

Statutory Financial Statements, Supplementary Information
and Report of Independent Certified Public Accountants

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY

December 31, 2017 and 2016

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Stockholder
Connecticut Attorneys Title Insurance Company

We have audited the accompanying statutory financial statements of Connecticut Attorneys Title Insurance Company (a Vermont Corporation) (the “Company”), which comprise the statutory statements of admitted assets, liabilities and capital and surplus as of December 31, 2017 and 2016, and the related statutory statements of operations and changes in capital and surplus and cash flows for the years then ended, and the related notes to the statutory financial statements.

Management’s responsibility for the statutory financial statements

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

Auditor’s responsibility

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

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

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

Basis for adverse opinion on generally accepted accounting principles

As described in Note 2 to the statutory financial statements, the statutory financial statements are prepared by the Company on the basis of the accounting practices prescribed or permitted by the Vermont Department of Financial Regulation, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Adverse opinion on generally accepted accounting principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on Generally Accepted Accounting Principles paragraph, the statutory financial statements referred to above do not present fairly the financial position of Connecticut Attorneys Title Insurance Company as of December 31, 2017 and 2016, or the results of its operations or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The effects on the statutory financial statements of the variances between accounting practices prescribed or permitted by the Vermont Department of Financial Regulation and accounting principles generally accepted in the United States of America described in Note 15 have not been subjected to the auditing procedures applied in the audit of the statutory financial statements, and accordingly, we do not express an opinion or provide any assurance on the information management disclosed in Note 15.

Opinion on statutory basis of accounting

In our opinion, the statutory financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of Connecticut Attorneys Title Insurance Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with the basis of accounting described in Note 2.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the statutory financial statements as a whole. The supplemental investment risks interrogatories for the year ended December 31, 2017 are presented for purposes of additional analysis and are not a required part of the statutory financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 statutory financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2017 statutory financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the 2017 statutory financial statements or to the 2017 statutory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the 2017 statutory financial statements as a whole. It is inappropriate to and we do not express an opinion on the supplementary information relative to accounting principles generally accepted in the United States of America.

Grout Thornton LLP

Hartford, Connecticut
May 25, 2018

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Statutory Statements of Admitted Assets, Liabilities and Capital and Surplus
As of December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ADMITTED ASSETS		
CASH AND INVESTED ASSETS		
Bonds	\$ 41,111,934	\$ 41,997,545
Common stocks	6,845,595	6,528,815
Common stock of CATIC Insurance (VT), Ltd.	2,783,671	3,690,992
Real estate occupied by the Company, net of encumbrances and accumulated depreciation	2,966,756	3,109,591
Cash and short-term investments	5,324,221	3,586,945
Other invested assets	3,818,469	2,908,095
Receivable for securities	<u>-</u>	<u>550,000</u>
Total cash and invested assets	62,850,646	62,371,983
Accounts and other receivables	737,290	1,113,504
Accrued interest	293,637	328,275
Federal income tax recoverable	17,160	17,160
Receivable from parent, subsidiaries and affiliates	42,008	70,538
Deferred income taxes	965,730	1,493,464
Electronic data processing equipment and software, net	291,368	156,919
Title plant	<u>418,373</u>	<u>340,680</u>
Total admitted assets	<u>\$ 65,616,212</u>	<u>\$ 65,892,523</u>
LIABILITIES AND CAPITAL AND SURPLUS		
LIABILITIES		
Known claims reserve	\$ 1,051,670	\$ 1,653,678
Statutory premium reserve	23,925,583	21,911,827
Accounts payable and accrued expenses	2,657,859	3,431,756
Payable to affiliates	856,262	-
Premiums received in advance	99,120	63,280
Notes payable	<u>4,069,373</u>	<u>4,167,578</u>
Total liabilities	<u>32,659,867</u>	<u>31,228,119</u>
CAPITAL AND SURPLUS		
Common stock, \$100 par value, 5,000 shares authorized, issued and outstanding	500,000	500,000
Additional paid-in capital	27,686,333	27,686,333
Unassigned surplus	<u>4,770,012</u>	<u>6,478,071</u>
Total capital and surplus	<u>32,956,345</u>	<u>34,664,404</u>
Total liabilities and capital and surplus	<u>\$ 65,616,212</u>	<u>\$ 65,892,523</u>

The accompanying notes are an integral part of these statutory financial statements.

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Statutory Statements of Operations and Changes in Capital and Surplus
For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUE		
Title insurance premiums earned	\$ 103,659,055	\$ 83,768,742
Other title insurance service fees	5,864,753	5,334,584
Mortgage recording and other service fees	<u>1,710,227</u>	<u>974,865</u>
Total operating revenue	<u>111,234,036</u>	<u>90,078,191</u>
OPERATING EXPENSES		
Policy claims and loss adjustment expenses	3,020,519	2,330,997
Title insurance commissions	72,558,301	57,980,645
Compensation and benefits	20,278,582	15,375,593
Other general and administrative expenses	12,962,884	11,138,123
Premium taxes, licenses and fees	<u>2,382,937</u>	<u>1,815,077</u>
Total operating expenses	<u>111,203,223</u>	<u>88,640,435</u>
Net operating income	30,813	1,437,756
INVESTMENT AND OTHER INCOME		
Net investment income	1,051,438	1,148,692
Net realized investment gains, net of income tax	690,821	347,106
Other income	<u>8,571</u>	<u>7,137</u>
Net investment and other income	<u>1,750,830</u>	<u>1,502,935</u>
Income before federal income taxes	1,781,643	2,940,691
Federal income tax expense	<u>328,767</u>	<u>876,005</u>
Net income	1,452,876	2,064,686
OTHER INCREASES (DECREASES) IN CAPITAL AND SURPLUS		
Change in deferred income taxes	(545,688)	8,308
Change in non-admitted deferred tax asset	8,676	211,262
Net change in other non-admitted assets	(167,858)	7,415
Net change in unrealized losses on investments, net of income tax	(1,456,065)	(474,520)
Dividends to stockholder	<u>(1,000,000)</u>	<u>(900,000)</u>
(Decrease) increase in capital and surplus	(1,708,059)	917,151
Capital and surplus, beginning of year	<u>34,664,404</u>	<u>33,747,253</u>
Capital and surplus, end of year	<u>\$ 32,956,345</u>	<u>\$ 34,664,404</u>

The accompanying notes are an integral part of these statutory financial statements.

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Statutory Statements of Cash Flows
For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATIONS		
Premiums and other title insurance service fees collected, net of reinsurance	\$ 111,537,564	\$ 90,080,940
Net investment income collected	1,191,979	1,384,587
Other income collected	1,506,348	974,865
Policy claims and loss adjustment expenses paid	(3,622,527)	(3,048,971)
Commissions and other expenses paid	(106,971,524)	(84,312,207)
Federal income taxes paid	(1,217,125)	(1,054,817)
Interest expense paid	<u>(163,449)</u>	<u>(166,634)</u>
Net cash provided by operations	<u>2,261,266</u>	<u>3,857,763</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale and maturity of bonds	10,650,595	7,329,627
Purchases of bonds	(9,336,911)	(9,303,864)
Proceeds from the sale of common stocks	26,362,352	5,045,754
Purchases of common stocks	(25,613,350)	(5,101,708)
Capital contributed to CATIC Insurance (VT), Ltd.	(650,000)	(1,000,000)
Capital contributed to CATIC Exchange	-	(175,000)
Purchases of other invested assets	-	(250,000)
Purchases of real estate improvements	(74,857)	(117,035)
Purchases of software and equipment	<u>(771,823)</u>	<u>(415,225)</u>
Net cash provided by (used in) investing activities	<u>566,006</u>	<u>(3,987,451)</u>
CASH FLOWS FROM FINANCING AND OTHER ACTIVITIES		
Borrowed funds	-	-
Other cash provided	8,574	7,137
Repayments of notes payable	(98,570)	(95,716)
Dividends paid to stockholder	<u>(1,000,000)</u>	<u>(900,000)</u>
Net cash used in financing and other activities	<u>(1,089,996)</u>	<u>(988,579)</u>
Net increase (decrease) in cash and short-term investments	1,737,276	(1,118,267)
Cash and short-term investments, beginning of year	<u>3,586,945</u>	<u>4,705,212</u>
Cash and short-term investments, end of year	<u>\$ 5,324,221</u>	<u>\$ 3,586,945</u>
Non-cash financing and other activities:		
Surplus note payable from affiliate not yet funded	\$ 850,000	\$ -

The accompanying notes are an integral part of these statutory financial statements.

