



**QUARTERLY STATEMENT  
AS OF MARCH 31, 2016  
OF THE CONDITION AND AFFAIRS OF THE  
ERIE INSURANCE EXCHANGE**

NAIC Group Code 213 213 NAIC Company Code 26271 Employer's ID Number 25-6038677  
(Current Period) (Prior Period)

Organized under the Laws of the State of PENNSYLVANIA State of Domicile or Port of Entry PENNSYLVANIA  
 Country of Domicile U.S. Incorporated \_\_\_\_\_ Commenced Business April 20, 1925

Statutory Home Office 100 Erie Insurance Place Erie, PA 16530  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 100 Erie Insurance Place Erie, PA 16530 814-870-2000  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 100 Erie Insurance Place Erie, PA 16530  
(Street and Number) (City or Town, State and Zip Code)

Primary Location of Books and Records 100 Erie Insurance Place Erie, PA 16530 814-870-2000  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.erieinsurance.com

Statutory Statement Contact Julie Marie Pelkowski 814-870-2000 x2653  
(Name) (Area Code) (Telephone Number) (Extension)  
Julie.Pelkowski@erieinsurance.com 814-870-4040  
(E-Mail Address) (Area Code) (Fax Number)

**DIRECTORS\***

|                          |                            |                        |                               |
|--------------------------|----------------------------|------------------------|-------------------------------|
| John Ralph Borneman, Jr. | Terrence William Cavanaugh | Jonathan Hirt Hagen    | Thomas Bailey Hagen, Chairman |
| Charles Scott Hartz      | Claude Clifford Lilly, III | Thomas Warren Palmer   | Martin Paul Sheffield         |
| Richard Louis Stover     | Elizabeth Ann Vorsheck     | Robert Charles Wilburn |                               |

\*The individuals listed are directors of Erie Indemnity Company, a Pennsylvania business corporation which acts as attorney-in-fact for the Subscribers of Erie Insurance Exchange.

**EXECUTIVE OFFICERS\***

|                                      |                            |                                  |                      |
|--------------------------------------|----------------------------|----------------------------------|----------------------|
| President & Chief Executive Officer: | Terrence William Cavanaugh | Interim Executive Vice President |                      |
| Executive Vice President             |                            | & Chief Financial Officer:       | Gregory John Gutting |
| & General Counsel:                   | Sean Joseph McLaughlin     | Executive Vice President:        | John Francis Kearns  |
| Executive Vice President &           |                            | Executive Vice President:        | George David Dufala  |
| Chief Information Officer:           | Robert Coleman Ingram, III |                                  |                      |

.....

|   |                       |
|---|-----------------------|
| Senior Vice President & Chief Actuary:            | Bradley Clay Eastwood |
| Senior Vice President & Chief Investment Officer: | Bradley G. Postema    |
| Vice President & Treasurer:                       | Robert Wayne McNutt   |

\*The individuals listed are officers of Erie Indemnity Company, a Pennsylvania business corporation which acts as attorney-in-fact for the Subscribers of Erie Insurance Exchange.

State of Pennsylvania / SS  
 County of Erie /

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Terrence William Cavanaugh  
 Terrence William Cavanaugh  
 President & CEO

Brian William Bolash  
 Brian William Bolash  
 Secretary & Senior Counsel

Gregory John Gutting  
 Gregory John Gutting  
 Interim Executive Vice President & CFO

Subscribed and sworn to before me this  
 9th day of May, 2016.

- (a) Is this an original filing? Yes (X) No ()
- (b) If no: (i) State the amendment number:
- (ii) Date filed:
- (iii) Number of pages attached:

Catherine J. Hogg

COMMONWEALTH OF PENNSYLVANIA  
 NOTARIAL SEAL  
 Catherine J. Hogg, Notary Public  
 City of Erie, Erie County  
 My Commission Expires March 27, 2017  
 MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES

## ASSETS

|  | Current Statement Date |                            |  | 4<br>December 31<br>Prior Year Net<br>Admitted Assets |
|--|------------------------|----------------------------|--|---|
|  | 1<br>Assets            | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Cols. 1 - 2) |   |
| 1. Bonds.....  | 7,338,057,150          |                            | 7,338,057,150                                | 7,028,237,279   |
| 2. Stocks:   |                        |                            |  |   |
| 2.1 Preferred stocks.....  | 235,105,814            |                            | 235,105,814                                  | 224,491,069   |
| 2.2 Common stocks.....   | 3,560,647,710          |                            | 3,560,647,710                                | 3,530,190,382   |
| 3. Mortgage loans on real estate:  |                        |                            |  |   |
| 3.1 First liens.....   | 851,555                |                            | 851,555                                      | 951,480   |
| 3.2 Other than first liens.....  |                        |                            | 0  |   |
| 4. Real estate:  |                        |                            |  |   |
| 4.1 Properties occupied by the company (less \$.....0 encumbrances).....   | 98,767,521             |                            | 98,767,521                                   | 98,218,476  |
| 4.2 Properties held for the production of income (less \$.....0 encumbrances).....   | 2,128,427              | 2,128,427                  | 0  | 0   |
| 4.3 Properties held for sale (less \$.....0 encumbrances).....   |                        |                            | 0  |   |
| 5. Cash (\$.....(58,487,480)), cash equivalents (\$.....1,252,550) and short-term investments (\$.....478,775,603).....                              | 421,540,674            |                            | 421,540,674                                  | 700,918,861   |
| 6. Contract loans (including \$.....0 premium notes).....  |                        |                            | 0  |   |
| 7. Derivatives.....  |                        |                            | 0  |   |
| 8. Other invested assets.....  | 829,716,914            |                            | 829,716,914                                  | 814,961,861   |
| 9. Receivables for securities.....   | 33,370,101             |                            | 33,370,101                                   | 33,653,470  |
| 10. Securities lending reinvested collateral assets.....   |                        |                            | 0  |   |
| 11. Aggregate write-ins for invested assets.....   | 0                      | 0                          | 0  | 0   |
| 12. Subtotals, cash and invested assets (Lines 1 to 11).....   | 12,520,185,868         | 2,128,427                  | 12,518,057,441                               | 12,431,622,877  |
| 13. Title plants less \$.....0 charged off (for Title insurers only).....  |                        |                            | 0  |   |
| 14. Investment income due and accrued.....   | 85,146,813             |                            | 85,146,813                                   | 83,354,847  |
| 15. Premiums and considerations:   |                        |                            |  |   |
| 15.1 Uncollected premiums and agents' balances in the course of collection.....  | 80,142,771             | 17,084,949                 | 63,057,822                                   | 69,682,204  |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)..... | 1,330,574,051          |                            | 1,330,574,051                                | 1,293,990,466   |
| 15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....  |                        |                            | 0  |   |
| 16. Reinsurance:   |                        |                            |  |   |
| 16.1 Amounts recoverable from reinsurers.....  | 461,789                |                            | 461,789                                      | 2,350,942   |
| 16.2 Funds held by or deposited with reinsured companies.....  | 2,233,964              |                            | 2,233,964                                    | 2,261,018   |
| 16.3 Other amounts receivable under reinsurance contracts.....   |                        |                            | 0  |   |
| 17. Amounts receivable relating to uninsured plans.....  |                        |                            | 0  |   |
| 18.1 Current federal and foreign income tax recoverable and interest thereon.....  |                        |                            | 0  | 35,685,601  |
| 18.2 Net deferred tax asset.....   |                        |                            | 0  |   |
| 19. Guaranty funds receivable or on deposit.....   |                        |                            | 0  |   |
| 20. Electronic data processing equipment and software.....   | 25,828,036             | 18,131,976                 | 7,696,060                                    | 8,733,648   |
| 21. Furniture and equipment, including health care delivery assets (\$.....0).....   | 12,526,839             | 12,526,839                 | 0  |   |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....  |                        |                            | 0  |   |
| 23. Receivables from parent, subsidiaries and affiliates.....  | 2,295,800              | 1,514,929                  | 780,871                                      | 314,475   |
| 24. Health care (\$.....0) and other amounts receivable.....   |                        |                            | 0  |   |
| 25. Aggregate write-ins for other than invested assets.....  | 5,427,823              | 2,315,560                  | 3,112,263                                    | 2,718,052   |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....                             | 14,064,823,754         | 53,702,680                 | 14,011,121,074                               | 13,930,714,129  |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....   |                        |                            | 0  |   |
| 28. Total (Lines 26 and 27).....   | 14,064,823,754         | 53,702,680                 | 14,011,121,074                               | 13,930,714,129  |

