3 billion of U.S. Special Revenue and Special Assessment Obligations, etc., \$4.9 billion of Industrial and Miscellaneous bonds, \$4.3 million of Hybrid Securities, and \$132.1 million of Unaffiliated Bank Loans. As of December 31, 2019, the bond portfolio's fair value of \$9,742,786,523 exceeded the book adjusted carrying value of \$9,393,458,686 by roughly \$349 million, or 3.6% of the book value. The gross yield on the bond portfolio is consistent when compared to the industry over the past five years.

Chubb Group P&C Subgroup

-88-

Approximately 76.9% of ACE P&C's bonds are categorized as NAIC 1 or 2. ACE P&C's bond portfolio has 87.2% of its holdings in maturities of ten years or less and 45.9% in maturities of two to five years. Both of these statistics are comparable with industry averages.

ACE P&C holds no investments in preferred stocks or mutual funds, but has \$183.8 million in common stock with the following composition: \$261.7 thousand in Industrial and Miscellaneous Publicly Traded and \$183.6 million in Parent, Subsidiaries and Affiliates.

ACE P&C owns no real estate holdings.

ACE P&C's other long term investments within the Schedule BA and Schedule DL asset categories equate to approximately \$148 million. These amounts are made up of limited partnerships, limited liability companies, and the securities lending program.

The examiners reviewed the Custodial Agreement with The Bank of New York Mellon for compliance with the provisions of 31 Pa. Code §148a.3 and found the Custodial Agreement complies with the regulation

ACE P&C has a written investment policy as required by 40 P.S. §653b(b). The Board reviews and approves the investment policy on an annual basis. ACE P&C was following its investment policy at December 31, 2019.

Bankers Standard Insurance Company

As of December 31, 2019, Bankers Standard's invested assets were distributed as follows:

	Amount	Percentage
Bonds	158,697,002	79.7 %
Cash	35,290,664	17.7 %
Cash equivalents	4,683,508	2.4 %
Securities lending reinvested collateral assets	480,723	0.2 %
Totals	<u>199,151,897</u>	<u>100.0 %</u>

Chubb Group P&C Subgroup

-89-

Bankers Standard's bond and short-term investment portfolio had the following quality and maturity profiles:

NAIC Designation	Amount	Percentage
1 - highest quality	159,771,508	97.8 %
2 - high quality	3,563,504	2.2 %
5 - lower quality	45,498	0.0 %
Totals	<u>163,380,510</u>	<u>100.0 %</u>

Years to Maturity	Amount	Percentage
1 year or less	13,421,904	8.2 %
2 to 5 years	70,811,494	43.3 %
6 to 10 years	62,663,288	38.4 %
11 to 20 years	11,745,667	7.2 %
over 20 years	4,738,157	2.9 %
Totals	<u>163,380,510</u>	<u>100.0 %</u>

Bankers Standard's \$159 million of bonds comprises about 79.7% of the total cash and invested assets at year-end 2019. In all categories, the annual statement values fall within an acceptable range for the property and casualty industry. The bond portfolio is comprised of \$19.0 million of securities in U.S. Governments, \$11.8 million of U.S. States, Territories and Possessions, \$13.2 million of U.S. Political Subdivisions of States, Territories and Possessions, \$74.9 million of U.S. Special Revenue and Special Assessment Obligations, etc., and \$39.8 million of Industrial and Miscellaneous bonds. As of December 31, 2019, the bond portfolio's fair value of \$167,456,855 exceeded the book adjusted carrying value of \$158,697,002 by approximately \$9 million, or 5.5% of the book value. The gross yield on the bond portfolio is consistent when compared to the industry over the past five years.

Virtually all of Bankers Standard's bonds are categorized as NAIC 1 or 2. Bankers Standard's bond portfolio has 89.9% of its holdings in maturities of ten years or less and 43.3% in maturities of two to five years. Both of these statistics are comparable with industry averages.

Bankers Standard holds no investments in common or preferred stock.

Bankers Standard owns no real estate.

Bankers Standard's other long term investments within Schedule DL equate to approximately \$0.5 million. This amount is made up of a securities lending collateral mutual fund held by State Street.

The examiners reviewed the Custodial Agreement with The Bank of New York Mellon for compliance with the provisions of 31 Pa. Code §148a.3 and found the Custodial Agreement complies with the regulation.

