



ANNUAL STATEMENT
For the Year Ended December 31, 2015
OF THE CONDITION AND AFFAIRS OF THE
Cypress Property & Casualty Insurance Company

NAIC Group Code 03456, 03456 NAIC Company Code 10953 Employer's ID Number 59-3540757
Organized under the Laws of Florida, State of Domicile or Port of Entry Florida
Country of Domicile United States
Incorporated/Organized 08/26/1998 Commenced Business 12/27/1998
Statutory Home Office 13901 Sutton Park Drive South, Suite 310, Jacksonville, FL, US 32224-0230
Main Administrative Office 13901 Sutton Park Drive South, Suite 310 Jacksonville, FL, US 32224-0230 904-992-4492
Mail Address 13901 Sutton Park Drive South, Suite 310 Jacksonville, FL, US 32224-0230
Primary Location of Books and Records 13901 Sutton Park Drive South, Suite 310 Jacksonville, FL, US 32224-0230 904-992-4492
Internet Web Site Address www.cypressig.com
Statutory Statement Contact Rhonda Reno 904-371-2394
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OFFICERS

Table with 4 columns: Name, Title, Name, Title. Includes Joseph Newborg King, Co-Chief Executive Officer/Secretary, Enda McDonnell, Co-Chief Executive Officer/President, and Adrian Peter Ryan, Treasurer.

OTHER OFFICERS

Table with 4 columns: Name, Title, Name, Title. Includes Rhonda Marie Reno, Controller, Glenn Stanley Lawson, Chief Financial Officer.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Includes Enda McDonnell, Joseph Newborg King, Ramsey Hale Campbell, and Adrian Peter Ryan.

State of Florida

County of Duval

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.

Subscribed and sworn to before me this day of 2016. Includes signatures of Joseph Newborg King, Enda McDonnell, and Glenn Stanley Lawson. Includes questions: a. Is this an original filing? b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached.

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Cypress Property & Casualty Insurance Company

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)..... | 73,771,497 | | 73,771,497 | 49,124,570 |
| 2. Stocks (Schedule D): | | | | |
| 2.1 Preferred stocks | 0 | | 0 | 0 |
| 2.2 Common stocks | 0 | | 0 | 0 |
| 3. Mortgage loans on real estate (Schedule B): | | | | |
| 3.1 First liens | | | 0 | 0 |
| 3.2 Other than first liens | | | 0 | 0 |
| 4. Real estate (Schedule A): | | | | |
| 4.1 Properties occupied by the company (less \$ encumbrances)..... | | | 0 | 0 |
| 4.2 Properties held for the production of income (less \$ encumbrances) | | | 0 | 0 |
| 4.3 Properties held for sale (less \$ encumbrances) | | | 0 | 0 |
| 5. Cash (\$8,285,440 , Schedule E-Part 1), cash equivalents (\$3,399,930 , Schedule E-Part 2) and short-term investments (\$26,977 , Schedule DA)..... | 11,712,348 | | 11,712,348 | 36,876,716 |
| 6. Contract loans (including \$ premium notes)..... | | | 0 | 0 |
| 7. Derivatives (Schedule DB)..... | 0 | | 0 | 0 |
| 8. Other invested assets (Schedule BA) | 2,800,000 | | 2,800,000 | 0 |
| 9. Receivables for securities | | | 0 | 0 |
| 10. Securities lending reinvested collateral assets (Schedule DL)..... | | | 0 | 0 |
| 11. Aggregate write-ins for invested assets | 0 | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 88,283,845 | 0 | 88,283,845 | 86,001,286 |
| 13. Title plants less \$ charged off (for Title insurers only)..... | | | 0 | 0 |
| 14. Investment income due and accrued | 426,889 | | 426,889 | 499,681 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 576,538 | 71,350 | 505,188 | 5,452,015 |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)..... | 6,345,393 | | 6,345,393 | 2,053,003 |
| 15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$) | | | 0 | 0 |
| 16. Reinsurance: | | | | |
| 16.1 Amounts recoverable from reinsurers | 1,085,531 | | 1,085,531 | 2,185,875 |
| 16.2 Funds held by or deposited with reinsured companies | | | 0 | 0 |
| 16.3 Other amounts receivable under reinsurance contracts | | | 0 | 0 |
| 17. Amounts receivable relating to uninsured plans | | | 0 | 0 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | | | 0 | 0 |
| 18.2 Net deferred tax asset..... | 3,790,819 | 2,296 | 3,788,523 | 3,676,351 |
| 19. Guaranty funds receivable or on deposit | | | 0 | 0 |
| 20. Electronic data processing equipment and software..... | 2,629 | 2,629 | 0 | 0 |
| 21. Furniture and equipment, including health care delivery assets (\$) | 18,759 | 18,759 | 0 | 0 |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | | | 0 | 0 |
| 23. Receivables from parent, subsidiaries and affiliates | | | 0 | 908,488 |
| 24. Health care (\$) and other amounts receivable..... | | | 0 | 0 |
| 25. Aggregate write-ins for other-than-invested assets | 221,210 | 216,299 | 4,911 | 4,328 |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)..... | 100,751,615 | 311,334 | 100,440,281 | 100,781,027 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | | | 0 | 0 |
| 28. Total (Lines 26 and 27) | 100,751,615 | 311,334 | 100,440,281 | 100,781,027 |
| DETAILS OF WRITE-INS | | | | |
| 1101. | | | | |
| 1102. | | | | |
| 1103. | | | | |
| 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. Other Assets..... | 216,299 | 216,299 | 0 | 0 |
| 2502. Assessment Receivable..... | 4,911 | | 4,911 | 4,328 |
| 2503. | | | | |
| 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) | 221,210 | 216,299 | 4,911 | 4,328 |

LIABILITIES, SURPLUS AND OTHER FUNDS

| | 1 Current Year | 2 Prior Year |
|---|-------------------|-----------------|
| 1. Losses (Part 2A, Line 35, Column 8) | 15,249,720 | 15,769,420 |
| 2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6) | | 0 |
| 3. Loss adjustment expenses (Part 2A, Line 35, Column 9) | 3,895,484 | 3,907,195 |
| 4. Commissions payable, contingent commissions and other similar charges | | 0 |
| 5. Other expenses (excluding taxes, licenses and fees) | 1,788,632 | 1,510,758 |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes) | 288,800 | 567,233 |
| 7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses)) | 457,181 | 1,173,879 |
| 7.2 Net deferred tax liability | | 0 |
| 8. Borrowed money \$ and interest thereon \$18,298 | 18,298 | 25,866 |
| 9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$574 and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act) | 44,379,069 | 39,739,198 |
| 10. Advance premium | 2,615,690 | 2,478,246 |
| 11. Dividends declared and unpaid: | | |
| 11.1 Stockholders | | 0 |
| 11.2 Policyholders | | 0 |
| 12. Ceded reinsurance premiums payable (net of ceding commissions) | (4,398,462) | 943,443 |
| 13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) | 1,394 | 1,394 |
| 14. Amounts withheld or retained by company for account of others | | 0 |
| 15. Remittances and items not allocated | 9,962 | 27,770 |
| 16. Provision for reinsurance (including \$128,015 certified) (Schedule F, Part 8) | 128,015 | 0 |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates | | 0 |
| 18. Drafts outstanding | | 0 |
| 19. Payable to parent, subsidiaries and affiliates | 2,534,631 | 0 |
| 20. Derivatives | 0 | 0 |
| 21. Payable for securities | | 0 |
| 22. Payable for securities lending | | 0 |
| 23. Liability for amounts held under uninsured plans | | 0 |
| 24. Capital notes \$ and interest thereon \$ | | 0 |
| 25. Aggregate write-ins for liabilities | 1,319,039 | 1,805,833 |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25) | 68,287,453 | 67,950,236 |
| 27. Protected cell liabilities | | 0 |
| 28. Total liabilities (Lines 26 and 27) | 68,287,453 | 67,950,236 |
| 29. Aggregate write-ins for special surplus funds | 0 | 0 |
| 30. Common capital stock | 700,000 | 700,000 |
| 31. Preferred capital stock | | 0 |
| 32. Aggregate write-ins for other-than-special surplus funds | 0 | 0 |
| 33. Surplus notes | 8,492,647 | 9,051,471 |
| 34. Gross paid in and contributed surplus | 37,159,857 | 37,159,857 |
| 35. Unassigned funds (surplus) | (14,199,676) | (14,080,537) |
| 36. Less treasury stock, at cost: | | |
| 36.1 shares common (value included in Line 30 \$) | | 0 |
| 36.2 shares preferred (value included in Line 31 \$) | | 0 |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39) | 32,152,828 | 32,830,791 |
| 38. Totals (Page 2, Line 28, Col. 3) | 100,440,281 | 100,781,027 |
| DETAILS OF WRITE-INS | | |
| 2501. Other Liabilities..... | 1,319,039 | 1,805,833 |
| 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) | 1,319,039 | 1,805,833 |
| 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 |