### DETAILS OF WRITE-INS

|  |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| 1101.....  |           |           | 0         |           |
| 1102.....  |           |           | 0         |           |
| 1103.....  |           |           | 0         |           |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | 0         | 0         | 0         | 0         |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....       | 0         | 0         | 0         | 0         |
| 2501. Premium Tax Credits and Other.....                                 | 2,070,532 |           | 2,070,532 | 1,698,483 |
| 2502. Equities & Deposits in Pools and Associations.....                 | 1,041,731 |           | 1,041,731 | 1,019,568 |
| 2503. Prepaid Disbursements.....   | 2,315,560 | 2,315,560 | 0         |           |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0         | 0         | 0         | 0         |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 5,427,823 | 2,315,560 | 3,112,263 | 2,718,052 |

## LIABILITIES, SURPLUS AND OTHER FUNDS

|   | 1<br>Current<br>Statement Date | 2<br>December 31<br>Prior Year |
|---|--------------------------------|--------------------------------|
| 1. Losses (current accident year \$....461,086,229).....  | 3,107,895,633                  | 3,069,863,244                  |
| 2. Reinsurance payable on paid losses and loss adjustment expenses.....   | 1,495,487                      | 1,495,487                      |
| 3. Loss adjustment expenses.....  | 613,935,813                    | 608,078,939                    |
| 4. Commissions payable, contingent commissions and other similar charges.....   |                                |                                |
| 5. Other expenses (excluding taxes, licenses and fees).....   | 7,846,833                      | 7,696,483                      |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes).....   | (2,496,858)                    | 37,050,473                     |
| 7.1 Current federal and foreign income taxes (including \$....(945,057) on realized capital gains (losses)).....  | 4,399,034                      | 859,669                        |
| 7.2 Net deferred tax liability.....   | 186,728,353                    | 187,161,949                    |
| 8. Borrowed money \$.....0 and interest thereon \$.....0.....   |                                |                                |
| 9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$....147,278,076 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act)..... | 2,279,054,102                  | 2,283,914,462                  |
| 10. Advance premium.....  | 65,025,485                     | 47,233,345                     |
| 11. Dividends declared and unpaid:  |                                |                                |
| 11.1 Stockholders.....  |                                |                                |
| 11.2 Policyholders.....   | 7,392,572                      | 7,031,767                      |
| 12. Ceded reinsurance premiums payable (net of ceding commissions).....   | 78,810,953                     | 76,826,304                     |
| 13. Funds held by company under reinsurance treaties.....   | 122,868                        | 124,356                        |
| 14. Amounts withheld or retained by company for account of others.....  | 26,722,952                     | 26,155,287                     |
| 15. Remittances and items not allocated.....  | 1,793,599                      | 1,450,261                      |
| 16. Provision for reinsurance (including \$.....0 certified).....   | 3,000                          | 3,000                          |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates.....  |                                |                                |
| 18. Drafts outstanding.....   |                                |                                |
| 19. Payable to parent, subsidiaries and affiliates.....   | 1,994,661                      | 1,754,905                      |
| 20. Derivatives.....  |                                |                                |
| 21. Payable for securities.....   | 69,235,337                     | 104,239,988                    |
| 22. Payable for securities lending.....   |                                |                                |
| 23. Liability for amounts held under uninsured plans.....   |                                |                                |
| 24. Capital notes \$.....0 and interest thereon \$.....0.....   |                                |                                |
| 25. Aggregate write-ins for liabilities.....  | 332,288,173                    | 328,225,924                    |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....  | 6,782,247,999                  | 6,789,165,845                  |
| 27. Protected cell liabilities.....   |                                |                                |
| 28. Total liabilities (Lines 26 and 27).....  | 6,782,247,999                  | 6,789,165,845                  |
| 29. Aggregate write-ins for special surplus funds.....  | 0                              | 0                              |
| 30. Common capital stock.....   |                                |                                |
| 31. Preferred capital stock.....  |                                |                                |
| 32. Aggregate write-ins for other than special surplus funds.....   | 0                              | 0                              |
| 33. Surplus notes.....  |                                |                                |
| 34. Gross paid in and contributed surplus.....  |                                |                                |
| 35. Unassigned funds (surplus).....   | 7,228,873,074                  | 7,141,548,284                  |
| 36. Less treasury stock, at cost:   |                                |                                |
| 36.1 .....0.000 shares common (value included in Line 30 \$.....0).....   |                                |                                |
| 36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....  |                                |                                |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36).....   | 7,228,873,074                  | 7,141,548,284                  |
| 38. Totals (Page 2, Line 28, Col. 3).....   | 14,011,121,074                 | 13,930,714,129                 |