Bankers Standard has a written investment policy as required by 40 P.S. §653b(b). The Board reviews and approves the investment policy on an annual basis. Bankers Standard was following its investment policy at December 31, 2019.

Chubb Group P&C Subgroup

-90-

Indemnity Insurance Company of North America

As of December 31, 2019, Indemnity INA's invested assets were distributed as follows:

	Amount	Percentage
Bonds	116,152,099	75.6 %
Cash	35,805,574	23.3 %
Cash equivalents	493,655	0.3 %
Receivable for securities	2,688	0.0 %
Securities lending reinvested collateral assets	1,179,774	0.8 %
Totals	<u>153,633,790</u>	<u>100.0 %</u>

Indemnity INA's bond and short-term investment portfolio had the following quality and maturity profiles:

NAIC Designation	Amount	Percentage
1 - highest quality	109,690,542	94.0 %
2 - high quality	6,943,838	6.0 %
5 - lower quality	11,374	0.0 %
Totals	<u>116,645,754</u>	<u>100.0 %</u>

Years to Maturity	Amount	Percentage
1 year or less	12,361,228	10.6 %
2 to 5 years	57,628,487	49.4 %
6 to 10 years	35,746,537	30.6 %
11 to 20 years	5,935,231	5.1 %
over 20 years	4,974,271	4.3 %
Totals	<u>116,645,754</u>	<u>100.0 %</u>

Indemnity INA's \$116 million of bonds comprise about 75.6% of the total cash and invested assets at year-end 2019. In all categories, the annual statement values fall within an acceptable range for the property and casualty industry. The bond portfolio is comprised of \$42 million of securities in U.S. government, foreign governments, and political subdivisions; \$32 million in unaffiliated industrial and miscellaneous securities; and \$42 million in U.S. government non-guaranteed special revenue and special assessment obligations. As of December 31, 2019, the bond portfolio's fair value of \$121,942,962 exceeded the book adjusted carrying value of \$116,152,099 by approximately \$5.8 million, or about 5.0% of the book value. The gross yield on the bond portfolio is consistent when compared to the industry over the past five years.

Virtually all of Indemnity INA's bonds are categorized as NAIC 1 or 2. Indemnity INA's private bond portfolio is diversified across various industries and issuers. Indemnity INA's bond portfolio has approximately 90.6% of its holdings in maturities of ten years or less and 10.6% in maturities of one year or less. Both of these statistics are comparable with industry averages.

Indemnity INA holds none of its investments in common or preferred stock.

Indemnity INA owns no real estate.

Chubb Group P&C Subgroup

-91-

Indemnity INA holds no long term investments within the Schedule BA asset category.

The examiners reviewed the Custodial Agreement with State Street Bank and Trust Company for compliance with the provisions of 31 Pa. Code § 148a.3 and found the Custodial Agreement complies with the regulation.

Indemnity INA has a written investment policy as required by 40 P.S. § 653b(b). The investment policy is reviewed and approved on an annual basis by the Board. The Company was following its investment policy at December 31, 2019.

Insurance Company of North America

As of December 31, 2019, INA's invested assets were distributed as follows:

	Amount	Percentage
Bonds	242,472,641	99.7 %
Common stocks	3,363	0.0 %
Real estate	21,786,857	9.0 %
Cash	(23,659,797)	(9.7)%
Cash equivalents	1,113,454	0.5 %
Receivable for securities	980	0.0 %
Securities lending reinvested collateral assets	1,270,873	0.5 %
Totals	<u>242,988,371</u>	<u>100.0 %</u>

INA's bond and short-term investment portfolio had the following quality and maturity profiles:

NAIC Designation	Amount	Percentage
1 - highest quality	230,264,235	94.5 %
2 - high quality	13,287,737	5.5 %
5 - lower quality	34,123	0.0 %
Totals	<u>243,586,095</u>	<u>100.0 %</u>

Years to Maturity	Amount	Percentage
1 year or less	28,242,314	11.6 %
2 to 5 years	145,610,291	59.8 %
6 to 10 years	45,840,320	18.8 %
11 to 20 years	15,514,968	6.4 %
over 20 years	8,378,202	3.4 %
Totals	<u>243,586,095</u>	<u>100.0 %</u>