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Cypress Property & Casualty Insurance Company

STATEMENT OF INCOME

| | 1 Current Year | 2 Prior Year |
|---|-------------------|-----------------|
| UNDERWRITING INCOME | | |
| 1. Premiums earned (Part 1, Line 35, Column 4) | 57,200,674 | 53,006,989 |
| DEDUCTIONS: | | |
| 2. Losses incurred (Part 2, Line 35, Column 7) | 22,279,732 | 19,096,343 |
| 3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1) | 4,271,303 | 3,703,814 |
| 4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) | 31,355,734 | 27,555,849 |
| 5. Aggregate write-ins for underwriting deductions | 0 | 0 |
| 6. Total underwriting deductions (Lines 2 through 5) | 57,906,769 | 50,356,006 |
| 7. Net income of protected cells | 0 | 0 |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) | (706,096) | 2,650,982 |
| INVESTMENT INCOME | | |
| 9. Net investment income earned (Exhibit of Net Investment Income, Line 17) | 769,403 | 532,533 |
| 10. Net realized capital gains (losses) less capital gains tax of \$ (Exhibit of Capital Gains (Losses)) | 34,010 | 74,684 |
| 11. Net investment gain (loss) (Lines 9 + 10) | 803,413 | 607,217 |
| OTHER INCOME | | |
| 12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$3,001 amount charged off \$2,445) | 556 | 1,130 |
| 13. Finance and service charges not included in premiums | 0 | 0 |
| 14. Aggregate write-ins for miscellaneous income | (1,268) | 3,414 |
| 15. Total other income (Lines 12 through 14) | (712) | 4,543 |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15) | 96,605 | 3,262,743 |
| 17. Dividends to policyholders | 0 | 0 |
| 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) | 96,605 | 3,262,743 |
| 19. Federal and foreign income taxes incurred | 103,302 | 1,163,762 |
| 20. Net income (Line 18 minus Line 19) (to Line 22) | (6,697) | 2,098,981 |
| CAPITAL AND SURPLUS ACCOUNT | | |
| 21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2) | 32,830,790 | 31,106,374 |
| 22. Net income (from Line 20) | (6,697) | 2,098,981 |
| 23. Net transfers (to) from Protected Cell accounts | 0 | 0 |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ | 238 | (920) |
| 25. Change in net unrealized foreign exchange capital gain (loss) | 0 | 0 |
| 26. Change in net deferred income tax | 112,173 | 86,696 |
| 27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3) | (96,838) | 91,389 |
| 28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) | (128,015) | 7,094 |
| 29. Change in surplus notes | (558,824) | (558,824) |
| 30. Surplus (contributed to) withdrawn from protected cells | 0 | 0 |
| 31. Cumulative effect of changes in accounting principles | 0 | 0 |
| 32. Capital changes: | | |
| 32.1 Paid in | 0 | 0 |
| 32.2 Transferred from surplus (Stock Dividend) | 0 | 0 |
| 32.3 Transferred to surplus | 0 | 0 |
| 33. Surplus adjustments: | | |
| 33.1 Paid in | 0 | 0 |
| 33.2 Transferred to capital (Stock Dividend) | 0 | 0 |
| 33.3 Transferred from capital | 0 | 0 |
| 34. Net remittances from or (to) Home Office | 0 | 0 |
| 35. Dividends to stockholders | 0 | 0 |
| 36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1) | 0 | 0 |
| 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) | (677,963) | 1,724,416 |
| 39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37) | 32,152,827 | 32,830,790 |
| 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. Other Income | (1,268) | 3,414 |
| 1402. Gain on Sale of Fixed Assets | 0 | 0 |
| 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) | (1,268) | 3,414 |
| 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..... | 56,945,486 | 52,712,844 |
| 2. Net investment income..... | 1,511,992 | 935,867 |
| 3. Miscellaneous income..... | 0 | 0 |
| 4. Total (Lines 1 through 3)..... | 58,457,478 | 53,648,711 |
| 5. Benefit and loss related payments..... | 21,873,630 | 19,262,456 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | 0 | 0 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions..... | 35,688,343 | 30,330,274 |
| 8. Dividends paid to policyholders..... | 0 | 0 |
| 9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)..... | 932,049 | 87,170 |
| 10. Total (Lines 5 through 9)..... | 58,494,022 | 49,679,900 |
| 11. Net cash from operations (Line 4 minus Line 10)..... | (36,545) | 3,968,810 |
| Cash from Investments | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds..... | 8,231,475 | 14,998,921 |
| 12.2 Stocks..... | 0 | 0 |
| 12.3 Mortgage loans..... | 0 | 0 |
| 12.4 Real estate..... | 0 | 0 |
| 12.5 Other invested assets..... | 0 | 0 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments..... | 35 | 0 |
| 12.7 Miscellaneous proceeds..... | 0 | 0 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7)..... | 8,231,510 | 14,998,921 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds..... | 33,513,866 | 6,771,690 |
| 13.2 Stocks..... | 0 | 0 |
| 13.3 Mortgage loans..... | 0 | 0 |
| 13.4 Real estate..... | 0 | 0 |
| 13.5 Other invested assets..... | 2,800,000 | 0 |
| 13.6 Miscellaneous applications..... | 0 | 0 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6)..... | 36,313,866 | 6,771,690 |
| 14. Net increase (decrease) in contract loans and premium notes..... | 0 | 0 |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)..... | (28,082,356) | 8,227,231 |
| Cash from Financing and Miscellaneous Sources | | |
| 16. Cash provided (applied): | | |
| 16.1 Surplus notes, capital notes..... | (558,824) | (558,823) |
| 16.2 Capital and paid in surplus, less treasury stock..... | 0 | 0 |
| 16.3 Borrowed funds..... | 0 | 0 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities..... | 0 | 0 |
| 16.5 Dividends to stockholders..... | 0 | 0 |
| 16.6 Other cash provided (applied)..... | 3,513,361 | (753,073) |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)..... | 2,954,538 | (1,311,896) |
| 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)..... | (25,164,363) | 10,884,145 |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year..... | 36,876,711 | 25,992,566 |
| 19.2 End of year (Line 18 plus Line 19.1)..... | 11,712,348 | 36,876,711 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

| Line of Business | | 1 | 2 | 3 | 4 |
|-----------------------------|--|--|--|--|---|
| | | Net Premiums Written per Column 6, Part 1B | Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1 | Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A | Premiums Earned During Year (Cols. 1 + 2 - 3) |
| 1. | Fire | 2,223,982 | 729,177 | 1,304,471 | 1,648,688 |
| 2. | Allied lines | 2,673,808 | 1,645,847 | 1,939,996 | 2,379,660 |
| 3. | Farmowners multiple peril | 0 | 0 | 0 | 0 |
| 4. | Homeowners multiple peril | 43,321,612 | 30,952,839 | 34,766,893 | 39,507,558 |
| 5. | Commercial multiple peril | 0 | 0 | 0 | 0 |
| 6. | Mortgage guaranty | 0 | 0 | 0 | 0 |
| 8. | Ocean marine | 0 | 0 | 0 | 0 |
| 9. | Inland marine | 1,445,390 | 568,961 | 597,396 | 1,416,955 |
| 10. | Financial guaranty | 0 | 0 | 0 | 0 |
| 11.1 | Medical professional liability-occurrence | 0 | 0 | 0 | 0 |
| 11.2 | Medical professional liability-claims-made | 0 | 0 | 0 | 0 |
| 12. | Earthquake | 0 | 0 | 0 | 0 |
| 13. | Group accident and health | 0 | 0 | 0 | 0 |
| 14. | Credit accident and health (group and individual) | 0 | 0 | 0 | 0 |
| 15. | Other accident and health | 0 | 0 | 0 | 0 |
| 16. | Workers' compensation | 0 | 0 | 0 | 0 |
| 17.1 | Other liability-occurrence | 12,175,753 | 5,842,374 | 5,770,313 | 12,247,813 |
| 17.2 | Other liability-claims-made | 0 | 0 | 0 | 0 |
| 17.3 | Excess workers' compensation | 0 | 0 | 0 | 0 |
| 18.1 | Products liability-occurrence | 0 | 0 | 0 | 0 |
| 18.2 | Products liability-claims-made | 0 | 0 | 0 | 0 |
| 19.1,19.2 | Private passenger auto liability | 0 | 0 | 0 | 0 |
| 19.3,19.4 | Commercial auto liability | 0 | 0 | 0 | 0 |
| 21. | Auto physical damage | 0 | 0 | 0 | 0 |
| 22. | Aircraft (all perils) | 0 | 0 | 0 | 0 |
| 23. | Fidelity | 0 | 0 | 0 | 0 |
| 24. | Surety | 0 | 0 | 0 | 0 |
| 26. | Burglary and theft | 0 | 0 | 0 | 0 |
| 27. | Boiler and machinery | 0 | 0 | 0 | 0 |
| 28. | Credit | 0 | 0 | 0 | 0 |
| 29. | International | 0 | 0 | 0 | 0 |
| 30. | Warranty | 0 | 0 | 0 | 0 |
| 31. | Reinsurance-nonproportional assumed property | 0 | 0 | 0 | 0 |
| 32. | Reinsurance-nonproportional assumed liability | 0 | 0 | 0 | 0 |
| 33. | Reinsurance-nonproportional assumed financial lines | 0 | 0 | 0 | 0 |
| 34. | Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 |
| 35. | TOTALS | 61,840,545 | 39,739,198 | 44,379,069 | 57,200,674 |
| DETAILS OF WRITE-INS | | | | | |
| 3401. | ..... |  |  |  |  |
| 3402. | ..... |  |  |  |  |
| 3403. | ..... |  |  |  |  |
| 3498. | Sum. of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 0 | 0 | 0 |