### DETAILS OF WRITE-INS

|  |             |             |
|--|-------------|-------------|
| 2501. Compensation Due Attorney-In-Fact.....                             | 332,288,173 | 328,225,924 |
| 2502. ....   |             |             |
| 2503. ....   |             |             |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0           | 0           |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 332,288,173 | 328,225,924 |
| 2901. ....   |             |             |
| 2902. ....   |             |             |
| 2903. ....   |             |             |
| 2998. Summary of remaining write-ins for Line 29 from overflow page..... | 0           | 0           |
| 2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....       | 0           | 0           |
| 3201. ....   |             |             |
| 3202. ....   |             |             |
| 3203. ....   |             |             |
| 3298. Summary of remaining write-ins for Line 32 from overflow page..... | 0           | 0           |
| 3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....       | 0           | 0           |

## STATEMENT OF INCOME

|  | 1<br>Current Year<br>to Date | 2<br>Prior Year<br>to Date | 3<br>Prior Year Ended<br>December 31 |
|--|------------------------------|----------------------------|--------------------------------------|
| <b>UNDERWRITING INCOME</b>   |                              |                            |                                      |
| 1. Premiums earned:  |                              |                            |                                      |
| 1.1 Direct..... (written \$.....1,077,026,312).....  | 1,089,194,950                | 1,044,875,081              | 4,305,056,296                        |
| 1.2 Assumed..... (written \$.....406,108,166).....   | 398,995,895                  | 343,641,629                | 1,471,098,943                        |
| 1.3 Ceded..... (written \$.....95,316,259).....  | 95,512,266                   | 89,625,016                 | 370,991,292                          |
| 1.4 Net..... (written \$.....1,387,818,219).....   | 1,392,678,579                | 1,298,891,693              | 5,405,163,947                        |
| DEDUCTIONS:  |                              |                            |                                      |
| 2. Losses incurred (current accident year \$.....813,501,860):   |                              |                            |                                      |
| 2.1 Direct.....  | 621,523,345                  | 663,463,286                | 2,519,184,409                        |
| 2.2 Assumed.....   | 223,279,931                  | 224,936,448                | 884,732,195                          |
| 2.3 Ceded.....   | 41,389,376                   | 51,481,799                 | 187,729,910                          |
| 2.4 Net.....   | 803,413,901                  | 836,917,935                | 3,216,186,694                        |
| 3. Loss adjustment expenses incurred.....  | 134,781,417                  | 138,764,150                | 534,765,341                          |
| 4. Other underwriting expenses incurred.....   | 379,207,866                  | 353,501,115                | 1,524,477,746                        |
| 5. Aggregate write-ins for underwriting deductions.....  | 328,728                      | 429,761                    | 1,520,559                            |
| 6. Total underwriting deductions (Lines 2 through 5).....  | 1,317,731,913                | 1,329,612,961              | 5,276,950,339                        |
| 7. Net income of protected cells.....  |                              |                            |                                      |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....  | 74,946,666                   | (30,721,268)               | 128,213,607                          |
| <b>INVESTMENT INCOME</b>   |                              |                            |                                      |
| 9. Net investment income earned.....   | 104,797,087                  | 116,247,544                | 467,352,751                          |
| 10. Net realized capital gains (losses) less capital gains tax of \$.....(8,509,938).....  | (18,319,854)                 | 56,608,078                 | 69,219,974                           |
| 11. Net investment gain (loss) (Lines 9 + 10).....   | 86,477,233                   | 172,855,622                | 536,572,725                          |
| <b>OTHER INCOME</b>  |                              |                            |                                      |
| 12. Net gain or (loss) from agents' or premium balances charged off<br>(amount recovered \$.....3,623,283 amount charged off \$.....15,090,180).....         | (11,466,897)                 | (10,868,422)               | (28,185,456)                         |
| 13. Finance and service charges not included in premiums.....  |                              |                            |                                      |
| 14. Aggregate write-ins for miscellaneous income.....  | 804,013                      | 213,779                    | 2,063,878                            |
| 15. Total other income (Lines 12 through 14).....  | (10,662,884)                 | (10,654,643)               | (26,121,578)                         |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....     | 150,761,016                  | 131,479,711                | 638,664,754                          |
| 17. Dividends to policyholders.....  | 2,196,594                    | 1,560,891                  | 8,068,425                            |
| 18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)..... | 148,564,422                  | 129,918,820                | 630,596,329                          |
| 19. Federal and foreign income taxes incurred.....   | 48,121,856                   | 22,642,775                 | 164,970,180                          |
| 20. Net income (Line 18 minus Line 19) (to Line 22).....   | 100,442,565                  | 107,276,045                | 465,626,149                          |