INA's \$242.5 million of bonds comprises about 99.7% of the total cash and invested assets. The reason for the high percentage is INA's negative cash balance. In all categories, the annual statement values fall within an acceptable range for the property and casualty industry. The bond portfolio is comprised of \$37.6 million of securities in U.S. Governments, \$500.2 thousand of All Other Governments, \$34.4 million of U.S. States, Territories and Possessions, \$21.3 million of U.S. Political Subdivisions of States, Territories and Possessions, \$111.2 million of U.S. Special Revenue and Special Assessment Obligations, etc., and \$37.5 million of Industrial and Miscellaneous bonds. As of December 31, 2019, the bond portfolio's fair value of

Chubb Group P&C Subgroup

-92-

\$249,789,847 exceeded the book adjusted carrying value of \$242,472,641 by approximately \$7.3 million, or 3.0% of the book value. The gross yield on the bond portfolio is consistent when compared to the industry over the past five years.

All of INA's bonds are categorized as NAIC 1 or 2, except for a small amount that is less than 1.0% of the total. INA's bond portfolio has 90.2% of its holdings in maturities of ten years or less and 59.8% in maturities of two to five years. Both of these statistics are in line with industry averages.

INA holds a small amount of its investments in common stock consisting of publicly traded industrial and miscellaneous stock.

INA owns real estate that is currently occupied by the Company.

INA has \$1.3 million in Securities Lending that accounts for less than 1.0% of total assets.

The examiners reviewed the Custodial Agreement with The Bank of New York Mellon for compliance with the provisions of 31 Pa. Code §148a.3 and found the Custodial Agreement complies with the regulation.

INA has a written investment policy as required by 40 P.S. §653b(b). The Board reviews and approves the investment policy on an annual basis. INA was following its investment policy at December 31, 2019.

Pacific Employers Insurance Company

As of December 31, 2019, Pacific Employers' invested assets were distributed as follows:

	Amount	Percentage
Bonds	626,993,760	78.7 %
Preferred stocks	59,000	0.0 %
Common stocks	139,118,118	17.5 %
Cash	21,541,298	2.7 %
Cash equivalents	4,271,314	0.5 %
Receivable for securities	3,594	0.0 %
Securities lending reinvested collateral assets	5,020,344	0.6 %
Totals	<u>797,007,428</u>	<u>100.0 %</u>

Chubb Group P&C Subgroup

-93-

Pacific Employers' bond and short-term investment portfolio had the following quality and maturity profiles:

NAIC Designation	Amount	Percentage
1 - highest quality	569,169,827	90.2 %
2 - high quality	62,067,294	9.8 %
5 - lower quality	27,952	0.0 %
6 - in or near default	1	0.0 %
Totals	<u>631,265,074</u>	<u>100.0 %</u>

Years to Maturity	Amount	Percentage
1 year or less	71,421,695	11.4 %
2 to 5 years	364,321,927	57.7 %
6 to 10 years	144,464,648	22.9 %
11 to 20 years	41,319,361	6.5 %
over 20 years	9,737,443	1.5 %
Totals	<u>631,265,074</u>	<u>100.0 %</u>

Pacific Employers' \$627 million of bonds comprises about 78.7% of the total cash and invested assets. In all categories, the annual statement values fall within an acceptable range for the property and casualty industry. The bond portfolio is comprised of \$101.8 million of securities in U.S. Governments, \$1.6 million of All Other Governments, \$57.9 million of U.S. States, Territories and Possessions, \$52.3 million of U.S. Political Subdivisions of States, Territories and Possessions, \$210.3 million of U.S. Special Revenue and Special Assessment Obligations, etc., and \$203 million of Industrial and Miscellaneous bonds. As of December 31, 2019, the bond portfolio's fair value of \$649,694,123 exceeded the book adjusted carrying value of \$626,993,760 by approximately \$23 million, or 3.6% of the book value. The gross yield on the bond portfolio is consistent when compared to the industry over the past five years.

All of Pacific Employer's bonds are categorized as NAIC 1 or 2, except for a small amount that is less than 1.0% of the total. Pacific Employers' bond portfolio has 92.0% of its holdings in maturities of ten years or less and 57.7% in maturities of two to five years. Both of these statistics are in line with industry averages.

Pacific Employers holds a small amount of its investments in preferred stocks. The small invested amounts in common stock consist of affiliated companies in the Chubb Group.

Pacific Employers owns no real estate.