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

| Line of Business | | 1 Amount Unearned (Running One Year or Less from Date of Policy) (a) | 2 Amount Unearned (Running More Than One Year from Date of Policy) (a) | 3 Earned but Unbilled Premium | 4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience | 5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4 |
|-----------------------------|--|---|---|--|---|---|
| 1. | Fire | 1,304,471 | | | | 1,304,471 |
| 2. | Allied lines | 1,939,996 | | | | 1,939,996 |
| 3. | Farmowners multiple peril | | | | | 0 |
| 4. | Homeowners multiple peril | 34,766,893 | | | | 34,766,893 |
| 5. | Commercial multiple peril | | | | | 0 |
| 6. | Mortgage guaranty | | | | | 0 |
| 8. | Ocean marine | | | | | 0 |
| 9. | Inland marine | 597,396 | | | | 597,396 |
| 10. | Financial guaranty | | | | | 0 |
| 11.1 | Medical professional liability-occurrence | | | | | 0 |
| 11.2 | Medical professional liability-claims-made | | | | | 0 |
| 12. | Earthquake | | | | | 0 |
| 13. | Group accident and health | | | | | 0 |
| 14. | Credit accident and health (group and individual) | | | | | 0 |
| 15. | Other accident and health | | | | | 0 |
| 16. | Workers' compensation | | | | | 0 |
| 17.1 | Other liability-occurrence | 5,770,313 | | | | 5,770,313 |
| 17.2 | Other liability-claims-made | | | | | 0 |
| 17.3 | Excess workers' compensation | | | | | 0 |
| 18.1 | Products liability-occurrence | | | | | 0 |
| 18.2 | Products liability-claims-made | | | | | 0 |
| 19.1,19.2 | Private passenger auto liability | | | | | 0 |
| 19.3,19.4 | Commercial auto liability | | | | | 0 |
| 21. | Auto physical damage | | | | | 0 |
| 22. | Aircraft (all perils) | | | | | 0 |
| 23. | Fidelity | | | | | 0 |
| 24. | Surety | | | | | 0 |
| 26. | Burglary and theft | | | | | 0 |
| 27. | Boiler and machinery | | | | | 0 |
| 28. | Credit | | | | | 0 |
| 29. | International | | | | | 0 |
| 30. | Warranty | | | | | 0 |
| 31. | Reinsurance-nonproportional assumed property | | | | | 0 |
| 32. | Reinsurance-nonproportional assumed liability | | | | | 0 |
| 33. | Reinsurance-nonproportional assumed financial lines | | | | | 0 |
| 34. | Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 | 0 |
| 35. | TOTALS | 44,379,069 | 0 | 0 | 0 | 44,379,069 |
| 36. | Accrued retrospective premiums based on experience | | | | | |
| 37. | Earned but unbilled premiums | | | | | |
| 38. | Balance (Sum of Lines 35 through 37) | | | | | 44,379,069 |
| DETAILS OF WRITE-INS | | | | | | |
| 3401. | ..... |  |  |  |  |  |
| 3402. | ..... |  |  |  |  |  |
| 3403. | ..... |  |  |  |  |  |
| 3498. | Sum. of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 | 0 |
| 3499. | Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 0 | 0 | 0 | 0 |

(a) State here basis of computation used in each case. Daily pro-rata

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

| Line of Business | 1 Direct Business (a) | Reinsurance Assumed | | Reinsurance Ceded | | 6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5 |
|--|--------------------------------|-------------------------|-----------------------------|-----------------------|---------------------------|---|
| | | 2 From Affiliates | 3 From Non-Affiliates | 4 To Affiliates | 5 To Non-Affiliates | |
| 1. Fire | 2,291,445 | | 13,123 | | 80,585 | 2,223,982 |
| 2. Allied lines | 3,920,517 | | 64,980 | | 1,311,688 | 2,673,808 |
| 3. Farmowners multiple peril | | | | | | 0 |
| 4. Homeowners multiple peril | 68,088,186 | | 166,399 | | 24,932,973 | 43,321,612 |
| 5. Commercial multiple peril | | | | | | 0 |
| 6. Mortgage guaranty | | | | | | 0 |
| 8. Ocean marine | | | | | | 0 |
| 9. Inland marine | 1,456,384 | | | | 10,994 | 1,445,390 |
| 10. Financial guaranty | | | | | | 0 |
| 11.1 Medical professional liability-occurrence | | | | | | 0 |
| 11.2 Medical professional liability-claims-made | | | | | | 0 |
| 12. Earthquake | | | | | | 0 |
| 13. Group accident and health | | | | | | 0 |
| 14. Credit accident and health (group and individual) | | | | | | 0 |
| 15. Other accident and health | | | | | | 0 |
| 16. Workers' compensation | | | | | | 0 |
| 17.1 Other liability-occurrence | 12,175,098 | | | | (654) | 12,175,753 |
| 17.2 Other liability-claims-made | | | | | | 0 |
| 17.3 Excess workers' compensation | | | | | | 0 |
| 18.1 Products liability-occurrence | | | | | | 0 |
| 18.2 Products liability-claims-made | | | | | | 0 |
| 19.1,19.2 Private passenger auto liability | | | | | | 0 |
| 19.3,19.4 Commercial auto liability | | | | | | 0 |
| 21. Auto physical damage | | | | | | 0 |
| 22. Aircraft (all perils) | | | | | | 0 |
| 23. Fidelity | | | | | | 0 |
| 24. Surety | | | | | | 0 |
| 26. Burglary and theft | | | | | | 0 |
| 27. Boiler and machinery | | | | | | 0 |
| 28. Credit | | | | | | 0 |
| 29. International | | | | | | 0 |
| 30. Warranty | | | | | | 0 |
| 31. Reinsurance-nonproportional assumed property | XXX | | | | | 0 |
| 32. Reinsurance-nonproportional assumed liability | XXX | | | | | 0 |
| 33. Reinsurance-nonproportional assumed financial lines | XXX | | | | | 0 |
| 34. Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 | 0 | 0 |
| 35. TOTALS | 87,931,630 | 0 | 244,501 | 0 | 26,335,587 | 61,840,545 |
| DETAILS OF WRITE-INS | | | | | | |
| 3401. | | | | | | |
| 3402. | | | | | | |
| 3403. | | | | | | |
| 3498. Sum. of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 |
| 3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above) | 0 | 0 | 0 | 0 | 0 | 0 |

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [] No [X]

If yes: 1. The amount of such installment premiums \$

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Cypress Property & Casualty Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