| <b>CAPITAL AND SURPLUS ACCOUNT</b>   |                              |                            |                                      |
| 21. Surplus as regards policyholders, December 31 prior year.....  | 7,141,548,284                | 6,816,564,905              | 6,816,564,905                        |
| 22. Net income (from Line 20).....   | 100,442,565                  | 107,276,045                | 465,626,149                          |
| 23. Net transfers (to) from Protected Cell accounts.....   |                              |                            |                                      |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....(4,018,093).....   | (43,480,521)                 | 6,294,407                  | (133,919,349)                        |
| 25. Change in net unrealized foreign exchange capital gain (loss).....   | 34,006,915                   | (32,157,634)               | (14,432,732)                         |
| 26. Change in net deferred income tax.....   | (3,584,497)                  | 8,863,033                  | 30,089,128                           |
| 27. Change in nonadmitted assets.....  | (59,672)                     | (88,220)                   | (22,923,817)                         |
| 28. Change in provision for reinsurance.....   |                              |                            | 544,000                              |
| 29. Change in surplus notes.....   |                              |                            |                                      |
| 30. Surplus (contributed to) withdrawn from protected cells.....   |                              |                            |                                      |
| 31. Cumulative effect of changes in accounting principles.....   |                              |                            |                                      |
| 32. Capital changes:   |                              |                            |                                      |
| 32.1 Paid in.....  |                              |                            |                                      |
| 32.2 Transferred from surplus (Stock Dividend).....  |                              |                            |                                      |
| 32.3 Transferred to surplus.....   |                              |                            |                                      |
| 33. Surplus adjustments:   |                              |                            |                                      |
| 33.1 Paid in.....  |                              |                            |                                      |
| 33.2 Transferred to capital (Stock Dividend).....  |                              |                            |                                      |
| 33.3 Transferred from capital.....   |                              |                            |                                      |
| 34. Net remittances from or (to) Home Office.....  |                              |                            |                                      |
| 35. Dividends to stockholders.....   |                              |                            |                                      |
| 36. Change in treasury stock.....  |                              |                            |                                      |
| 37. Aggregate write-ins for gains and losses in surplus.....   | 0                            | 0                          | 0                                    |
| 38. Change in surplus as regards policyholders (Lines 22 through 37).....  | 87,324,789                   | 90,187,631                 | 324,983,379                          |
| 39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....   | 7,228,873,074                | 6,906,752,536              | 7,141,548,284                        |
| <b>DETAILS OF WRITE-INS</b>  |                              |                            |                                      |
| 0501. LAD Program Expense.....   | 328,728                      | 429,761                    | 1,520,559                            |
| 0502. ....   |                              |                            |                                      |
| 0503. ....   |                              |                            |                                      |
| 0598. Summary of remaining write-ins for Line 5 from overflow page.....  | 0                            | 0                          | 0                                    |
| 0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....  | 328,728                      | 429,761                    | 1,520,559                            |
| 1401. Miscellaneous Income - Reinsurance.....  | 567,463                      | 203,880                    | 1,581,689                            |
| 1402. Miscellaneous Income.....  | 211,857                      | 14,118                     | 481,860                              |
| 1403. Unidentified Claims Reimbursements.....  | 24,694                       | (4,219)                    | 329                                  |
| 1498. Summary of remaining write-ins for Line 14 from overflow page.....   | 0                            | 0                          | 0                                    |
| 1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....   | 804,013                      | 213,779                    | 2,063,878                            |
| 3701. ....   |                              |                            |                                      |
| 3702. ....   |                              |                            |                                      |
| 3703. ....   |                              |                            |                                      |
| 3798. Summary of remaining write-ins for Line 37 from overflow page.....   | 0                            | 0                          | 0                                    |
| 3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....   | 0                            | 0                          | 0                                    |

**CASH FLOW**

|   | 1<br>Current Year<br>to Date | 2<br>Prior Year<br>To Date | 3<br>Prior Year Ended<br>December 31 |
|---|------------------------------|----------------------------|--------------------------------------|
| <b>CASH FROM OPERATIONS</b>   |                              |                            |                                      |
| 1. Premiums collected net of reinsurance.....   | 1,380,185,075                | 1,294,175,890              | 5,489,567,253                        |
| 2. Net investment income.....   | 108,864,439                  | 117,935,146                | 540,657,765                          |
| 3. Miscellaneous income.....  | (10,662,884)                 | (10,654,643)               | (26,121,578)                         |
| 4. Total (Lines 1 through 3).....   | 1,478,386,630                | 1,401,456,392              | 6,004,103,440                        |
| 5. Benefit and loss related payments.....   | 763,465,304                  | 748,932,718                | 3,064,390,561                        |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                         |                              |                            |                                      |
| 7. Commissions, expenses paid and aggregate write-ins for deductions.....   | 543,795,869                  | 506,282,906                | 2,035,267,197                        |
| 8. Dividends paid to policyholders.....   | 1,835,789                    | 1,127,858                  | 6,668,084                            |
| 9. Federal and foreign income taxes paid (recovered) net of \$.....(83,130) tax on capital gains (losses).....      | 386,952                      | 66,405,226                 | 336,017,561                          |
| 10. Total (Lines 5 through 9).....  | 1,309,483,914                | 1,322,748,707              | 5,442,343,403                        |
| 11. Net cash from operations (Line 4 minus Line 10).....  | 168,902,716                  | 78,707,685                 | 561,760,037                          |
| <b>CASH FROM INVESTMENTS</b>  |                              |                            |                                      |
| 12. Proceeds from investments sold, matured or repaid:  |                              |                            |                                      |
| 12.1 Bonds.....   | 539,289,816                  | 464,410,329                | 1,897,395,545                        |
| 12.2 Stocks.....  | 399,022,403                  | 493,955,806                | 1,790,117,935                        |
| 12.3 Mortgage loans.....  | 99,935                       | 93,022                     | 381,065                              |
| 12.4 Real estate.....   |                              |                            |                                      |
| 12.5 Other invested assets.....   | 22,804,236                   | 65,090,584                 | 190,141,394                          |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....                                |                              |                            | 2,071                                |
| 12.7 Miscellaneous proceeds.....  | 155,604                      | 39,311,152                 | 84,374,368                           |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7).....  | 961,371,994                  | 1,062,860,892              | 3,962,412,378                        |
| 13. Cost of investments acquired (long-term only):  |                              |                            |                                      |
| 13.1 Bonds.....   | 877,880,103                  | 799,250,167                | 2,480,990,295                        |
| 13.2 Stocks.....  | 435,559,212                  | 322,327,642                | 1,451,605,293                        |
| 13.3 Mortgage loans.....  |                              |                            |                                      |
| 13.4 Real estate.....   | 984,349                      | 5,936,885                  | 19,492,790                           |
| 13.5 Other invested assets.....   | 58,648,941                   | 24,957,482                 | 159,865,905                          |
| 13.6 Miscellaneous applications.....  | 35,004,651                   | 18,551,906                 | 30,982,327                           |
| 13.7 Total investments acquired (Lines 13.1 to 13.6).....   | 1,408,077,256                | 1,171,024,083              | 4,142,936,610                        |
| 14. Net increase or (decrease) in contract loans and premium notes.....   |                              |                            |                                      |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....  | (446,705,263)                | (108,163,191)              | (180,524,232)                        |
| <b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>  |                              |                            |                                      |
| 16. Cash provided (applied):  |                              |                            |                                      |
| 16.1 Surplus notes, capital notes.....  |                              |                            |                                      |
| 16.2 Capital and paid in surplus, less treasury stock.....  |                              |                            |                                      |
| 16.3 Borrowed funds.....  |                              |                            |                                      |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities.....                                    |                              |                            |                                      |
| 16.5 Dividends to stockholders.....   |                              |                            |                                      |
| 16.6 Other cash provided (applied).....   | (1,575,640)                  | 1,783,084                  | (18,942,567)                         |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)..... | (1,575,640)                  | 1,783,084                  | (18,942,567)                         |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>  |                              |                            |                                      |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....        | (279,378,187)                | (27,672,422)               | 362,293,238                          |
| 19. Cash, cash equivalents and short-term investments:  |                              |                            |                                      |
| 19.1 Beginning of year.....   | 700,918,861                  | 338,625,622                | 338,625,622                          |
| 19.2 End of period (Line 18 plus Line 19.1).....  | 421,540,674                  | 310,953,200                | 700,918,861                          |

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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