Pacific Employers' other investments consist of receivables from securities and securities lending equalling \$5 million.

The examiners reviewed the Custodial Agreement with The Bank of New York Mellon for compliance with the provisions of 31 Pa. Code §148a.3 and found the Custodial Agreement complies with the regulation.

Pacific Employers has a written investment policy as required by 40 P.S. §653b(b). The Board reviews and approves the investment policy on an annual basis. The Company was

Chubb Group P&C Subgroup

-94-

following its investment policy at December 31, 2019.

Penn Millers Insurance Company

As of December 31, 2019, Penn Millers' invested assets were distributed as follows:

	Amount	Percentage
Bonds	41,380,767	74.5 %
Real estate	1,100,194	2.0 %
Cash	1,373,390	2.5 %
Cash equivalents	11,675,147	21.0 %
Totals	<u>55,529,498</u>	<u>100.0 %</u>

Penn Millers' bond and short-term investment portfolio had the following quality and maturity profiles:

NAIC Designation	Amount	Percentage
1 - highest quality	50,262,008	94.7 %
2 - high quality	2,793,906	5.3 %
Totals	<u>53,055,914</u>	<u>100.0 %</u>

Years to Maturity	Amount	Percentage
1 year or less	20,226,972	38.0 %
2 to 5 years	21,205,381	40.0 %
6 to 10 years	6,925,792	13.1 %
11 to 20 years	3,871,810	7.3 %
over 20 years	825,959	1.6 %
Totals	<u>53,055,914</u>	<u>100.0 %</u>

Penn Millers' \$41.4 million of bonds comprises about 74.5% of the total cash and invested assets. In all categories, the annual statement values fall within an acceptable range for the property and casualty industry. The bond portfolio is comprised \$3.7 million of securities in U.S. Governments, \$601.7 thousand of All Other Governments, \$402.6 thousand of U.S. States, Territories and Possessions, \$16.7 million of U.S. Special Revenue and Special Assessment Obligations, etc., and \$20.1 million of Industrial and Miscellaneous bonds. As of December 31, 2019, the bond portfolio's fair value of \$42,610,801 exceeded the book adjusted carrying value of \$41,380,767 by approximately \$1.2 million, or 3.0% of the book value. The gross yield on the bond portfolio is consistent when compared to the industry over the past five years.

All of Penn Millers' bonds are categorized as NAIC 1 or 2. Penn Millers' bond portfolio has 91.1% of its holdings in maturities of ten years or less and 40.0% in maturities of two to five years. Both of these statistics are comparable with industry averages.

Penn Millers holds a small amount of its investments in common stock consisting of affiliated companies in the Chubb Group.

Penn Millers owns real estate that is currently occupied by the Company.

Chubb Group P&C Subgroup

-95-

The examiners reviewed the Custodial Agreement with The Bank of New York Mellon for compliance with the provisions of 31 Pa. Code §148a.3 and found the Custodial Agreement complies with the regulation.

Penn Millers has a written investment policy as required by 40 P.S. §653b(b). The Board reviews and approves the investment policy on an annual basis. Penn Millers was following its investment policy at December 31, 2019.

Westchester Fire Insurance Company

As of December 31, 2019, Westchester Fire's invested assets were distributed as follows:

	Amount	Percentage
Bonds	163,050,964	107.5 %
Common stocks	28,304	0.0 %
Cash	(21,367,623)	(14.1)%
Cash equivalents	2,521,200	1.7 %
Short-term investments	1,499,938	1.0 %
Other invested assets	6,007,495	3.9 %
Totals	<u>151,740,278</u>	<u>100.0 %</u>

Westchester Fire's bond and short-term investment portfolio had the following quality and maturity profiles:

NAIC Designation	Amount	Percentage
1 - highest quality	150,599,174	90.2 %
2 - high quality	15,735,653	9.4 %
5 - lower quality	737,275	0.4 %
Totals	<u>167,072,102</u>	<u>100.0 %</u>

Years to Maturity	Amount	Percentage
1 year or less	24,698,225	14.8 %
2 to 5 years	77,650,570	46.5 %
6 to 10 years	46,349,090	27.7 %
11 to 20 years	15,141,811	9.1 %
over 20 years	3,232,406	1.9 %
Totals	<u>167,072,102</u>	<u>100.0 %</u>