| Line of Business | Losses Paid Less Salvage | | | | 5 Net Losses Unpaid Current Year (Part 2A, Col. 8) | 6 Net Losses Unpaid Prior Year | 7 Losses Incurred Current Year (Cols. 4 + 5 - 6) | 8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1) |
|--|--------------------------|-----------------------------|-------------------------------|--|--|---|---|---|
| | 1 Direct Business | 2 Reinsurance Assumed | 3 Reinsurance Recovered | 4 Net Payments (Cols. 1 + 2 - 3) | | | | |
| 1. Fire | 1,200,860 | | 245,796 | 955,065 | 718,250 | 323,983 | 1,349,332 | 81.8 |
| 2. Allied lines | 416,068 | | 106,537 | 309,532 | 20,369 | 59,338 | 270,563 | 11.4 |
| 3. Farmowners multiple peril | | | | 0 | 0 | 0 | 0 | 0.0 |
| 4. Homeowners multiple peril | 22,689,598 | 775,559 | 4,672,003 | 18,793,154 | 7,528,387 | 8,615,151 | 17,706,390 | 44.8 |
| 5. Commercial multiple peril | | | | 0 | 0 | 0 | 0 | 0.0 |
| 6. Mortgage guaranty | | | | 0 | 0 | 0 | 0 | 0.0 |
| 8. Ocean marine | | | | 0 | 0 | 0 | 0 | 0.0 |
| 9. Inland marine | 5,674 | | | 5,674 | 177,833 | 72,500 | 111,007 | 7.8 |
| 10. Financial guaranty | | | | 0 | 0 | 0 | 0 | 0.0 |
| 11.1 Medical professional liability-occurrence | | | | 0 | 0 | 0 | 0 | 0.0 |
| 11.2 Medical professional liability-claims-made | | | | 0 | 0 | 0 | 0 | 0.0 |
| 12. Earthquake | | | | 0 | 0 | 0 | 0 | 0.0 |
| 13. Group accident and health | | | | 0 | 0 | 0 | 0 | 0.0 |
| 14. Credit accident and health (group and individual) | | | | 0 | 0 | 0 | 0 | 0.0 |
| 15. Other accident and health | | | | 0 | 0 | 0 | 0 | 0.0 |
| 16. Workers' compensation | | | | 0 | 0 | 0 | 0 | 0.0 |
| 17.1 Other liability-occurrence | 2,736,007 | | | 2,736,007 | 6,804,881 | 6,698,448 | 2,842,440 | 23.2 |
| 17.2 Other liability-claims-made | | | | 0 | 0 | 0 | 0 | 0.0 |
| 17.3 Excess workers' compensation | | | | 0 | 0 | 0 | 0 | 0.0 |
| 18.1 Products liability-occurrence | | | | 0 | 0 | 0 | 0 | 0.0 |
| 18.2 Products liability-claims-made | | | | 0 | 0 | 0 | 0 | 0.0 |
| 19.1,19.2 Private passenger auto liability | | | | 0 | 0 | 0 | 0 | 0.0 |
| 19.3,19.4 Commercial auto liability | | | | 0 | 0 | 0 | 0 | 0.0 |
| 21. Auto physical damage | | | | 0 | 0 | 0 | 0 | 0.0 |
| 22. Aircraft (all perils) | | | | 0 | 0 | 0 | 0 | 0.0 |
| 23. Fidelity | | | | 0 | 0 | 0 | 0 | 0.0 |
| 24. Surety | | | | 0 | 0 | 0 | 0 | 0.0 |
| 26. Burglary and theft | | | | 0 | 0 | 0 | 0 | 0.0 |
| 27. Boiler and machinery | | | | 0 | 0 | 0 | 0 | 0.0 |
| 28. Credit | | | | 0 | 0 | 0 | 0 | 0.0 |
| 29. International | | | | 0 | 0 | 0 | 0 | 0.0 |
| 30. Warranty | | | | 0 | 0 | 0 | 0 | 0.0 |
| 31. Reinsurance-nonproportional assumed property | XXX | | | 0 | 0 | 0 | 0 | 0.0 |
| 32. Reinsurance-nonproportional assumed liability | XXX | | | 0 | 0 | 0 | 0 | 0.0 |
| 33. Reinsurance-nonproportional assumed financial lines | XXX | | | 0 | 0 | 0 | 0 | 0.0 |
| 34. Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 35. TOTALS | 27,048,208 | 775,559 | 5,024,335 | 22,799,432 | 15,249,720 | 15,769,420 | 22,279,732 | 39.0 |
| DETAILS OF WRITE-INS | | | | | | | | |
| 3401. | | | | | | | | |
| 3402. | | | | | | | | |
| 3403. | | | | | | | | |
| 3498. Sum. of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |
| 3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 |

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Cypress Property & Casualty Insurance Company

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

| Line of Business | Reported Losses | | | | Incurred But Not Reported | | | 8 Net Losses Unpaid (Cols. 4 +5 + 6 - 7) | 9 Net Unpaid Loss Adjustment Expenses |
|--|-----------------|--------------------------|-------------------------------------|---|---------------------------|--------------------------|------------------------|--|--|
| | 1 Direct | 2 Reinsurance Assumed | 3 Deduct Reinsurance Recoverable | 4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3) | 5 Direct | 6 Reinsurance Assumed | 7 Reinsurance Ceded | | |
| 1. Fire | 495,506 | | 6,002 | 489,505 | 251,700 | | 22,954 | 718,250 | 157,706 |
| 2. Allied lines | 16,500 | | 3,750 | 12,750 | 10,757 | | 3,138 | 20,369 | 45,945 |
| 3. Farmowners multiple peril | | | | | | | | | |
| 4. Homeowners multiple peril | 5,377,417 | 202,409 | 819,664 | 4,760,162 | 3,404,155 | | 635,929 | 7,528,387 | 1,779,894 |
| 5. Commercial multiple peril | | | | | | | | | |
| 6. Mortgage guaranty | | | | | | | | | |
| 8. Ocean marine | | | | | | | | | |
| 9. Inland marine | 28,000 | | | 28,000 | 149,833 | | | 177,833 | |
| 10. Financial guaranty | | | | | | | | | |
| 11.1 Medical professional liability-occurrence | | | | | | | | | |
| 11.2 Medical professional liability-claims-made | | | | | | | | | |
| 12. Earthquake | | | | | | | | | |
| 13. Group accident and health | | | | | | | | (a) | |
| 14. Credit accident and health (group and individual) | | | | | | | | | |
| 15. Other accident and health | | | | | | | | (a) | |
| 16. Workers' compensation | | | | | | | | | |
| 17.1 Other liability-occurrence | 2,667,670 | | | 2,667,670 | 4,137,211 | | | 6,804,881 | 1,911,939 |
| 17.2 Other liability-claims-made | | | | | | | | | |
| 17.3 Excess workers' compensation | | | | | | | | | |
| 18.1 Products liability-occurrence | | | | | | | | | |
| 18.2 Products liability-claims-made | | | | | | | | | |
| 19.1,19.2 Private passenger auto liability | | | | | | | | | |
| 19.3,19.4 Commercial auto liability | | | | | | | | | |
| 21. Auto physical damage | | | | | | | | | |
| 22. Aircraft (all perils) | | | | | | | | | |
| 23. Fidelity | | | | | | | | | |
| 24. Surety | | | | | | | | | |
| 26. Burglary and theft | | | | | | | | | |
| 27. Boiler and machinery | | | | | | | | | |
| 28. Credit | | | | | | | | | |
| 29. International | | | | | | | | | |
| 30. Warranty | | | | | | | | | |
| 31. Reinsurance-nonproportional assumed property | XXX | | | | XXX | | | | |
| 32. Reinsurance-nonproportional assumed liability | XXX | | | | XXX | | | | |
| 33. Reinsurance-nonproportional assumed financial lines | XXX | | | | XXX | | | | |
| 34. Aggregate write-ins for other lines of business | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 35. TOTALS | 8,585,092 | 202,409 | 829,416 | 7,958,086 | 7,953,655 | 0 | 662,021 | 15,249,720 | 3,895,484 |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 3401. | | | | | | | | | |
| 3402. | | | | | | | | | |
| 3403. | | | | | | | | | |
| 3498. Sum. of remaining write-ins for Line 34 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3499. Totals (Lines 3401 through 3403 + 3498) (Line 34 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