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY

Notes to Statutory Financial Statements

December 31, 2017 and 2016

1. NATURE OF BUSINESS

Connecticut Attorneys Title Insurance Company (a Vermont Corporation) (the “Company”) is a wholly-owned subsidiary of CATIC Financial, Inc. (“Financial”). The Company’s principal business is providing title insurance and related services on residential and commercial properties in New England.

The Company owns and operates four wholly-owned subsidiaries: CATIC Acquired Properties, LLC (a Connecticut Limited Liability Company) (“CAP”); CATIC Insurance (VT) Ltd. (a Vermont Domestic Corporation) (“CIVL”); CATIC Exchange, LLC (a Connecticut Limited Liability Company); and CATICPro (a Connecticut Limited Liability Company) (“CATICPro”). The purpose of CAP is to hold and sell real property received by the Company in the normal course of settling policy claims. CIVL was formed during 2012 as a Vermont captive insurance company for the purpose of providing agent defalcation coverage to the Company and accessing the reinsurance marketplace for such coverage. In March 2014, CIVL formed a separate account for the purpose of reinsuring certain liabilities of CATIC Title Insurance Company (“CATICO”), f/k/a New Jersey Title Insurance Company (“NJTIC”), a New Jersey domiciled title insurer wholly-owned by Financial (see Note 3). CATIC Exchange, LLC was formed during 2016 and CATICPro in 2017 to handle the Company’s IRS Section-1031 real estate like-kind exchange business.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying statutory financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Vermont Department of Financial Regulation (“VT DFR”). The VT DFR has adopted the National Association of Insurance Commissioners (“NAIC”) Accounting Practices and Procedures Manual as a component of prescribed statutory accounting practices. Permitted statutory accounting practices encompass all accounting practices not so prescribed.

In financial statements prepared in conformity with statutory accounting practices, the accounting treatment of certain items differs from financial statements prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The significant differences between statutory accounting practices and GAAP are described in Note 15.

Use of Estimates

The preparation of financial statements in conformity with statutory accounting practices requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Significant estimates are made by management with regard to the valuation of accounts and other receivables, valuation of deferred income tax assets, and the reserve for known and unknown (“IBNR”) policy claims and claim adjustment expenses. Actual results may differ from those estimates, and those differences may be material.

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

Cash and Short-Term Investments

The Company maintains its cash and short-term investments in bank deposit or custodial accounts at financial institutions, which are periodically reviewed by management for financial stability. These accounts include amounts owned by third parties, such as escrow deposits. Generally, the Company's cash and short-term investments exceed Federal Deposit Insurance Corporation ("FDIC") depository insurance limits. Should one or more of the financial institutions at which the Company maintains deposits fail, there is no guarantee that the Company would recover the funds it has deposited, whether through FDIC coverage or otherwise. In the event of such failure, the Company could also be held liable for the funds owned by third parties even though such amounts are not considered assets of the Company (Note 11). Such events could be disruptive to the Company's business and could adversely affect the Company's liquidity, results of operations and financial condition. The Company has not experienced any losses in such cash accounts or short-term investments.

Accounts Receivable and Revenue Recognition

Accounts receivable are recorded at their estimated realizable value. Amounts greater than 90 days past due are non-admitted and charged directly to surplus. The Company extends credit to agents without requiring collateral. Receivables are written off after all efforts to collect them have been exhausted.

The Company recognizes title insurance premium revenue when notice of issuance is received from the agent, which is generally when cash payment is received by the Company. As a result, there is generally a delay between the agent's issuance of a title policy and the Company's recognition of title insurance premiums. As further described below, a portion of premium revenues is deferred to the extent necessary to maintain a Statutory Premium Reserve.

Service fee revenue is recognized in the period in which the related service is performed.

Investments

Bonds are reported at amortized cost or fair value based on the rating assigned to the security by the Securities Valuation Office of the National Association of Insurance Commissioners ("NAIC rating"). Bonds with an NAIC rating of 1 or 2 are carried at amortized cost. The Company has no bonds rated 3 through 6. Equity securities are carried at fair value based upon quoted market prices.

The Company's investment in CIVL (a wholly-owned insurance subsidiary) is carried at CIVL's net equity value as reported in CIVL's annual statement filing to its domiciliary regulators, the VT DFR Captive Division.

Other invested assets consist of an equity interest in an institutional floating rate bank loan fund, which is carried at fair value based upon the fund's net asset value; and the Company's investments in CAP and CATIC Exchange, LLC, which are accounted for using the equity method. Changes in the carrying value of other invested assets are recorded as unrealized gains (losses) in the period in which they occur and are charged or credited directly to surplus.

Unrealized gains and losses resulting from changes in the valuation of investments carried at fair value are charged or credited directly to surplus. Realized capital gains or losses on the sale of investments are based on specific identification at the time of sale. The amortization of the premium or discount on bonds is recognized using the effective interest method.

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

The Company regularly evaluates investments for other-than-temporary impairments based on current economic conditions, credit risk experience, intent and ability to hold and other circumstances of the underlying securities. If it is determined that a decline in the fair value of an investment is other-than-temporary, the cost basis of the investment is written down to fair value and the amount of the write-down is recognized as a realized loss. During the time periods covered by these financial statements, there have been no write-downs for other-than-temporary impairments.

Investment income is recorded on the accrual basis. Investment income due and accrued which is 90 days past due is excluded from unassigned surplus. The Company did not need to exclude any investment income due and accrued from unassigned surplus for the years ended December 31, 2017 and 2016.

Title Plant

Title plant is carried at original cost. The costs of maintaining and updating the title plant are capitalized. A properly maintained title plant has an indefinite life and does not diminish in value with the passage of time. Accordingly, there is no provision for depreciation or amortization of title plant. The Company periodically analyzes its title plant for indicators of potential impairment. The Company's impairment analysis includes, but is not limited to, the effects of obsolescence, duplication, demand and other economic factors. No impairment loss on the title plant was recognized during 2017 or 2016.

Capital Assets

The Company capitalizes the cost of individual capital assets or groups of similar assets greater than \$1,000. Electronic Data Processing ("EDP") hardware is capitalized and depreciated using the straight-line method over its estimated useful life of three years. The net book value of EDP hardware is presented as an admitted asset in the accompanying statutory statements of admitted assets, liabilities and capital and surplus. Purchased and internally developed EDP software that the Company considers to be non-operating software is non-admitted and depreciated using the straight-line method over the lesser of its useful life or five years once placed in service. Furniture and fixtures are recorded at cost and depreciated using the straight-line method over their estimated useful lives, which range from five to ten years. Furniture and fixtures are non-admitted assets.

Policy Claims and Loss Adjustment Expense Reserves

The Company establishes a liability for all known unpaid policy claims and loss adjustment expenses (known claims reserve) in an amount estimated to be sufficient to cover all costs required to settle reported claims.