Westchester Fire's \$163 million of bonds comprises about 107.5% of the total cash and invested assets, due to a negative cash balance at year-end. In all categories, the annual statement values fall within an acceptable range for the property and casualty industry. The bond portfolio is comprised of \$43.8 million of securities in U.S. Governments, \$1.1 million of All Other Governments, \$3.6 million of U.S. States, Territories and Possessions, \$0.6 million of U.S. Political Subdivisions of States, Territories and Possessions, \$58.9 million of U.S. Special Revenue and Special Assessment Obligations, etc., and \$55 million of Industrial and Miscellaneous bonds. As of December 31, 2019, the bond portfolio's fair value of \$172,002,010 exceeded the book adjusted carrying value of \$163,050,964 by approximately \$9 million, or

5.5% of the book value. The gross yield on the bond portfolio is consistent when compared to the industry over the past five years.

Approximately 99.6% of Westchester Fire's bonds are categorized as NAIC 1 or 2. Westchester Fire's bond portfolio has 89.0% of its holdings in maturities of ten years or less and 46.5% in maturities of two to five years. Both of these statistics are comparable with industry averages.

Westchester Fire holds a small amount of its investments in common stock, and none in preferred stock and mutual funds.

Westchester Fire owns no real estate.

Westchester Fire's other long term investments within the Schedule BA asset category equate to approximately \$6 million. This amount is made up of three limited partnerships and contains no concentration risk.

The examiners reviewed the Custodial Agreement with The Bank of New York Mellon for compliance with the provisions of 31 Pa. Code §148a.3 and found the Custodial Agreement complies with the regulation.

Westchester Fire has a written investment policy as required by 40 P.S. §653b(b). The Board reviews and approves the investment policy on an annual basis. Westchester Fire was following its investment policy at December 31, 2019.

LIABILITIES

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

The following chart depicts the Companies' reported reserves for losses and loss adjustment expenses ("LAE") on the December 31, 2019 Annual Statements.

<u>Company</u>	<u>Losses</u>	<u>LAE</u>
ACE American Insurance Company	\$ 5,263,065,165	\$ 1,560,626,184
ACE Fire Underwriters Insurance Company	0	0
ACE Property and Casualty Insurance Company	4,210,452,132	1,248,500,948
Bankers Standard Insurance Company	0	0
Indemnity Insurance Company of North America	0	0
Insurance Company of North America	0	0
Pacific Employers Insurance Company	0	0
Penn Millers Insurance Company	0	0
Westchester Fire Insurance Company	0	0

These amounts represent each respective company's share of liabilities from the Intercompany Pool. The companies' reserving methodology has been consistently followed since the prior examination.

Paul G. O'Connell, FCAS, MAAA, Executive Vice President and Chief Actuary of the Chubb Group, has been the Companies' appointed actuary for all years in the examination period. For each year in the examination period, Mr. O'Connell issued a Statement of Actuarial

Opinion that the Companies' carried reserves made a reasonable provision on the adequacy of its loss and LAE reserves as provided in the NAIC Annual Statement Instructions.

The Department engaged the actuarial examination services of Risk and Regulatory Consulting, LLC ("RRC") of Farmington, Connecticut to perform a risk-focused review of the loss and LAE reserves, the forecasting and reserving models, and pricing and underwriting activities for all companies in the Chubb property and casualty subgroup, in conjunction with this examination. In the course of their work, RRC actuarial examiners relied upon the underlying financial and risk-focused procedures performed by the financial examiners, the Chubb Group's Internal Audit Department, and work of the Chubb Group's CPA.

Certain risks within the reserving and pricing processes required Phase 5 substantive test work. To mitigate the reserving risks, RRC performed an independent actuarial analysis of selected segments of the loss and LAE reserves as of December 31, 2019 that were assessed to present the highest risk of variability as determined by the risk-focused examination process. RRC also reviewed the loss and LAE reserve actual versus expected emergence through December 31, 2020 for selected segments.

Based upon the procedures performed, the RRC actuarial examiners determined that the Companies' loss and LAE reserves fall within a reasonable range. The Department has accepted the appointed actuary's statement that reserves "make reasonable provision for all unpaid loss and loss adjustment expense obligations combined of the Companies under the terms of their contracts and agreements" such that the carried reserves are acceptable for purposes of this examination.

SUBSEQUENT EVENTS

Executive Officers

Philip Bancroft, Executive Vice President, Chubb Group and Chief Financial Officer, Chubb Limited, plans to retire on July 1, 2021 after 19 years of service. Peter Enns will succeed Mr. Bancroft upon his retirement as the Executive Vice President, Finance, Chubb Group. Mr. Enns will report to Evan G. Greenberg, Chairman and Chief Executive Officer, Chubb Limited. Mr. Bancroft will assume an advisory capacity role for the balance of 2021 and be available to support Mr. Enns.

COVID-19

The Department is monitoring the impact of the COVID-19 global pandemic. The Department recognizes that COVID-19 could have a significant financial and operational impact on all of its domestic insurers, including the Companies. As such, the Department will continue to monitor and share information with the Companies as appropriate related to COVID-19 developments.

RECOMMENDATIONS

PRIOR EXAMINATION

The prior examination report contained the following recommendations:

1. The ACE property and casualty insurance companies should amend or replace the Master Claims Service Agreement and the SIU Service and Support Agreement; including specific dates for issuing invoices for services rendered and for payment of such services to the service provider in the amended or replacement agreements in compliance with SSAP No. 25, paragraph 7, and 40 P.S. § 991.1405(a)(1).

The Companies have complied with this recommendation.

2. ACE should amend or replace the written authorizations with their reinsurance intermediaries to be compliant with the requirements of 40 P.S. § 321.3

The Companies have complied with this recommendation.

CURRENT EXAMINATION

There are no recommendations being made as a result of the current examination.

CONCLUSION

ACE American Insurance Company

As a result of this examination, the financial condition of ACE American Insurance Company, as of December 31, 2019, was determined to be as follows:

	Amount	Percentage
Admitted assets	23,962,471,676	100.0 %
Liabilities	18,963,131,345	79.1 %
Surplus as regards policyholders	4,999,340,331	20.9 %
Total liabilities and surplus	23,962,471,676	100.0 %

Since the previous examination, made as of December 31, 2014, ACE American's assets increased by \$11,811,805,467, its liabilities increased by \$9,805,372,347, and its surplus increased by \$2,006,433,120.

Chubb Group P&C Subgroup

-99-

ACE Fire Underwriters Insurance Company

As a result of this examination, the financial condition of ACE Fire Underwriters Company, as of December 31, 2019, was determined to be as follows:

	Amount	Percentage
Admitted assets	103,746,487	100.0 %
Liabilities	21,834,801	21.0 %
Surplus as regards policyholders	81,911,686	79.0 %
Total liabilities and surplus	103,746,487	100.0 %

Since the previous examination, made as of December 31, 2014, ACE Fire's assets increased by \$3,637,655, its liabilities decreased by \$5,249,060, and its surplus increased by \$8,886,715.

ACE Property and Casualty Insurance Company

As a result of this examination, the financial condition of ACE Property and Casualty Insurance Company, as of December 31, 2019, was determined to be as follows:

	Amount	Percentage
Admitted assets	11,986,620,581	100.0 %
Liabilities	8,982,146,085	74.9 %
Surplus as regards policyholders	3,004,474,496	25.1 %
Total liabilities and surplus	11,986,620,581	100.0 %

Since the previous examination, made as of December 31, 2014, ACE P&C's assets increased by \$4,625,871,552, its liabilities increased by \$3,685,822,626, and its surplus increased by \$940,048,926.

Bankers Standard Insurance Company

As a result of this examination, the financial condition of Bankers Standard Insurance Company, as of December 31, 2019, was determined to be as follows:

	Amount	Percentage
Admitted assets	348,023,460	100.0 %
Liabilities	143,336,312	41.2 %
Surplus as regards policyholders	204,687,148	58.8 %
Total liabilities and surplus	348,023,460	100.0 %

Chubb Group P&C Subgroup

-100-

Since the previous examination, made as of December 31, 2014, Bankers Standard's assets decreased by \$86,534,997, its liabilities decreased by \$149,956,583, and its surplus increased by \$63,421,586.

Indemnity Insurance Company of North America

As a result of this examination, the financial condition of Indemnity Insurance Company of North America, as of December 31, 2019, was determined to be as follows:

	Amount	Percentage
Admitted assets	337,596,866	100.0 %
Liabilities	179,739,545	53.2 %
Surplus as regards policyholders	157,857,321	46.8 %
Total liabilities and surplus	337,596,866	100.0 %

Since the previous examination, made as of December 31, 2014, Indemnity INA's assets decreased by \$66,431,057, its liabilities decreased by \$112,306,434, and its surplus increased by \$45,875,377.

Insurance Company of North America

As a result of this examination, the financial condition of Insurance Company of North America, as of December 31, 2019, was determined to be as follows:

	Amount	Percentage
Admitted assets	271,774,066	100.0 %
Liabilities	8,750,847	3.2 %
Surplus as regards policyholders	263,023,219	96.8 %
Total liabilities and surplus	271,774,066	100.0 %

Since the previous examination, made as of December 31, 2014, INA's assets decreased by \$598,127,206, its liabilities decreased by \$635,918,341, and its surplus increased by \$37,791,135.

Pacific Employers Insurance Company

As a result of this examination, the financial condition of Pacific Employers Insurance Company, as of December 31, 2019, was determined to be as follows:

	Amount	Percentage
Admitted assets	896,947,355	100.0 %
Liabilities	12,063,293	1.3 %
Surplus as regards policyholders	884,884,062	98.7 %
Total liabilities and surplus	896,947,355	100.0 %

Chubb Group P&C Subgroup

-101-

Since the previous examination, made as of December 31, 2014, Pacific Employers' assets decreased by \$2,493,562,044, its liabilities decreased by \$2,208,266,593, and its surplus decreased by \$285,295,451.

Penn Millers Insurance Company

As a result of this examination, the financial condition of Penn Millers Insurance Company, as of December 31, 2019, was determined to be as follows:

	Amount	Percentage
Admitted assets	77,008,002	100.0 %
Liabilities	31,289,049	40.6 %
Surplus as regards policyholders	45,718,953	59.4 %
Total liabilities and surplus	77,008,002	100.0 %

Since the previous examination, made as of December 31, 2014, Penn Millers' assets decreased by \$70,438,400, its liabilities decreased by \$32,844,807, and its surplus decreased by \$37,593,593.

Westchester Fire Insurance Company

As a result of this examination, the financial condition of Westchester Fire Insurance Company, as of December 31, 2019, was determined to be as follows:

	Amount	Percentage
Admitted assets	244,570,563	100.0 %
Liabilities	100,006,065	40.9 %
Surplus as regards policyholders	144,564,498	59.1 %
Total liabilities and surplus	244,570,563	100.0 %

Since the previous examination, made as of December 31, 2014, Westchester Fire's assets decreased by \$1,767,289,148, its liabilities decreased by \$1,005,795,512, and its surplus decreased by \$761,493,636

Chubb Group P&C Subgroup

-102-

This examination was conducted by John Garner, CPA, Glenn LeGault, CFE, CPA, Pamela Roberts, AFE, and David Smith, CFE, CISA, AES, CPDSE, all of the Pennsylvania Insurance Department; and LeeAnne Creevy, CPA, CISA, CITP, CRMA, MCM, Steve Skenyon, CPA, CISA, Tom Hayden, CISA, AES, Brian Menard, CFE, CISA, FLMI, Edward Toy, Gary Martucci, Aimee Fox, David Heppen, FCAS, MAAA, Jennifer Balester, FCAS, MAAA, Michelle Iarkowski, FCAS, MAAA, Lisa Chanzit, FCAS, MAAA, ARM, Andrew Chandler, ACAS, MAAA, Adam Janney, Ann Green, Kathy Quinn, Stephan Donk, AIE, CPCU, MCM, Pat Tracy, CPA, CFE, John Humphries, ASA, MAAA, CFE, CISA, AES, MCM, Laura Clark, CFE, CPA, Alexander Pirie, CFE, CPA, CMA, CIA, CFE (Fraud), Christine Browning, CFE, Conor Scannell, CFE, Kathleen Wilson, and William Michael, CFE, CIA, CPCU, ARe, all of RRC, with the latter in charge.

Respectfully,



Matthew C. Milford, CFE
Director
Bureau of Financial Examinations

David Evans

David R. Evans, CFE
Examination Manager

William Michael

William Michael (May 12, 2021 09:06 EDT)

William Michael, CFE
Examiner-in-Charge

The CFE designation has been conferred by an organization not affiliated with the federal or any state government. However the CFE designation is the only designation recognized by the NAIC for the purposes of directing statutory Association examinations of insurance companies.