(a) Including \$ for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

| | 1 Loss Adjustment Expenses | 2 Other Underwriting Expenses | 3 Investment Expenses | 4 Total |
|---|----------------------------------|-------------------------------------|-----------------------------|------------|
| 1. Claim adjustment services: | | | | |
| 1.1 Direct | 3,808,283 | | | 3,808,283 |
| 1.2 Reinsurance assumed | 51,094 | | | 51,094 |
| 1.3 Reinsurance ceded | 442,542 | | | 442,542 |
| 1.4 Net claim adjustment services (1.1 + 1.2 - 1.3) | 3,416,835 | 0 | 0 | 3,416,835 |
| 2. Commission and brokerage: | | | | |
| 2.1 Direct, excluding contingent | | 17,484,287 | | 17,484,287 |
| 2.2 Reinsurance assumed, excluding contingent | | | | 0 |
| 2.3 Reinsurance ceded, excluding contingent | | 1,081,148 | | 1,081,148 |
| 2.4 Contingent-direct | | | | 0 |
| 2.5 Contingent-reinsurance assumed | | | | 0 |
| 2.6 Contingent-reinsurance ceded | | 188,151 | | 188,151 |
| 2.7 Policy and membership fees | | | | 0 |
| 2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) | 0 | 16,214,988 | 0 | 16,214,988 |
| 3. Allowances to manager and agents | | 4,665,203 | | 4,665,203 |
| 4. Advertising | | 58,816 | | 58,816 |
| 5. Boards, bureaus and associations | | 971,414 | | 971,414 |
| 6. Surveys and underwriting reports | | 304,558 | | 304,558 |
| 7. Audit of assureds' records | 277,570 | 2,498,130 | | 2,775,700 |
| 8. Salary and related items: | | | | |
| 8.1 Salaries | 346,886 | 3,121,978 | | 3,468,864 |
| 8.2 Payroll taxes | 18,506 | 166,558 | | 185,064 |
| 9. Employee relations and welfare | 42,337 | 381,033 | | 423,370 |
| 10. Insurance | 11,408 | 102,676 | | 114,085 |
| 11. Directors' fees | 0 | 16,667 | | 16,667 |
| 12. Travel and travel items | 17,440 | 156,958 | | 174,398 |
| 13. Rent and rent items | 28,632 | 257,685 | | 286,316 |
| 14. Equipment | 0 | 0 | | 0 |
| 15. Cost or depreciation of EDP equipment and software | 32,365 | 291,288 | | 323,653 |
| 16. Printing and stationery | 48,001 | 432,009 | | 480,010 |
| 17. Postage, telephone and telegraph, exchange and express | 1,512 | 13,611 | | 15,124 |
| 18. Legal and auditing | 29,810 | 268,294 | | 298,105 |
| 19. Totals (Lines 3 to 18) | 854,469 | 13,706,877 | 0 | 14,561,346 |
| 20. Taxes, licenses and fees: | | | | |
| 20.1 State and local insurance taxes deducting guaranty association credits of \$ | | 1,025,820 | | 1,025,820 |
| 20.2 Insurance department licenses and fees | | 80,429 | | 80,429 |
| 20.3 Gross guaranty association assessments | | 38,217 | | 38,217 |
| 20.4 All other (excluding federal and foreign income and real estate) | | 41,923 | | 41,923 |
| 20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) | 0 | 1,186,389 | 0 | 1,186,389 |
| 21. Real estate expenses | | | | 0 |
| 22. Real estate taxes | | | | 0 |
| 23. Reimbursements by uninsured plans | | | | 0 |
| 24. Aggregate write-ins for miscellaneous expenses | 0 | 247,480 | 439,712 | 687,192 |
| 25. Total expenses incurred | 4,271,303 | 31,355,734 | 439,712 | 36,066,750 |
| 26. Less unpaid expenses-current year | 3,895,484 | 1,382,453 | | 5,277,936 |
| 27. Add unpaid expenses-prior year | 3,907,195 | 1,432,046 | 0 | 5,339,241 |
| 28. Amounts receivable relating to uninsured plans, prior year | 0 | 0 | 0 | 0 |
| 29. Amounts receivable relating to uninsured plans, current year | | | | 0 |
| 30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) | 4,283,015 | 31,405,328 | 439,712 | 36,128,055 |
| DETAILS OF WRITE-INS | | | | |
| 2401. Bank/Investment Fees..... | | | 439,712 | 439,712 |
| 2402. Miscellaneous Expenses..... | | 247,480 | | 247,480 |
| 2403. | | | | |
| 2498. Summary of remaining write-ins for Line 24 from overflow page | 0 | 0 | 0 | 0 |
| 2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above) | 0 | 247,480 | 439,712 | 687,192 |

(a) Includes management fees of \$ to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

| | 1 Collected During Year | 2 Earned During Year |
|---|-------------------------------|----------------------------|
| 1. U.S. Government bonds | (a).....(427) |2,353 |
| 1.1 Bonds exempt from U.S. tax | (a).....91,908 |158,955 |
| 1.2 Other bonds (unaffiliated) | (a).....950,826 |1,027,113 |
| 1.3 Bonds of affiliates | (a).....0 | ..... |
| 2.1 Preferred stocks (unaffiliated) | (b).....0 | ..... |
| 2.11 Preferred stocks of affiliates | (b).....0 | ..... |
| 2.2 Common stocks (unaffiliated) |0 | ..... |
| 2.21 Common stocks of affiliates |0 | ..... |
| 3. Mortgage loans | (c)..... | ..... |
| 4. Real estate | (d)..... | ..... |
| 5. Contract loans | ..... | ..... |
| 6. Cash, cash equivalents and short-term investments | (e).....239,599 |20,694 |
| 7. Derivative instruments | (f)..... | ..... |
| 8. Other invested assets | ..... | ..... |
| 9. Aggregate write-ins for investment income |0 |0 |
| 10. Total gross investment income | 1,281,907 | 1,209,115 |
| 11. Investment expenses | | (g).....359,564 |
| 12. Investment taxes, licenses and fees, excluding federal income taxes | | (g)..... |
| 13. Interest expense | | (h).....80,148 |
| 14. Depreciation on real estate and other invested assets | | (i)..... |
| 15. Aggregate write-ins for deductions from investment income | |0 |
| 16. Total deductions (Lines 11 through 15) | |439,712 |
| 17. Net investment income (Line 10 minus Line 16) | | 769,403 |
| DETAILS OF WRITE-INS | | |
| 0901. | | |
| 0902. | | |
| 0903. | | |
| 0998. Summary of remaining write-ins for Line 9 from overflow page |0 |0 |
| 0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) |0 |0 |
| 1501. | | |
| 1502. | | |
| 1503. | | |
| 1598. Summary of remaining write-ins for Line 15 from overflow page | |0 |
| 1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above) | |0 |

(a) Includes \$ 14,262 accrual of discount less \$ 684,059 amortization of premium and less \$ 85,371 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
 (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ (242,019) accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

| | 1 Realized Gain (Loss) On Sales or Maturity | 2 Other Realized Adjustments | 3 Total Realized Capital Gain (Loss) (Columns 1 + 2) | 4 Change in Unrealized Capital Gain (Loss) | 5 Change in Unrealized Foreign Exchange Capital Gain (Loss) |
|--|---|---------------------------------------|---|---|---|
| 1. U.S. Government bonds | | |0 | | |
| 1.1 Bonds exempt from U.S. tax | | |0 | | |
| 1.2 Other bonds (unaffiliated) |33,975 | |33,975 |238 | |
| 1.3 Bonds of affiliates |0 |0 |0 |0 |0 |
| 2.1 Preferred stocks (unaffiliated) |0 |0 |0 |0 |0 |
| 2.11 Preferred stocks of affiliates |0 |0 |0 |0 |0 |
| 2.2 Common stocks (unaffiliated) |0 |0 |0 |0 |0 |
| 2.21 Common stocks of affiliates |0 |0 |0 |0 |0 |
| 3. Mortgage loans |0 |0 |0 |0 |0 |
| 4. Real estate |0 |0 |0 |0 |0 |
| 5. Contract loans |0 |0 |0 |0 |0 |
| 6. Cash, cash equivalents and short-term investments |35 | |35 |0 |0 |
| 7. Derivative instruments |0 | |0 |0 |0 |
| 8. Other invested assets |0 |0 |0 |0 |0 |
| 9. Aggregate write-ins for capital gains (losses) |0 |0 |0 |0 |0 |
| 10. Total capital gains (losses) | 34,010 | 0 | 34,010 | 238 | 0 |
| DETAILS OF WRITE-INS | | | | | |
| 0901. | | | | | |
| 0902. | | | | | |
| 0903. | | | | | |
| 0998. Summary of remaining write-ins for Line 9 from overflow page |0 |0 |0 |0 |0 |
| 0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above) |0 |0 |0 |0 |0 |

EXHIBIT OF NONADMITTED ASSETS

| | 1 | 2 | 3 |
|--|--|--|--|
| | Current Year Total Nonadmitted Assets | Prior Year Total Nonadmitted Assets | Change in Total Nonadmitted Assets (Col. 2 - Col. 1) |
| 1. Bonds (Schedule D)..... | 0 | 0 | 0 |
| 2. Stocks (Schedule D): | | | |
| 2.1 Preferred stocks | 0 | 0 | 0 |
| 2.2 Common stocks | 0 | 0 | 0 |
| 3. Mortgage loans on real estate (Schedule B): | | | |
| 3.1 First liens | 0 | 0 | 0 |
| 3.2 Other than first liens | 0 | 0 | 0 |
| 4. Real estate (Schedule A): | | | |
| 4.1 Properties occupied by the company | 0 | 0 | 0 |
| 4.2 Properties held for the production of income..... | 0 | 0 | 0 |
| 4.3 Properties held for sale | 0 | 0 | 0 |
| 5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)..... | 0 | 0 | 0 |
| 6. Contract loans | 0 | 0 | 0 |
| 7. Derivatives (Schedule DB)..... | 0 | 0 | 0 |
| 8. Other invested assets (Schedule BA) | 0 | 0 | 0 |
| 9. Receivables for securities | 0 | 0 | 0 |
| 10. Securities lending reinvested collateral assets (Schedule DL)..... | 0 | 0 | 0 |
| 11. Aggregate write-ins for invested assets | 0 | 0 | 0 |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 0 | 0 | 0 |
| 13. Title plants (for Title insurers only)..... | 0 | 0 | 0 |
| 14. Investment income due and accrued | 0 | 0 | 0 |
| 15. Premiums and considerations: | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection..... | 71,350 | 2,945 | (68,406) |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due..... | 0 | 0 | 0 |
| 15.3 Accrued retrospective premiums and contracts subject to redetermination | 0 | 0 | 0 |
| 16. Reinsurance: | | | |
| 16.1 Amounts recoverable from reinsurers | 0 | 0 | 0 |
| 16.2 Funds held by or deposited with reinsured companies | 0 | 0 | 0 |
| 16.3 Other amounts receivable under reinsurance contracts | 0 | 0 | 0 |
| 17. Amounts receivable relating to uninsured plans | 0 | 0 | 0 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | 0 | 0 | 0 |
| 18.2 Net deferred tax asset..... | 2,296 | 2,418 | 123 |
| 19. Guaranty funds receivable or on deposit | 0 | 0 | 0 |
| 20. Electronic data processing equipment and software..... | 2,629 | 18,325 | 15,696 |
| 21. Furniture and equipment, including health care delivery assets..... | 18,759 | 22,680 | 3,920 |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | 0 | 0 | 0 |
| 23. Receivables from parent, subsidiaries and affiliates | 0 | 0 | 0 |
| 24. Health care and other amounts receivable..... | 0 | 0 | 0 |
| 25. Aggregate write-ins for other-than-invested assets | 216,299 | 168,129 | (48,170) |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)..... | 311,334 | 214,496 | (96,838) |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts..... | 0 | 0 | 0 |
| 28. Total (Lines 26 and 27) | 311,334 | 214,496 | (96,838) |
| DETAILS OF WRITE-INS | | | |
| 1101. | | | |
| 1102. | | | |
| 1103. | | | |
| 1198. Summary of remaining write-ins for Line 11 from overflow page | 0 | 0 | 0 |
| 1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) | 0 | 0 | 0 |
| 2501. Other Assests..... | 216,299 | 168,129 | (48,170) |
| 2502. | | | |
| 2503. | | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 | 0 |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 216,299 | 168,129 | (48,170) |

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Cypress Property & Casualty Insurance Company
NOTES TO FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements have been completed in conformity with the *NAIC Accounting Practices and Procedures* manual and in conformity with the state laws of Florida.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the term of the related insurance policies. Unearned premium reserves are established to cover the unexpired portion of premiums written calculated on a pro rata basis.

Expenses incurred in connection with acquiring new business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at either amortized cost, using the interest method, or the lower of amortized cost or fair market value.
3. The Company does not own common stocks.
4. The Company does not own preferred stocks.
5. The Company does not own mortgage loans.
6. Loan-backed securities are stated at either amortized cost, using the interest method, or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities except for interest only securities, EITF 99-20 eligible securities or securities where the yield had become negative, that are valued using the prospective method.
7. The Company owns a surplus debenture issued by one of its sister companies. As a Schedule BA asset, the surplus debenture is stated at the lower of cost or fair market value.
8. The Company has no investments in joint ventures, partnerships or limited liability companies.
9. The Company does not invest in derivatives.
10. The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts – Premiums.
11. Unpaid losses and loss adjustment expenses include an amount determined on individual case basis estimates and an amount, based on past experience, for losses incurred but not reported. Management believes that such amounts are adequate, but because such liabilities are necessarily based on estimates and assumptions, the ultimate liability may be in excess of or less than the amounts provided. The process of making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
12. The Company has not modified its capitalization policy from the prior period.
13. The Company does not have pharmaceutical rebate receivables.

Note 2 Accounting Changes and Corrections of Errors

- A. The Company did not have any material changes in its financial statements as a result of a change in accounting principles or correction of errors.

Note 3 Business Combinations and Goodwill

- A. The Company did not enter into any business combinations or record any goodwill on its balance sheet at December 31, 2015 and 2014.
- B. The Company did not enter into any business combination taking the form of a statutory merger at December 31, 2015 and 2014.
- C. The Company did not recognize an impairment loss at December 31, 2015 and 2014.

Note 4 Discontinued Operations

The Company did not discontinue any operations at December 31, 2015 and 2014.

Note 5 Investments

A. Mortgage Loans

The Company did not invest in mortgage loans at December 31, 2015 and 2014.

B. Debt Restructuring

The Company was not a creditor in restructured debt at December 31, 2015 and 2014.

C. Reverse Mortgages

The Company did not invest in reverse mortgages at December 31, 2015 and 2014.

D. Loan-Backed Securities

- (1) Prepayment assumptions for Mortgage-Backed, Loan-Backed and Structured Securities were generated using a third party prepayment model. The prepayment model uses a number of factors to estimate prepayment activity including the time of

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Cypress Property & Casualty Insurance Company
NOTES TO FINANCIAL STATEMENTS

year (seasonality), current levels of interest rates (refinancing incentive), economic activity (including housing turnover) and term and age of the underlying collateral (burnout, seasoning).

The fair values of all securities were determined in accordance with SSAP No. 27.

Fair values were obtained from pricing services such as Bank of America Merrill Lynch Index, Interactive Data Corporation, Reuters, Standard and Poor's, Pricing Direct, Bloomberg, or , if not available, from pricing services provided by brokers.

(2) Not applicable.

(3) Not applicable.

(4) Loan-Backed Securities with Unrealized Losses :

| | <u>Unrealized Losses</u> | <u>Fair Value</u> |
|--|------------------------------|-------------------|
| Unrealized Losses Less Than 12 Months | (188,343) | 17,737,426 |
| Unrealized Losses Greater Than 12 Months | <u>(120,064)</u> | <u>2,867,609</u> |
| | <u>(308,407)</u> | <u>20,605,035</u> |

(5) The Company evaluates its investment portfolio on a regular basis to identify securities that may be other-than-temporarily impaired. When such impairments occur, the decrease in fair value is reported in net income as a realized investment loss and a new cost basis is established. The analysis takes into account relevant factors, both quantitative and qualitative in nature. Among the factors considered are the following:

- a) The length of time and the extent to which fair value has been less than cost;
- b) Issuer-specific considerations, including an issuer's short-term prospects and financial condition, recent news that may have an adverse impact on its results, and an event of missed or late payment or default;
- c) The occurrence of a significant economic event that may affect the industry in which an issuer participates; and
- d) For loan-backed and structured securities, the undiscounted estimated future cash flows as compared to the current book value.

With respect to securities where the decline in fair value is determined to be temporary and the security's value is not written down, a subsequent decision may be made to sell that security and realize a loss. If we do not expect that a security's decline in fair value will be fully recovered prior to the expected time of sale, we would record an other-than-temporary impairment in the period in which the decision to sell is made.

The Company's exposure to subprime mortgages is limited to investments within the fixed income investment portfolio which contains securities collateralized by mortgages that could have characteristics of subprime lending. Such characteristics include an interest rate above prime to borrowers who do not qualify for prime rate loans, borrowers with low credit ratings (FICO scores), unconventionally high initial loan-to-value ratios, and borrowers with less than conventional documentation of their income and/or net assets. The Company minimizes risk exposure by holding securities which carry the highest quality credit ratings and by monitoring the underlying collateral performance on an ongoing basis. At December 31, 2015, the Company did not have any investments classified as subprime holdings.

Realized gains and losses resulting from sales are recorded on a specific identification method and are included in net investment income.

E. Repurchase Agreements and/or Securities Lending Transactions

The Company does not participate in repurchase agreements and/or securities lending.

F. Real Estate

The Company did not have any real estate investments at December 31, 2015 and 2014.

G. Low-Income Housing Tax Credits

The Company does not invest in low-income housing.

H. Restricted Assets

The Company has no assets pledged to others as collateral or otherwise restricted.

I. Working Capital Finance Investments

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NOTES TO FINANCIAL STATEMENTS

The Company does not have any working capital finance investments.

J. Offsetting and Netting of Assets and Liabilities

The Company does not net assets and liabilities.

K. Structured Notes

The Company does not have any structured notes.

Note 6 Joint Ventures, Partnerships and Limited Liability Companies

A. The Company had no investments in Joint Ventures, Partnerships or Limited Liability Companies at December 31, 2015 and 2014.

B. Not applicable.

Note 7 Investment Income

A. Schedule D – Part 1 lists investment income due and accrued with amounts over 90 days past due that is recognized as non-admitted and excluded from surplus.

B. There was no investment income due and accrued with amounts over 90 days past due.

Note 8 Derivative Investments

The Company did not hold or issue any derivative instruments other than embedded call options in certain bonds in its investment portfolio.

Note 9 Income Taxes

A. Components of the net deferred tax assets (DTAs) and deferred tax liabilities (DTLs):

1. DTA/DTL components:

| Description | December 31, 2015 | | | December 31, 2014 | | | Change | | |
|--|-------------------|---------|-----------|-------------------|---------|-----------|----------|---------|---------|
| | Ordinary | Capital | Total | Ordinary | Capital | Total | Ordinary | Capital | Total |
| Gross DTAs | 3,790,185 | - | 3,790,185 | 3,677,816 | - | 3,677,816 | 112,369 | - | 112,369 |
| Statutory valuation allowance adjustment | - | - | - | - | - | - | - | - | - |
| Adjusted gross DTAs | 3,790,185 | - | 3,790,185 | 3,677,816 | - | 3,677,816 | 112,369 | - | 112,369 |
| Adjusted gross DTAs nonadmitted | - | - | - | - | - | - | - | - | - |
| Sub-total admitted adjusted gross DTA | 3,790,185 | - | 3,790,185 | 3,677,816 | - | 3,677,816 | 112,369 | - | 112,369 |
| Gross DTLs | (1,637) | (24) | (1,661) | (1,441) | (24) | (1,465) | 196 | - | 196 |
| Net admitted DTA/(DTL) | 3,788,548 | (24) | 3,788,524 | 3,676,375 | (24) | 3,676,351 | 112,173 | - | 112,173 |

2. Admission calculation components:

| Description | December 31, 2015 | | | December 31, 2014 | | | Change | | |
|--|-------------------|---------|-----------|-------------------|---------|-----------|-----------|---------|-----------|
| | Ordinary | Capital | Total | Ordinary | Capital | Total | Ordinary | Capital | Total |
| Admission calculation under 11.a. 11.c. | 2,140,479 | - | 2,140,479 | 2,453,051 | - | 2,453,051 | (312,572) | - | (312,572) |
| Admitted pursuant to 11.a. (loss carrybacks) | - | - | - | - | - | - | - | - | - |
| Admitted pursuant to 11.b. (realization) | 1,649,706 | - | 1,649,706 | 1,224,765 | - | 1,224,765 | 424,941 | - | 424,941 |
| Realization per 11.b.i | - | - | - | - | - | - | - | - | - |
| Limitation per 11.b.ii | - | - | - | - | - | - | - | - | - |
| Admitted pursuant to 11.c. | - | - | - | - | - | - | - | - | - |
| Total admitted adjusted gross DTA (2a+2b+2c) | 3,790,185 | - | 3,790,185 | 3,677,816 | - | 3,677,816 | 112,369 | - | 112,369 |

3. Applicable ratio for realization limitation threshold table:

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Cypress Property & Casualty Insurance Company
NOTES TO FINANCIAL STATEMENTS

| | | |
|--|--------------------------|--------------------------|
| Ratio percentage used to determine recovery period and threshold limitation amount | December 31, 2015 | December 31, 2014 |
| | 15% | 15% |

4. No tax planning strategies were used to utilize the Company's adjusted gross DTA's and net admitted DTA's:

B. The Company does not have any temporary differences for which a DTL is required to be established by SSAP 101 paragraph 23.

C. Significant components of income taxes incurred:

1. Current income taxes incurred consist of the following major components:

| | December 31, 2015 | December 31, 2014 |
|--|--------------------------|--------------------------|
| Current federal income tax expense/(benefit) | 91,739 | 1,138,369 |
| Foreign income tax expense/(benefit) | - | - |
| Subtotal | 91,739 | 1,138,369 |
| Tax expense/(benefit) on realized capital gains/(losses) | 11,563 | 25,393 |
| Utilization of capital loss carryforwards | - | - |
| Other, including prior year underaccrual (overaccrual) | - | - |
| Federal and foreign income taxes incurred | 103,302 | 1,163,762 |

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

2. DTA's resulting from book/tax differences in:

| | December 31, 2015 | December 31, 2014 | Change |
|---|--------------------------|--------------------------|---------------|
| DTAs resulting from book/tax differences in: | | | |
| Ordinary | | | |
| Unearned premiums | 3,195,645 | 2,870,787 | 324,858 |
| Policyholder reserves | 342,714 | 565,888 | (223,174) |
| Depreciation | 120,679 | 104,627 | 16,052 |
| Investments | 131,148 | 136,514 | (5,366) |
| Subtotal - Gross ordinary DTA's | 3,790,185 | 3,677,816 | 112,369 |
| Statutory valuation adjustment - ordinary (-) | - | - | - |
| Nonadmitted ordinary DTAs | - | - | - |
| Admitted ordinary DTAs | 3,790,185 | 3,677,816 | 112,369 |
| Capital | | | |
| Other (separately disclose items >5%) | - | - | - |
| Gross capital DTAs | - | - | - |
| Nonadmitted capital DTAs | - | - | - |
| Admitted DTAs | 3,790,185 | 3,677,816 | 112,369 |
| DTLs resulting from book/tax differences in: | | | |
| Ordinary | | | |
| Investments | (24) | (24) | - |
| Fixed assets | - | - | - |
| Other (separately disclose items >5%) | (1,637) | (1,441) | (196) |
| Ordinary DTLs | (1,661) | (1,465) | (196) |
| Capital | | | |
| Other (separately disclose items >5%) | - | - | - |
| Capital DTLs | - | - | - |
| DTL's | (1,661) | (1,465) | (196) |
| Net deferred tax assets/liabilities | 3,788,524 | 3,676,351 | 112,173 |

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

| | December 31, 2015 | December 31, 2014 | Balance Sheet Change |
|--|--------------------------|--------------------------|-----------------------------|
| Total deferred tax assets | 3,790,185 | 3,677,816 | 112,369 |
| Total deferred tax liabilities | (1,661) | (1,465) | (196) |
| Net deferred tax assets/liabilities | 3,788,524 | 3,676,651 | 112,173 |
| Statutory valuation allowance adjustment | - | - | - |
| Net deferred tax assets/liabilities after SVA | 3,788,524 | 3,676,351 | 112,173 |
| Tax effect of unrealized gains/(losses) | | | - |
| Statutory valuation allowance adjustment allocated to unrealized (+) | | | - |
| Other intraperiod allocation of deferred tax movement | | | - |
| Change in net deferred income tax [(change)/benefit] | | | 112,173 |

D. Reconciliation of total statutory income taxes reported to tax at statutory tax rate:

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Cypress Property & Casualty Insurance Company
NOTES TO FINANCIAL STATEMENTS

taxes including realized capital gains/losses. The significant items causing these differences are as follows:

| Description | Amount | Tax Effect | Effective Tax Rate |
|---|----------------|----------------|--------------------|
| Income Before Taxes (including all realized capital gains/(losses)) | 96,605 | 32,846 | 34.00% |
| Tax-Exempt Interest | (135,112) | (45,938) | -47.55% |
| Dividends Received Deduction | - | - | 0.00% |
| Proration | - | - | 0.00% |
| Meals & Entertainment, Lobbying Expenses, Etc. | 12,417 | 4,222 | 4.37% |
| Statutory Valuation Allowance Adjustment | - | - | 0.00% |
| Foreign tax rate differential | - | - | 0.00% |
| Other, Including Prior Year True-Up | 329,920 | 112,173 | 116.12% |
| Total | 303,829 | 103,302 | 106.93% |
| Federal income taxed incurred [expense/(benefit)] | | 103,302 | 106.93% |
| Change in net deferred income tax [charge/(benefit)] | | (112,173) | -116.12% |
| Total statutory income taxes | | (8,871) | -9.18% |

E. Carryforwards, recoverable taxes, and IRC 6603 deposits:

The Company does not have any carryforwards, recoverable taxes, and IRC 6603 deposits.

Income taxes, ordinary and capital, available for recoupment in the event of future losses include:

| Available from tax year | Ordinary | Capital | Total |
|-------------------------|------------------|----------|------------------|
| 2013 | 873,415 | - | 873,415 |
| 2014 | 1,163,762 | - | 1,163,762 |
| 2015 | 103,302 | - | 103,302 |
| Total | 2,140,479 | - | 2,140,479 |

F. The Company's federal income tax return is consolidated with the following entities:

- a. Cypress Group Holdings, Inc.
Service First Insurance Group
Cypress Texas Insurance Company
- b. The Company is included in a consolidated federal income tax return with its parent Company, Cypress Group Holdings, Inc. & the other companies listed in (a). The Company has a written agreement, approved by its Board of Directors, which sets forth the manner in which total combined federal income tax is allocated to each entity that is a party to the consolidation. Pursuant to this agreement, the Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes.

G. Income Tax Loss Contingencies

The Company did not have any income tax loss contingencies as of December 31, 2015.

Note 10

Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- A. All outstanding shares of the Company are owned by Cypress Group Holdings, Inc. (Parent), a Delaware corporation. As previously reported to the Florida Office of Insurance Regulation (FLOIR), the investors of the Company's parent (Cypress Insurance Group, Inc.) entered into a sales agreement with a third-party. The Form A was filed with the FLOIR and was approved July 14, 2014, the same date the sale of the Company's Parent (Cypress Insurance Group, Inc.) was completed. Effective December 31, 2014, Cypress Insurance Group, Inc., was merged with and into Cypress Group Holdings, Inc., a Florida Corporation (CGH), with CGH being the surviving corporation. The Company did not pay dividends in 2015 and 2014 to its Parent. The Company has outstanding subordinated surplus debentures, approved by the Florida Office of Insurance Regulation (OIR), payable to its Parent for \$5 million. The interest due on these debentures was \$345,000 for the years ended 2015 and 2014, respectively and the cumulative amount due is \$4,039,027. These amounts are not reflected in the financial statements because the terms of the debentures require that the interest can only be paid out of unassigned surplus. Principal and/or interest payments related to these subordinated debentures may not be paid without prior approval of the Florida OIR.
- B. & C. The Company incurred \$17,484,287 and \$18,465,706 in commission expense payable to affiliates, during 2015 and 2014, respectively. Effective December 31, 2015, the Company acquired a \$2.8 million dollar surplus debenture issued by one its sister companies, Cypress Texas Insurance Company (CTIC). The purchase was reflected as a payable to parent, subsidiaries and affiliates on the Statement of Assets, Liabilities, Surplus and Other Funds at December 31, 2015 and was settled on January 7, 2016. The surplus debenture has a term of twenty-five years and carries an interest rate of 3.0%
- D. Net amounts received (due) to affiliated companies were (\$2,534,631) and \$908,488 at December 31, 2015 and 2014, respectively. The Company settles most intercompany balances on a monthly basis.

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Cypress Property & Casualty Insurance Company
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- E. The Company has no guarantees or undertakings for the benefit of an affiliate as of December 31, 2015.
- F. The Company has a Managing General Agent Agreement with its affiliate Service First Insurance Group, LLC (SFIG, LLC). Under the Agreement, SFIG, LLC provides marketing support and collects premiums on behalf of the Company.
- G. All outstanding shares of the Company are owned by Cypress Group Holdings, Inc. (Parent) a Delaware Corporation.
- H. The Company does not own any shares in its Parent or affiliates as of December 31, 2015.
- I. The Company does not have an investment in SCA entities as of December 31, 2015.
- J. Non Applicable.
- K. Non Applicable.
- L. Non Applicable.
- M. Non Applicable.
- N. Non Applicable.

Note 11

All Other Debt

The Company issued a surplus note to the State Board of Administration of Florida (SBA) for \$20.5 million on February 2, 2007, which was amended on July 1, 2008. The surplus note has a 20-year maturity with interest payable quarterly at the 10-year U.S. Treasury Bond rate. The company made principal payments of \$558,824 and \$558,824 and in 2015 and 2014. The surplus note had an outstanding principal of \$3,492,647 and \$4,051,471 as of December 31, 2015 and December 31, 2014. All payments under the note require authorization of the OIR. During 2015 and 2014 the Company paid \$87,716 and \$121,614, respectively, in interest on these notes. The interest rate fluctuates quarterly at the 10-year U.S. Treasury Bond rate. Effective May 17, 2011, the Florida Legislature amended the terms under Section 215.5595 Florida Statutes to allow the renegotiation of specified terms of the SBA Surplus Note Program. As amended, a participating insurer may reduce or eliminate its applicable minimum premium-to-surplus ratios by agreeing to an accelerated payback schedule. Having made a \$12,500,000 million principal payment in 2010, the Company met Option 1 which states that "If your Company agrees to accelerate the payment period of the note by at least 5 years, the State Board of Administration must agree to exempt the Company from the minimum premium-to-surplus ratios for the remaining term of the note. The Company and the SBA amended the note December 28, 2011 thereby eliminating all penalty interest for the duration of the note.

Note 12

Retirement Plans, Deferred Compensation and Other Postretirement Benefit Plans

- A. Defined Benefit Plan
The Company had no employee defined benefit or defined contribution retirement plans as of 12/31/15.
- B. Non Applicable.
- C. Non Applicable.
- D. Non Applicable.
- E. Defined Contribution Plans
See G.
- F. Multiemployer Plans
The Company does not participate in multiemployer plans.
- G. Consolidated/Holding Company Plans
The Company's employees participate in a 401(K) defined contribution plan sponsored by the Parent Company. Participation is offered to all employees who are over the age of 18 and have completed one year of full-time employment in which the employee worked at least 1,000 hours. The Plan provides for Company-matching of all employee contributions up to 3 1/2% of gross compensation. Gross contributions to the Plan were \$62,407 and \$68,810 in 2015 and 2014, respectively. Employees are eligible for these employer contributions starting after 1 year of service.
- H. Postemployment Benefits and Compensated Absences
As of December 31, 2015, the Company has no liability for postemployment or compensated absences.
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)
The Company has no post-retirement benefit plans.

Note 13

Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

- (1) The Company has 7 million shares authorized, 700,000 shares issued and outstanding. All shares are Class A shares with a par value of \$1.00.
- (2) The Company has no preferred stock outstanding.
- (3) Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the state of Florida, the Company's state of incorporation, to \$0, an amount that is based on restrictions relating to statutory surplus.

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- (4) No dividends were paid by the company in either December 31, 2015 or December 31, 2014.
- (5) Within the limitations of (3) above, there are no restrictions placed on the portion of the Company's profits that may be paid as ordinary dividends to shareholders.
- (6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (7) There are no advances to surplus not repaid.
- (8) There is no stock held by the Company for special purposes.
- (9) There are no balances of special surplus funds for December 31, 2015.
- (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$238.
- (11) The Company issued \$5 million subordinated surplus notes to its parent Cypress Holdings, Inc. for cash, with the approval of the Florida Office of Insurance Regulation. The following table summarizes the terms of these notes.

| Date Issued | Interest Rate | Par Value | Principal or Interest Paid in Current Year | Date of Maturity |
|-------------|---------------|-------------|--|------------------|
| 1/1/1999 | 7% | \$3,000,000 | 0 | No fixed date |
| 9/30/2004 | 6 3/4% | \$2,000,000 | 0 | No fixed date |

Interest is paid annually with prior approval of the Florida OIR out of the unassigned surplus of the Company. No principal payment may be made on these notes without prior approval of the Florida OIR. Unpaid interest of \$345,000 per year on these subordinated debentures is not reflected in the accompanying financial statements for 2015. The surplus notes rank *pari passu* with any other future surplus notes of the parent and with other similarly subordinated claims.

The Company received a \$20.5 million unencumbered surplus contribution from its parent on January 30, 2007 as a prerequisite for a surplus note issued to the State Board of Administration of Florida (SBA). The Company received the surplus note funds from the SBA on February 2, 2007. The surplus note, dated February 2, 2007 and amended July 1, 2008, has a 20-year maturity with interest payable quarterly at the 10-year U.S. Treasury Bond rate. All payments under the note require authorization of the OIR. Under the terms of the SBA Surplus Note, the SBA is a class 3 creditor as defined in Florida Statute Section 631.271 and as such, in a reorganization, dissolution or liquidation is paid in full before CPCI's shareholders receive any return of capital or funds.

- (12) The Company has not had any quasi-reorganizations.
- (13) The Company has not had a quasi-reorganization in the prior ten years.

Note 14

Contingencies

- A. Contingent Commitments
The Company had no contingent commitments as of December 31, 2015.
- B. Assessments
The Company has \$4,912 and \$4,335 in assessments receivable as of December 31, 2015 and December 31, 2014, respectively. All these assessments are required under Florida Statutes and the Company anticipates will be fully recovered from policyholders in the coming year.
- C. Gain Contingencies
The Company was unaware of any gain contingencies at December 31, 2015.
- D. Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits
The Company did not pay any claims related extra contractual obligations or bad faith losses from lawsuits as of December 31, 2015.
- E. Product Warranties
The Company had no product warranties as of December 31, 2015.
- F. Joint and Several Liabilities
The Company had no joint and several liabilities as of December 31, 2015.
- G. All Other Contingencies
The Company had no other contingencies as of December 31, 2015.

Note 15

Leases

- A. Lessee Operating Lease
The Company leases office space under an operating lease agreement that expires on February 28, 2017 for itself and other related parties. Gross rental expense as of December 31, 2015 and December 31, 2014 was \$502,748 and \$575,760 respectively. The minimum aggregate rental commitments as determined by operating lease agreements at December 31, 2015 are as follows:

| | |
|--------------------------|-------------------|
| Year ending December 31, | Amount |
| 2016 | 521,539 |
| 2017 | 89,531 |
| Total | <u>\$ 611,070</u> |

The Company is not involved in any material sales-leaseback transactions.

- B. Lessor Leases

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The Company does not have any investment in leases.

Note 16 Information About Financial Instruments With Off-Balance- Sheet Risk and Financial Instruments With Concentrations of Credit Risk

A. The Company does not have any financial instruments with off-balance sheet risk.

Note 17 Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfer of Receivables Reported as Sales

The Company has transferred no receivables reported as sales in accordance with SSAP No. 42, Sale of Premium Receivables.

B. