



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016
OF THE CONDITION AND AFFAIRS OF THE
FLAGSHIP CITY INSURANCE COMPANY

NAIC Group Code 213 213 NAIC Company Code 35585 Employer's ID Number 25-1675935
Organized under the Laws of the State of PENNSYLVANIA State of Domicile or Port of Entry PENNSYLVANIA
Country of Domicile U.S. Incorporated January 22, 1992 Commenced Business November 1, 1992
Statutory Home Office 100 Erie Insurance Place Erie, PA 16530
Main Administrative Office 100 Erie Insurance Place Erie, PA 16530 814-870-2000
Mail Address 100 Erie Insurance Place Erie, PA 16530
Primary Location of Books and Records 100 Erie Insurance Place Erie, PA 16530 814-870-2000
Internet Website Address www.erieinsurance.com
Statutory Statement Contact Julie Marie Pelkowski 814-870-2000 x 2653
Julie.Pelkowski@erieinsurance.com 814-870-4040

DIRECTORS

Brian William Bolash# Gregory John Gutting Thomas Bailey Hagen, Chairman Jonathan Hirt Hagen#
Robert Coleman Ingram, III Sean Joseph McLaughlin Timothy Gerard NeCastro#

EXECUTIVE OFFICERS

President & Chief Executive Officer: Timothy Gerard NeCastro# Executive Vice President & Chief Financial Officer: Gregory John Gutting#
Executive Vice President & General Counsel: Sean Joseph McLaughlin Executive Vice President & Chief Information Officer: Robert Coleman Ingram, III
Executive Vice President: Douglas Edward Smith# Executive Vice President: Lorianne Feltz#

Senior Vice President & Chief Actuary: Bradley Clay Eastwood
Senior Vice President & Controller: Julie Marie Pelkowski#
Senior Vice President & Chief Investment Officer: Bradley G. Postema
Secretary & Senior Counsel: Brian William Bolash#
Vice President & Treasurer: Robert Wayne McNutt

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.

Signature of Timothy Gerard NeCastro
Timothy Gerard NeCastro
President & CEO

Signature of Brian William Bolash
Brian William Bolash
Secretary & Senior Counsel

Signature of Gregory John Gutting
Gregory John Gutting
Executive Vice President & CFO

Subscribed and sworn to before me this
24th day of February, 2017.

- (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:

Signature of 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 Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	11,754,721		11,754,721	11,652,095
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			.0	
2.2 Common stocks.....			.0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$....(185,855), Schedule E-Part 1), cash equivalents (\$.....0, Schedule E-Part 2) and short-term investments (\$....403,917, Schedule DA).....	218,062		218,062	116,764
6. Contract loans (including \$.....0 premium notes).....			.0	
7. Derivatives (Schedule DB).....			.0	
8. Other invested assets (Schedule BA).....			.0	
9. Receivables for securities.....	201,875		201,875	9,125
10. Securities lending reinvested collateral assets (Schedule DL).....			.0	
11. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	12,174,658	.0	12,174,658	11,777,984
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	123,036		123,036	123,594
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	2,441,532		2,441,532	491,174
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	34,222,339		34,222,339	33,770,676
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			.0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....			.0	
16.2 Funds held by or deposited with reinsured companies.....			.0	
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	
18.2 Net deferred tax asset.....			.0	
19. Guaranty funds receivable or on deposit.....			.0	
20. Electronic data processing equipment and software.....			.0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			.0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0	
23. Receivables from parent, subsidiaries and affiliates.....			.0	
24. Health care (\$.....0) and other amounts receivable.....			.0	
25. Aggregate write-ins for other-than-invested assets.....	.0	.0	.0	.0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	48,961,565	.0	48,961,565	46,163,428
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. TOTAL (Lines 26 and 27).....	48,961,565	.0	48,961,565	46,163,428

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 through 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0
2501.....			.0	
2502.....			.0	
2503.....			.0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	.0	.0	.0	.0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....		
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....		
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....		
4. Commissions payable, contingent commissions and other similar charges.....		
5. Other expenses (excluding taxes, licenses and fees).....	600	600
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....		
7.1 Current federal and foreign income taxes (including \$.....254 on realized capital gains (losses)).....	2,377	461
7.2 Net deferred tax liability.....	1,897	2,342
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....53,154,836 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).....		
10. Advance premium.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	36,265,746	33,742,371
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....		
14. Amounts withheld or retained by company for account of others.....	165,959	171,689
15. Remittances and items not allocated.....	46,311	33,380
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	872	928
20. Derivatives.....		
21. Payable for securities.....		
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.....	0	0
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	36,483,762	33,951,770
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	36,483,762	33,951,770
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	2,350,000	2,350,000
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.....	2,925,000	2,925,000
35. Unassigned funds (surplus).....	7,202,803	6,936,658
36. Less treasury stock, at cost:		
36.10.000 shares common (value included in Line 30 \$.....0).....		
36.20.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	12,477,803	12,211,658
38. TOTAL (Page 2, Line 28, Col. 3).....	48,961,565	46,163,428

DETAILS OF WRITE-INS

2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	0	0
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 through 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 through 3203 plus 3298) (Line 32 above).....	0	0

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....		
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....		
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....		
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....		
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	0	0
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	0	0
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	298,813	301,640
10. Net realized capital gains (losses) less capital gains tax of \$.....4,943 (Exhibit of Capital Gains (Losses)).....	8,177	(88)
11. Net investment gain (loss) (Lines 9 + 10).....	306,990	301,552
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0).....	0	
13. Finance and service charges not included in premiums.....		
14. Aggregate write-ins for miscellaneous income.....	0	0
15. Total other income (Lines 12 through 14).....	0	0
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	306,990	301,552
17. Dividends to policyholders.....		
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).....	306,990	301,552
19. Federal and foreign income taxes incurred.....	41,290	40,149
20. Net income (Line 18 minus Line 19) (to Line 22).....	265,700	261,403
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	12,211,658	11,951,146
22. Net income (from Line 20).....	265,700	261,403
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....		(1)
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	444	(890)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....		
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
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 (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	266,144	260,512
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	12,477,803	12,211,658
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above).....	0	0
1401.		
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	0	0
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	121,353	(122,034)
2. Net investment income.....	419,216	416,815
3. Miscellaneous income.....		
4. Total (Lines 1 through 3).....	540,569	294,781
5. Benefit and loss related payments.....		
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	(601)	(600)
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....4,943 tax on capital gains (losses).....	44,317	43,424
10. Total (Lines 5 through 9).....	43,716	42,824
11. Net cash from operations (Line 4 minus Line 10).....	496,853	251,956
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	1,805,998	1,883,070
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	1,805,998	1,883,070
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	2,015,949	2,390,844
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....	192,750	6,875
13.7 Total investments acquired (Lines 13.1 to 13.6).....	2,208,699	2,397,718
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(402,701)	(514,648)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
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).....	7,146	17,112
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	7,146	17,112
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	101,298	(245,579)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	116,764	362,342
19.2 End of year (Line 18 plus Line 19.1).....	218,062	116,764

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

20.0001		
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