The Company establishes a Statutory Premium Reserve to defer a portion of gross premiums received. By agreement with the VT DFR, the amount of statutory premium reserve is based on a prescribed formula applied to the net liability retained by the Company, which is then amortized into title insurance premiums earned in accordance with a prescribed schedule.

A supplemental reserve is required to be established when the sum of the Company's known claims reserves plus statutory premium reserve is not sufficient to cover the Company's estimated ultimate losses for all known and incurred but not reported (IBNR) claims and related loss adjustment expenses. The Company develops its estimate of the IBNR claims based upon an actuarial study. Current economic and business trends are also reviewed and used in the reserve analysis. These include real estate and mortgage market conditions, changes in residential and commercial real estate values, and changes in the levels of

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

defaults and foreclosures that may affect claims levels and patterns of emergence, as well as Company-specific factors that may be relevant to past and future claims experience. Results from the analysis include, but are not limited to, a range of IBNR reserve estimates and a single point estimate for the IBNR as of the end of the reporting period. The third-party actuary's analysis uses generally accepted actuarial methods and is used to validate the accuracy of the total of the known claims reserves. The Company uses the central estimate of the projected IBNR from the third-party actuary's analysis, considering it to be the best estimate of the total amount required for the IBNR reserve. As of December 31, 2017 and 2016 a supplemental reserve was not required.

Escrow Funds

In the normal course of business, the Company receives and holds escrow funds for certain transactions or disputes with title. The Company holds these funds as a fiduciary and does not consider them to be assets or liabilities of the Company; therefore, the amounts are not included in the statutory statements of admitted assets, liabilities and capital and surplus.

Leases

Rentals that convey merely the right to use property are charged to expense as incurred.

Advertising and Attorney Promotion

The Company expenses production costs of advertising the first time the advertising takes place. Advertising and attorney promotion expense for the years ended December 31, 2017 and 2016 was \$1,655,181 and \$1,006,456, respectively.

Income and Premium Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code which may impact, positively or negatively, the Company for taxable years ended December 31, 2017 and thereafter. The impact of many provisions of the Tax Act are unclear and subject to interpretation pending further guidance from the Internal Revenue Service. The ultimate impact of the Tax Act on the Company is dependent on ongoing review and analysis.

Among other important changes in the Tax Act, the tax rate on corporations was reduced from 35% to 21%; a limitation on the deduction of interest expense was enacted, certain tangible property acquired after September 27, 2017 will qualify for 100% expensing, the treasury bond yield curve will be used as the loss discount factor for loss reserve deduction calculations and a modified income limitation will be applied to certain tax exempt income for certain property and casualty insurance companies. As a result of the Tax Act, the Company recorded a charge to capital and surplus totaling \$1,154,000 primarily resulting from the impact of the corporate rate reduction on the Company's deferred tax assets and liabilities.

Income tax expense includes federal income taxes currently payable and deferred federal income taxes. The Company provides for deferred taxes on temporary differences arising from assets and liabilities whose bases are different for statutory financial reporting and income tax purposes. These differences relate primarily to different loss reserve methods used for statutory financial reporting and income tax purposes and unrealized gains (losses) on investments.

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

The Company records deferred tax assets and liabilities related to the estimated future tax consequences of temporary differences and carryforwards using a balance sheet approach. Gross deferred tax assets are reduced by a statutory valuation allowance if, based on the weight of all available evidence, it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized in a timely manner. Adjusted gross deferred tax assets are then admitted in an amount equal to the sum of (i) federal income taxes that can be recovered through loss carry-backs, (ii) the lesser of the amount of deferred tax assets expected to be realized within a period of three years from the date of the statement of admitted assets, liabilities and capital and surplus or 15% of statutory capital and surplus and (iii) the amount that can be offset against gross deferred tax liabilities.

In lieu of state income taxes, the Company pays state premium taxes based on premiums written.

The Company recognizes interest accrued related to unrecognized tax benefits and penalties, if incurred, as a component of income tax expense.

Fair Value Measurements

The Company follows Statutory Statement of Accounting Principles No. 100, Fair Value Measurements, which applies under other statutory accounting pronouncements that require or permit fair value measurements. This principle defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This principle permits fair value to be measured using valuation techniques consistent with the market approach, income approach and cost approach, which rely upon observable and unobservable inputs to determine fair value. The valuation techniques used to measure fair value are required to maximize the use of observable inputs and minimize the use of unobservable inputs. This principle establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following summarizes the fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Inputs, other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices of identical or similar assets or liabilities in markets that are not active;
- Inputs other than quoted prices that are observable for the asset or liability and;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs that are unobservable for the asset or liability.

The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

For the years ended December 31, 2017 and 2016, the Company has determined that its assets and liabilities required to be recorded at fair value consist solely of common stocks and senior institutional bank loans fund. The Company also discloses the fair value of bonds that are carried at amortized cost.

3. INVESTMENTS

Bonds and Common Stocks

Details on carrying value, fair value and amortized cost of bonds and cost of common stock at December 31, 2017 and 2016, follows:

	2017			2016		
	Carrying Value	Fair Value	Amortized Cost of Bonds/Cost of Common Stock	Carrying Value	Fair Value	Amortized Cost of Bonds/Cost of Common Stock
Bonds:						
Tax exempt	\$ 8,327,607	\$ 8,418,473	\$ 8,327,607	\$ 9,318,561	\$ 9,457,691	\$ 9,318,561
Government	17,046,969	16,914,098	17,046,969	15,861,567	15,813,069	15,861,567
Corporate	<u>15,737,358</u>	<u>15,991,516</u>	<u>15,737,358</u>	<u>16,817,417</u>	<u>17,065,964</u>	<u>16,817,417</u>
	<u>41,111,934</u>	<u>41,324,087</u>	<u>\$ 41,111,934</u>	<u>41,997,545</u>	<u>42,336,724</u>	<u>\$ 41,997,545</u>
Common stocks:						
Exchange traded funds	<u>6,845,595</u>	<u>6,845,595</u>	<u>\$ 6,635,866</u>	<u>6,528,815</u>	<u>6,528,815</u>	<u>\$ 6,353,307</u>
	<u>\$ 47,957,529</u>	<u>\$ 48,169,682</u>		<u>\$ 48,526,360</u>	<u>\$ 48,865,539</u>	

Details on unrealized gains and losses of the Company's bonds and common stocks at December 31, 2017 and 2016, is summarized as follows:

	2017		2016	
	Unrealized Gains	Unrealized Losses	Unrealized Gains	Unrealized Losses
Bonds, carried at amortized cost:				
Tax-exempt	\$ 139,487	\$ (48,621)	\$ 217,905	\$ (78,775)
Government	69,765	(202,636)	125,236	(173,734)
Corporate	<u>289,990</u>	<u>(35,832)</u>	<u>299,342</u>	<u>(50,795)</u>
	499,242	(287,089)	642,483	(303,304)
Common stocks, carried at fair value:				
Exchange traded funds	<u>210,211</u>	<u>(482)</u>	<u>175,876</u>	<u>(368)</u>
	<u>\$ 709,453</u>	<u>\$ (287,571)</u>	<u>\$ 818,359</u>	<u>\$ (303,672)</u>

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

The following table sets forth, as of December 31, 2017, investments that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 months or longer for which other-than-temporary impairments have not been recognized.

	<u>Less than 12 Months</u>		<u>Greater than 12 Months</u>	
	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>
Bonds:				
Tax-exempt	\$ (17,269)	\$ 2,386,500	\$ (31,352)	\$ 968,648
Government	(51,887)	5,663,700	(150,749)	5,530,674
Corporate	(6,472)	2,043,643	(29,360)	1,069,589
	<u>\$ (75,628)</u>	<u>\$ 10,093,843</u>	<u>\$ (211,461)</u>	<u>\$ 7,568,911</u>
Common stocks:				
Exchange traded funds	<u>\$ (482)</u>	<u>\$ 6,751</u>	<u>\$ -</u>	<u>\$ -</u>

The following table sets forth the carrying value, fair value and amortized cost of bonds at December 31, 2017 by contractual or expected maturity. Actual maturities will differ from contractual or estimated maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Amortized Cost</u>
One year or less	\$ 3,461,269	\$ 3,474,633	\$ 3,461,269
One to five years	19,859,572	19,956,693	19,859,572
Five to ten years	13,492,238	13,591,709	13,492,238
After ten years	4,298,855	4,301,052	4,298,855
	<u>\$ 41,111,934</u>	<u>\$ 41,324,087</u>	<u>\$ 41,111,934</u>

As of December 31, 2017 and 2016, bonds with an amortized cost of \$721,453 and \$596,030, respectively, were pledged as collateral to conduct business in three and two states, respectively; and bonds with an amortized cost of \$4,448,612 and \$4,592,527, respectively, were pledged as collateral for notes payable to the Federal Home Loan Bank of Boston (Note 7).

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

The components of net realized investment gains (losses) presented in the accompanying statutory statements of operations and changes in capital and surplus for the years ended December 31, 2017 and 2016 were as follows:

	2017		2016	
	Realized Gains	Realized Losses	Realized Gains	Realized Losses
Bonds:				
Tax-exempt	\$ 1,805	\$ -	\$ -	\$ -
Government	7,922	-	5,975	-
Corporate	2,794	-	25,582	-
	<u>12,521</u>	<u>-</u>	<u>31,557</u>	<u>-</u>
Common stocks:				
Exchange traded funds	<u>1,034,178</u>	<u>-</u>	<u>494,361</u>	<u>-</u>
	<u>\$ 1,046,699</u>	<u>\$ -</u>	<u>\$ 525,918</u>	<u>\$ -</u>
Net realized investment gains	\$ 1,046,699		\$ 525,918	
Current income tax expense related to net realized investment gains	<u>(355,878)</u>		<u>(178,812)</u>	
	<u>\$ 690,821</u>		<u>\$ 347,106</u>	

Common Stock of CATIC Insurance (VT) Ltd.

The Company capitalized CIVL in 2012 through the transfer of bonds and cash with an aggregate fair value of \$2,000,000 at the date of transfer, for the purpose of providing CATIC with agents defalcation insurance.

On March 7, 2014, CIVL entered into a retroactive reinsurance agreement (the “Retroactive Reinsurance Agreement” or the “Agreement”) with NJTIC. Under the terms of the Agreement, CIVL agreed to fully reinsure all of NJTIC’s policy liabilities, including all unpaid loss and loss adjustment expenses, all monies escrowed or retained for the account of others in consideration of an NJTIC policy of title insurance being issued, and all monies due under NJTIC’s reinsurance contracts. In exchange, NJTIC agreed to transfer to CIVL all of its cash, invested assets and other assets other than those necessary to settle NJTIC’s other liabilities and ongoing expenses. Entry into the Agreement was approved by all of the domiciliary Insurance Commissioners to whose jurisdiction the Company, CIVL and NJTIC was subject with an effective date of December 31, 2013.

In connection with the Agreement, the Company, subject to conditions imposed by the Connecticut Department of Insurance, agreed to contribute \$3,000,000 of capital into CIVL and to segregate \$2,000,000 of unassigned surplus for future capital contributions into CIVL in order to maintain capital levels in CIVL sufficient for CIVL to successfully runoff and pay all claims losses, loss adjustment expenses and any and all other obligations assumed from NJTIC. In 2017 and 2016, CATIC contributed additional capital of \$650,000 and \$1,000,000, respectively, to CIVL after receiving permission from the Vermont Department of Financial Regulation.

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

The results of operations and financial position of CIVL are summarized below as of and for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Condensed income statement information:		
Revenues	\$ 79,975	\$ 64,800
Expenses:		
Policy claims and loss adjustment expenses	1,656,922	678,968
Loss on Retro-Reinsurance Transfer	500,000	-
Other administrative expenses	<u>217,139</u>	<u>246,157</u>
Loss from operations	(2,294,086)	(860,325)
Net investment income	<u>36,171</u>	<u>36,269</u>
Loss before federal income tax expense (benefit)	(2,257,915)	(824,056)
Federal income tax (benefit) expense	<u>(700,180)</u>	<u>(212,977)</u>
Net loss	<u>\$ (1,557,735)</u>	<u>\$ (611,079)</u>
Condensed balance sheet information:		
Assets:		
Cash and invested assets	\$ 4,564,045	\$ 4,856,832
Receivable under reinsurance agreement with New Jersey Title Insurance Company, net	1,290,405	2,015,405
Deferred income taxes	380,642	209,838
Other assets	<u>583,507</u>	<u>440,802</u>
Total assets	<u>\$ 6,818,599</u>	<u>\$ 7,522,877</u>
Liabilities:		
Policy claims and loss adjustment expense reserves	\$ 3,940,000	\$ 3,802,196
Other liabilities	<u>106,164</u>	<u>31,731</u>
	4,046,164	3,833,927
Stockholder's equity	<u>2,772,435</u>	<u>3,688,950</u>
Total liabilities and stockholder's equity	<u>\$ 6,818,599</u>	<u>\$ 7,522,877</u>

As of December 31, 2017 and 2016, CIVL has amounts receivable from NJTIC totaling \$1,290,405 and \$2,015,405, respectively. The amount shown as of December 31, 2017 is net of a reserve of \$500,000. Under the terms of the Agreement, NJTIC is required to settle the balance due at future dates upon its receipt of proceeds from affiliated entities for use of its net operating loss carry-forwards as required under the group tax-sharing agreement (Note 9). In September 2015, NJTIC made a payment of \$19,498 upon receipt of its federal income taxes recoverable for 2014 and in December 2016, NJTIC made a payment of \$350,000 upon receipt of its federal income taxes recoverable for 2015. In December 2017, CATICO (f/k/a NJTIC) made a payment of \$225,000 upon receipt of its federal income taxes recoverable for 2016.

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

Real Estate

The Company owns and occupies approximately 61% of its primary operating facility. The remaining 39% of the real estate is occupied by unrelated, third parties under non-cancelable lease agreements that expire through 2020. The following table sets forth the required minimum rental payments due to the Company under the lease agreements for the years ending December 31:

2018	\$ 178,792
2019	180,774
2020	154,393
2021	65,426
2022	67,100
Thereafter	<u>28,249</u>
	<u>\$ 674,734</u>

Other Invested Assets

The following table sets forth the components of other invested assets at December 31, 2017 and 2016:

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Carrying Value</u>	<u>Cost</u>	<u>Carrying Value</u>
CATIC Acquired Properties, LLC	\$ 15,000	\$ 25,684	\$ 15,000	\$ 24,934
CATIC Exchange LLC	175,000	231,939	175,000	175,313
Senior institutional bank loans fund	2,750,000	2,710,846	2,750,000	2,707,848
Surplus Note - CATICO	<u>850,000</u>	<u>850,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,790,000</u>	<u>\$ 3,818,469</u>	<u>\$ 2,940,000</u>	<u>\$ 2,908,095</u>

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

Net Investment Income

Net investment income presented in the accompanying statutory statements of operations and changes in capital and surplus for the years ended December 31, 2017 and 2016 consists of the following:

	<u>2017</u>	<u>2016</u>
Interest and dividend income from:		
Bonds	\$ 1,114,776	\$ 1,139,287
Common stocks	164,007	170,425
Cash and short term investments	12,259	1,442
Other invested assets	104,710	101,759
Rental income - real estate	<u>81,439</u>	<u>182,175</u>
	1,477,191	1,595,088
Interest expense	(163,449)	(166,634)
Investment expenses	(184,459)	(209,376)
Depreciation expense - real estate	<u>(77,845)</u>	<u>(70,386)</u>
	<u>\$ 1,051,438</u>	<u>\$ 1,148,692</u>

Changes in Unrealized Gains and Losses

The following table reconciles unrealized investment gains and losses at December 31, 2017 and 2016 to changes included in unassigned surplus:

	<u>2017</u>	<u>2016</u>
Common stocks	\$ 209,729	\$ 175,508
Common stock of CATIC Insurance (VT), Ltd.	(5,868,946)	(4,309,008)
Other invested assets	<u>28,469</u>	<u>(31,905)</u>
	(5,630,748)	(4,165,405)
Deferred income taxes	<u>(35,821)</u>	<u>(45,099)</u>
Net unrealized losses included in unassigned surplus, net of income taxes	<u>\$ (5,666,569)</u>	<u>\$ (4,210,504)</u>
Net change in unrealized losses, net of income taxes	<u>\$ (1,456,065)</u>	<u>\$ (474,520)</u>

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

Fair Value Measurements

The following table sets forth the Company's invested assets measured at fair value on a recurring basis using Level 1 and Level 2 inputs as of December 31, 2017 and 2016:

	2017		2016	
	Level 1	Level 2	Level 1	Level 2
Common stocks:				
Exchange traded funds	\$ 6,845,595	\$ -	\$ 6,528,815	\$ -
Other invested assets:				
Senior institutional bank loans fund	<u>-</u>	<u>2,710,846</u>	<u>-</u>	<u>2,707,848</u>
	<u>\$ 6,845,595</u>	<u>\$ 2,710,846</u>	<u>\$ 6,528,815</u>	<u>\$ 2,707,848</u>

4. CAPITAL ASSETS

The following table sets forth the Company's capital assets at December 31, 2017 and 2016:

	2017	2016
Furniture and fixtures	\$ 2,589,383	\$ 2,368,318
EDP hardware	1,698,552	1,472,146
EDP non-operating software	1,132,986	1,025,671
Internally developed EDP non-operating software	<u>3,097,680</u>	<u>2,893,872</u>
	8,518,601	7,760,007
Less: Accumulated depreciation and amortization	<u>(6,125,580)</u>	<u>(5,296,321)</u>
	2,393,021	2,463,686
Less: Non-admitted capital assets	<u>(2,101,653)</u>	<u>(2,306,767)</u>
	<u>\$ 291,368</u>	<u>\$ 156,919</u>

The Company recorded depreciation and amortization expense on capital assets totaling \$1,030,943 and \$978,671 for the years ended December 31, 2017 and 2016, respectively, included in other general and administrative expense in the accompanying statutory statements of operations and changes in capital and surplus.

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

5. KNOWN CLAIMS RESERVE AND STATUTORY PREMIUM RESERVE

Activity affecting the Company's known claims reserve and statutory premium reserve for the years ended December 31, 2017 and 2016 is summarized as follows:

	<u>2017</u>	<u>2016</u>
Known claims incurred related to:		
Current year	\$ 250,956	\$ 270,974
Prior years	<u>2,769,563</u>	<u>2,060,023</u>
	<u>3,020,519</u>	<u>2,330,997</u>
Known claims paid related to:		
Current year	175,672	220,594
Prior years	<u>3,446,855</u>	<u>2,828,377</u>
	<u>3,622,527</u>	<u>3,048,971</u>
Net decrease in liability	(602,008)	(717,974)
Known claims reserve - beginning of year	<u>1,653,678</u>	<u>2,371,652</u>
Known claims reserve - end of year	<u>\$ 1,051,670</u>	<u>\$ 1,653,678</u>
	<u>2017</u>	<u>2016</u>
Deferral of current year title insurance premiums	\$ 4,602,432	\$ 3,848,521
Recognition of prior year deferred title insurance premiums	<u>(2,588,676)</u>	<u>(2,298,807)</u>
Net increase in liability	2,013,756	1,549,714
Statutory premium reserve - beginning of year	<u>21,911,827</u>	<u>20,362,113</u>
Statutory premium reserve - end of year	<u>\$ 23,925,583</u>	<u>\$ 21,911,827</u>

The nature of title insurance makes its claims experience particularly sensitive to economic events such as changes in interest rates or declines in home sales. Events such as mortgage fraud and agent defalcations have recently decreased but these events can occur suddenly and they can substantially and unexpectedly cause increases in estimates of losses. These risk factors, coupled with the variability that is inherent in any unpaid claim estimate, could result in a material deviation from the net unpaid claims.

6. REINSURANCE

Reinsurance Ceded

CATIC cedes and assumes title policy risks to and from other insurance companies in order to limit and diversify its risk. Due to statutory regulatory restraints, CATIC is restricted to purchasing reinsurance from other title insurance companies unless such reinsurance is not commercially feasible. Beginning January 1, 2012, CATIC joined four other regional title insurers in a risk purchasing group called the American Title Reinsurance Association ("ATRA"). Through an arrangement between insurance brokers located in the

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

United States and the United Kingdom, ATRA executed individual treaties with five Lloyd's syndicates. Under these treaties, for policy years 2017 and 2016, CATIC retains the first \$3 million of every policy risk and cedes the next \$17 million in excess of \$3 million to the syndicates. The treaties contain an aggregate loss limit of \$17 million and may be reinstated up to two times for an additional payment equal to 100% of the original ceded premium per each reinstatement.

CATIC retains risk above \$20 million to \$30 million and facultatively reinsures any risk above \$30 million.

CATIC has not suffered any losses that would have pierced the reinsured layers and therefore has not recovered any losses through reinsurance during the years ended December 31, 2017 and 2016. The total amount of premiums for assumed and ceded risks was less than 1% of title insurance premiums.

Reinsurance Assumed

Effective for policies with insurance dates of January 1, 2012 and forward, under the ATRA assumption agreement, CATIC assumes 30% of the ATRA group's losses in excess of certain retention limits ranging from \$250,000 to \$1,000,000 up to a maximum of \$3 million per occurrence on a claims made basis. Under the assumption agreement, CATIC is not exposed to its own losses ceded to ATRA and is not exposed to losses in excess of \$3 million per occurrence. There were no losses in excess of each individual underwriter's retention level during 2017 or 2016. ATRA-assumed reinsurance premiums received were \$443,000 and \$394,000 in 2017 and 2016, respectively.

7. DEBT

Notes Payable

The Company is a member of the Federal Home Loan Bank of Boston ("FHLBB"). Through its membership, on February 18, 2009, the Company borrowed \$2.6 million from the FHLBB, for ten years at a fixed rate of 4.58%. The loan requires monthly payments of interest only through January 2019, with the outstanding principal balance totaling \$2.6 million due in February 2019. The loan is collateralized by certain bonds on deposit with the FHLBB (Note 3).

On March 12, 2015, CATIC completed a second borrowing from the FHLBB in the amount of \$1,725,000. The second FHLBB borrowing is a 2.59% fixed-rate, 15-year, fully amortizing loan, collateralized by additional bonds on deposit with the FHLBB. As of December 31, 2017 and 2016, the outstanding balance on the second FHLBB loan is \$1,469,373 and \$1,567,578, respectively.

Interest expense for the years ended December 31, 2017 and 2016 totaled \$163,449 and \$166,634, respectively, and is included in net investment income in the accompanying statutory statements of operations and changes in capital and surplus.

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

The following table sets forth required payments of principal due under the terms of the Company's notes payable for the years ending December 31:

2018	\$ 141,285
2019	2,741,285
2020	141,285
2021	141,285
2022	141,285
Thereafter	<u>762,948</u>
	<u>\$ 4,069,373</u>

8. 401(k) SAVINGS AND PROFIT-SHARING PLAN

The Company has a 401(k) savings and profit-sharing plan that covers substantially all employees subject to age and service requirements. The Company matches a portion of each employee's contributions to the plan and may also provide for additional, discretionary profit-sharing contributions at the sole discretion of the Board of Directors Compensation Committee. Company contributions to the 401(k) plan for the years ended December 31, 2017 and 2016 totaled \$475,347 and \$360,665, respectively.

9. INCOME TAXES

Income tax expense (benefit) applicable to net income and other changes in capital and surplus were as follows:

	<u>2017</u>	<u>2016</u>
Applicable to net income:		
Current federal income tax expense	\$ 687,394	\$ 1,219,873
Other	<u>(2,749)</u>	<u>(165,056)</u>
	684,645	1,054,817
Included in net realized investment gains	<u>(355,878)</u>	<u>(178,812)</u>
	<u>328,767</u>	<u>876,005</u>
Applicable to other changes in capital and surplus:		
Change in unrealized gains on investments	(9,278)	68,221
Changes in non-admitted deferred taxes	(8,676)	(211,262)
Other changes in deferred income taxes	<u>545,688</u>	<u>(8,308)</u>
	<u>527,734</u>	<u>(151,349)</u>
Income tax expense applicable to net income and other changes in capital and surplus	<u>\$ 856,501</u>	<u>\$ 724,656</u>

Income tax expense (benefit) applicable to net income and other changes in capital and surplus, excluding changes in non-admitted deferred income tax assets, differs from that which would be obtained by applying

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

the statutory federal income tax rate to income before taxes. The significant items causing the difference are as follows:

	2017		2016	
	Amount	Percent	Amount	Percent
Provision, computed at statutory rate	\$ 726,757	34 %	\$ 1,060,031	34 %
Tax-exempt interest and dividends	(55,981)	(2.6)	(69,704)	(2.2)
Other permanent differences	152,277	7.1	(34,856)	(1.1)
Deferred income tax on unrealized gains and losses	(9,278)	(0.4)	68,221	2.2
Change in statutory valuation allowance	(704,007)	(39.2)	330,626	10.7
Change in non-admitted assets	(64,294)	(3.0)	(232,520)	(7.4)
Tax rate change	1,154,510	54.0	-	-
Other	21,071	1.0	(7,068)	(0.2)
	<u>1,221,055</u>	<u>50.9 %</u>	<u>1,114,730</u>	<u>36.0 %</u>
Included in net realized investment gains	(355,878)		(178,812)	
Decrease in non-admitted deferred income tax assets	<u>(8,676)</u>		<u>(211,262)</u>	
Income tax expense applicable to net income and other changes in capital and surplus	<u>\$ 856,501</u>		<u>\$ 724,656</u>	

Deferred income tax assets and liabilities arising from temporary differences between statutory accounting income and taxable income and the tax character of such differences consisted of the following at December 31, 2017 and 2016:

	2017	2016
Deferred income tax assets:		
Ordinary:		
Discounting of statutory premium reserve and disallowed claims	\$ 740,187	\$ 1,230,958
Net operating loss carry-forwards	687,521	1,113,130
Compensated absences and retirement contracts	42,749	63,202
Alternative minimum tax credit carry-forwards	17,160	17,160
Capital Assets	291,719	540,286
Other	<u>121,461</u>	<u>185,756</u>
Gross deferred tax assets	1,900,797	3,150,492
Statutory valuation allowance	<u>(899,246)</u>	<u>(1,603,253)</u>
Adjusted gross deferred tax assets	1,001,551	1,547,239
Non-admitted deferred income tax assets	<u>-</u>	<u>(8,676)</u>
Gross admitted deferred income tax assets	<u>1,001,551</u>	<u>1,538,563</u>
Deferred income tax liabilities:		
Capital:		
Unrealized losses on investments charged to capital and surplus	<u>35,821</u>	<u>45,099</u>
Total deferred income tax liabilities	<u>35,821</u>	<u>45,099</u>
Net admitted deferred income tax assets	<u>\$ 965,730</u>	<u>\$ 1,493,464</u>

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

As of December 31, 2017 and 2016, the Company has non-admitted deferred income tax assets totaling \$0 and \$8,676, respectively, representing the portion of its net deferred income tax assets not expected to be realized within three years of December 31, 2017 and 2016, respectively. As of December 31, 2016, the Company had the following net operating loss carry-forwards available for tax purposes:

<u>Origination Date</u>	<u>Expiration Date</u>	<u>Amount</u>
2010	2030	\$ 3,014,326
2014	2034	\$ 259,585

As of December 31, 2017, the Company has no federal income taxes incurred in prior years available for recoupment in the event of future losses.

The Company is subject to federal income tax as well as income tax of certain state jurisdictions. As of December 31, 2017, the Company's federal and state tax filings for the years 2014 through 2016 remain open to examination by tax authorities.

The Company is included in a consolidated federal income tax return with Financial and its other subsidiaries. The Company has a written tax agreement, approved by its Board of Directors, which sets forth the manner in which the total combined federal income tax is allocated to each entity which is party to the consolidation. Pursuant to this agreement, the Company has the right to recover federal income taxes paid in prior years in the event of net losses that it may incur, or to recover federal income taxes from its net losses carried forward, which offset future net income subject to federal income taxes. During 2017 and 2016, the Company recorded amounts recoverable from affiliated entities included in the consolidated federal income tax return totaling \$17,160.

The following entities are included in the consolidated federal income tax return:

- CATIC Financial, Inc.
- Connecticut Attorneys Title Insurance Company (designated tax parent)
- CATIC Acquired Properties, LLC
- CATIC Exchange, LLC
- CentricPro Management Services, Inc.
- CATIC Exchange Facilitator, Inc.
- CATIC Insurance (VT), Ltd.
- Eastern Attorneys Services, Inc.
- CATIC Title Insurance Company

10. DIVIDENDS

CATIC's ability to pay dividends to Financial, without prior written consent of the VT DFR, is limited by the laws of the State of Vermont. Under such laws, CATIC may pay dividends in an amount equal to the lesser of a) 10% of its statutory capital and surplus as of the preceding year-end or b) the aggregate amount of net income, less realized capital gains and dividends paid during the preceding three-year period. As filed with the VT DFR, CATIC reported statutory capital and surplus of \$32,956,344 as of December 31, 2017, and the aggregate amount of net income, less realized capital gains and dividends paid during the preceding three-year period, would require CATIC to request permission from the VT DFR for an

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

extraordinary dividend in 2017. During 2017, CATIC received permission from the Vermont Department of Financial Regulation to pay extraordinary dividends to stockholders of up to \$1.2 million, of which \$1.0 million was paid to CATIC's sole shareholder, CATIC Financial, Inc. during 2017. The remaining permitted \$200,000 was carried forward for use in 2018.

11. ESCROW AND REVERSE LIKE-KIND EXCHANGE TRANSACTIONS

The Company administers escrow and trust deposits representing undisbursed amounts received for indemnities against specific title risks. The amount of escrow assets being held by the Company totaled \$10,168,441 and \$6,348,924 at December 31, 2017 and 2016, respectively. The escrow amounts are not considered assets or liabilities of the Company and are, therefore, excluded from the accompanying statutory statements of admitted assets, liabilities and capital and surplus.

12. LEASES

In addition to its owned, home office building, the Company also leases office space through non-cancelable lease agreements expiring on various dates through 2022. Rent expense totaled \$503,989 and \$420,520 in 2017 and 2016, respectively. Rent expense is recorded in other general and administrative expenses in the accompanying statutory statements of operations and changes in capital and surplus.

The following table sets forth the future minimum lease payments under operating leases for the years ending December 31:

2018	\$ 461,176
2019	470,870
2020	462,749
2021	453,955
2022	243,056
Thereafter	<u>466,311</u>
	<u>\$ 2,558,117</u>

13. RELATED PARTY TRANSACTIONS

At December 31, 2017 and 2016, the Company reported amounts receivable from parent, subsidiaries and affiliates of \$42,008 and \$70,538, respectively. The terms of settlement of balances due to/from parent, subsidiaries and affiliates require that amounts be settled within 75 days of the month-end in which they arose. At December 31, 2017, there was one over 90-day past due receivable of \$60,000 due from parent which has been non-admitted in these financial statements. There were no receivables over 90-days past due from parent, subsidiaries or affiliates as of December 31, 2016. As of December 31, 2017, the Company reported \$856,262 as amounts payable to affiliates.

The Company has entered into an agreement with CATICPro, a wholly-owned subsidiary of the Company, whereby CATICPro pays the Company a fixed monthly fee in exchange for administrative services and coverage under certain property-casualty insurance policies. Pursuant to this agreement, the Company received payments from CATICPro totaling \$7,337 and \$19,476 during 2017 and 2016, respectively, which

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

are included in other general and administrative expenses in the accompanying statutory statements of operations and changes in capital and surplus.

The Company entered into an agreement with Eastern Attorney's Services, Inc. ("EASI") a wholly-owned subsidiary of Financial, whereby EASI pays the Company a fixed monthly fee in exchange for administrative services and coverage under certain property-casualty insurance policies. Pursuant to this agreement the Company received payments from EASI totaling \$20,748 and \$19,632 during 2017 and 2016, respectively, which are included in other general and administrative expenses in the accompanying statutory statements of operations and changes in capital and surplus.

The Company entered into an agreement with Financial whereby the Company pays a fixed monthly amount to Financial to reimburse for management and administrative services afforded to the Company. For this agreement, the Company paid Financial \$-0- and \$141,516 during 2017 and 2016, respectively.

As of December 31, 2017, the Company with permission of the Vermont Department of Financial Regulation and with the permission of the New Jersey Department of Banking and Insurance, recorded the purchase of \$850,000 of surplus notes due September 30, 2018 from CATICO. Such investment is being carried at cost and is included in other invested assets with a corresponding liability included in payable to affiliates.

As described in Note 3, the Company has an investment in CIVL, which has entered into a reinsurance agreement with CATICO (formerly known as NJTIC). During 2017 and 2016, the Company transferred \$650,000 and \$1,000,000, respectively, in cash to CIVL.

Certain agents of CATIC are also directors of CATIC. Except for two third-party directors, all other board members of Financial are CATIC agents. Agents receive title insurance commissions in the ordinary course of business. During the periods covered by these consolidated financial statements, no agent received commissions of more than one percent of total commission expense. There were no amounts loaned to any directors or officers during the two years covered by these financial statements.

In 2001, the Board of Directors established CATIC Foundation, Inc. (the "Foundation"). No contributions to the Foundation have been made during 2017 or 2016. The Foundation is managed by a President, who is a former director of the Company, and by an officer of the Company, who acts as a non-director treasurer, and is administered by an independent Board of Directors. However, three of the five directors are also current Board members of Financial.

14. LITIGATION

In the ordinary course of business, claims have been made against the Company. Certain of the claims are insured but subject to varying deductibles and certain claims may be uninsured. The amount of liability, if any, from these claims cannot be estimated at this time, but management is of the opinion that the outcome of the claims will not have a material effect on the Company's financial position or operations.

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

15. DIFFERENCES BETWEEN STATUTORY ACCOUNTING PRACTICES AND GAAP (UNAUDITED)

The significant differences between statutory accounting practices and GAAP affecting the Company consist primarily of the following:

Investments: Under statutory accounting practices, debt securities are reported at amortized cost or fair value based on their Securities Valuation Office of the National Association of Insurance Commissioners rating; whereas under GAAP, debt securities are classified as either held-to-maturity and are carried at cost, net of amortization, or as available-for-sale and are carried at fair value. Under GAAP, unrealized gains and losses, calculated as the difference between the fair value and amortized cost of the available-for-sale portfolio, are included in accumulated other comprehensive income net of taxes, a component of stockholders' equity.

Non-admitted Assets: Under statutory accounting practices, certain assets designated as "non-admitted," are excluded from the statutory statements of admitted assets, liabilities and capital and surplus and directly charged or credited to unassigned surplus. Under statutory accounting practices, receivables over 90 days past due are non-admitted, whereas under GAAP, such receivables would be recorded as an asset net of specific reserves. Under statutory accounting practices, prepaid expenses are non-admitted, whereas under GAAP, prepaid expenses would be recorded as an asset and amortized over the periods during which the related benefit is realized. Under statutory accounting practices, certain furniture and equipment are non-admitted, whereas under GAAP, furniture and equipment would be recorded at cost and depreciated over its estimated useful life.

Reserve for Incurred but Not Reported Losses: Under statutory accounting practices, the Company defers a portion of gross premiums received based on a statutorily prescribed formula applied to the net liability retained by the Company, which is then amortized into income in accordance with a statutorily prescribed schedule, whereas under GAAP, the Company provides for title insurance losses based upon its historical experience by a charge to expense when the related premium revenue is recognized.

Deferred Federal Income Taxes: Under statutory accounting practices, deferred federal income taxes are subject to limitation, but are provided for based on differences between statutory and tax income with the change in the deferred tax asset or liability charged or credited to surplus, whereas under GAAP, deferred federal income taxes are fully recognized, with any deferred tax asset subject to an assessment of recoverability, and any change in the deferred tax asset or liability recorded through income.

Cash Flows: Under statutory accounting practices, cash and short-term investments include investments with maturities of one year or less at the date of acquisition for purposes of the statutory statement of cash flows, whereas under GAAP, cash and cash equivalents include investments with original maturities of three-months or less at the acquisition date for purposes of the statement of cash flows.

Real Estate: Under statutory accounting practices, transfers of real estate from an affiliated entity are at fair value. Under GAAP, transfers of real estate from an affiliated entity are recorded at book value.

CONNECTICUT ATTORNEYS TITLE INSURANCE COMPANY
Notes to Statutory Financial Statements - Continued
December 31, 2017 and 2016

A reconciliation of the significant differences between the balances and transactions reported in these statutory financial statements and what would otherwise have been reported under GAAP as of and for the years ended December 31, 2017 and 2016, is as follows:

	<u>Capital and Surplus</u>		<u>Net Income</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Investments at amortized cost, not fair value	\$ 55,413	\$ 78,743	\$ (1,499,944)	\$ (609,659)
Bad debt reserve on receivables	(220,000)	(496,409)	279,265	(120,997)
Federal income taxes recoverable	23,816	(489,597)	-	(388,069)
Incurred but not reported losses	3,600,583	4,134,506	533,923	1,913,742
Non-admitted assets:				
Receivables	570,634	516,978	-	-
Prepaid expenses	502,030	262,824	-	-
Deferred income taxes	-	8,676	-	-
Electronic data processing equipment and software	1,537,293	1,793,968	-	-
Furniture and fixtures	598,191	512,799	-	-
Deposits	<u>93,355</u>	<u>47,076</u>	<u>-</u>	<u>-</u>
Change in capital and surplus/net income	6,761,315	6,369,564	(686,756)	795,017
Capital and surplus/net income under statutory accounting practices	<u>32,956,345</u>	<u>34,664,404</u>	<u>1,452,876</u>	<u>2,064,686</u>
Stockholder's equity/net income under GAAP	<u>\$ 39,717,660</u>	<u>\$ 41,033,968</u>	<u>\$ 766,120</u>	<u>\$ 2,859,703</u>

16. SUBSEQUENT EVENTS

Subsequent events were evaluated through May 25, 2018, which is the date the statutory financial statements were available to be issued. No events occurred after the date the Company filed its Amended Annual Statement with the VT DFR and on or before May 25, 2018 that required adjustment to or disclosure in the statutory financial statements.

SUPPLEMENTARY INFORMATION



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SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For The Year Ended December 31, 2017

(To Be Filed by April 1)

Of The Connecticut Attorneys Title Insurance Company Insurance Company
 Address (City, State, Zip Code) 101 Corporate Place, Rocky Hill, CT 06067
 NAIC Group Code 4255 NAIC Company Code 51268 Employer's ID Number 06-1629891

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

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

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. \$ 65,616,212

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

<u>1</u> Issuer	<u>2</u> Description of Exposure	<u>3</u> Amount	<u>4</u> Percentage of Total Admitted Assets
2.01 CATIC Ins. (VT) Ltd	Investment in Subsidiary	\$ 2,781,053	4.238 %
2.02 Vanguard S&P 500 ETF	Exchange Traded Fund	\$ 2,724,681	4.152 %
2.03 Vanguard High Dividend Yield	Exchange Traded Fund	\$ 2,717,896	4.142 %
2.04 Eaton Vance Bank Loans	Variable Interest Investment	\$ 2,710,846	4.131 %
2.05 MFS Int'l Value Fund	Exchange Traded Fund	\$ 1,116,979	1.702 %
2.06 Surplus Note - CATICO	Investment in Subsidiary	\$ 850,000	1.295 %
2.07 Pennsylvania ST University	Municipal Bond	\$ 600,000	0.914 %
2.08 Howard Hughes Medical	Corporate Bond	\$ 518,593	0.790 %
2.09 Denver CO City & Cnty School District	Municipal Bond	\$ 516,725	0.787 %
2.10 Florida ST	Municipal Bond	\$ 510,113	0.777 %

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

<u>Bonds</u>	<u>1</u>	<u>2</u>	<u>Preferred Stocks</u>	<u>3</u>	<u>4</u>
3.01 NAIC 1	\$ 38,546,918	58.746 %	3.07 P/RP-1	\$	%
3.02 NAIC 2	\$ 2,565,015	3.909 %	3.08 P/RP-2	\$	%
3.03 NAIC 3	\$	%	3.09 P/RP-3	\$	%
3.04 NAIC 4	\$	%	3.10 P/RP-4	\$	%
3.05 NAIC 5	\$	%	3.11 P/RP-5	\$	%
3.06 NAIC 6	\$	%	3.12 P/RP-6	\$	%

4. Assets held in foreign investments:

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

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

4.02 Total admitted assets held in foreign investments \$ 2,070,111 3.155 %
 4.03 Foreign-currency-denominated investments \$ %
 4.04 Insurance liabilities denominated in that same foreign currency \$ %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES - Continued

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

	<u>1</u>	<u>2</u>	
5.01 Countries designated NAIC 1	\$ 2,070,111		3.155 %
5.02 Countries designated NAIC 2			%
5.03 Countries designated NAIC 3 or below			%

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

	<u>1</u>	<u>2</u>	
Countries designated NAIC 1:			
6.01 Country 1:	\$		%
6.02 Country 2:	\$		%
Countries designated NAIC 2:			
6.03 Country 1:	\$		%
6.04 Country 2:	\$		%
Countries designated NAIC 3 or below:			
6.05 Country 1:	\$		%
6.06 Country 2:	\$		%

7. Aggregate unhedged foreign currency exposure

	<u>1</u>	<u>2</u>	
	\$		%

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

	<u>1</u>	<u>2</u>	
8.01 Countries designated NAIC 1	\$		%
8.02 Countries designated NAIC 2	\$		%
8.03 Countries designated NAIC 3 or below	\$		%

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

	<u>1</u>	<u>2</u>	
Countries designated NAIC 1:			
9.01 Country 1:	\$		%
9.02 Country 2:	\$		%
Countries designated NAIC 2:			
9.03 Country 1:	\$		%
9.04 Country 2:	\$		%
Countries designated NAIC 3 or below:			
9.05 Country 1:	\$		%
9.06 Country 2:	\$		%

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

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	
	Issuer	NAIC Designation			
10.01 Credit Suisse NY		1FE	\$ 471,044		0.718 %
10.02 Cooperative Rabobank		1FE	\$ 450,965		0.687 %
10.03 Westpac Bkg Corp		1FE	\$ 399,511		0.609 %
10.04 Statoil ASA		1FE	\$ 249,896		0.381 %
10.05 Barclays Bank PLC		1FE	\$ 249,499		0.380 %
10.06 Shell Int'l Finance		1FE	\$ 249,196		0.380 %
10.07			\$		%
10.08			\$		%
10.09			\$		%
10.10			\$		%

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES - Continued

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

11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets?

Yes No

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

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

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

12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets?

Yes No

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

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

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

13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets?

Yes No

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

	<u>1</u> Issuer	<u>2</u>	<u>3</u>
13.02 CATIC Ins (VT) Ltd	\$	2,781,053	4.238 %
13.03 Vanguard S&P 500 ETF	\$	2,680,814	4.086 %
13.04 Vanguard High Dividend Yield	\$	2,679,411	4.083 %
13.05 MFS Int'l Value Fund	\$	1,000,000	1.524 %
13.06 Federal Home Loan Bank	\$	251,600	0.383 %
13.07 Investors Title Co.	\$	12,939	0.020 %
13.08 Stewart Information Services	\$	4,712	0.007 %
13.09 First American Financial Corp	\$	3,927	0.006 %
13.10 FNF Group	\$	2,373	0.004 %
13.11 Old Republic Int'l Corp	\$	1,813	0.003 %

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES - Continued

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

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

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

	<u>1</u>	<u>2</u>	<u>3</u>
14.02 Aggregate statement value of investments held in nonaffiliated, privately placed equities	\$	\$	%

Largest three investments held in nonaffiliated, privately placed equities:

14.03	\$		%
14.04	\$		%
14.05	\$		%

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

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

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

	<u>1</u>	<u>2</u>	<u>3</u>
15.02 Aggregate statement value of investments held in general partnership interests	\$	\$	%

Largest three investments in general partnership interests:

15.03	\$		%
15.04	\$		%
15.05	\$		%

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

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

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

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

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES - Continued

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

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

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

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

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

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

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

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

	1	2	3
18.02 Corporate Offices, 101 Corporate Place, Rocky Hill, CT 06067	\$	2,966,756	4.521 %
18.03	\$		%
18.04	\$		%
18.05	\$		%
18.06	\$		%

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

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

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

	1	2	3
19.02 Aggregate statement value of investments held in mezzanine real estate loans:	\$		%

Largest three investments held in mezzanine real estate loans:

19.03	\$		%
19.04	\$		%
19.05	\$		%

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES - Continued

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

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

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

	<u>Owned</u>		<u>Written</u>	
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
21.01 Hedging	\$	%	\$	%
21.02 Income generation	\$	%	\$	%
21.03 Other	\$	%	\$	%

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

	<u>At Year-end</u>		<u>At End of Each Quarter</u>		
	<u>1</u>	<u>2</u>	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
22.01 Hedging	\$	%	\$	\$	\$
22.02 Income generation	\$	%	\$	\$	\$
22.03 Replications	\$	%	\$	\$	\$
22.04 Other	\$	%	\$	\$	\$

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

	<u>At Year-end</u>		<u>At End of Each Quarter</u>		
	<u>1</u>	<u>2</u>	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
23.01 Hedging	\$	%	\$	\$	\$
23.02 Income generation	\$	%	\$	\$	\$
23.03 Replications	\$	%	\$	\$	\$
23.04 Other	\$	%	\$	\$	\$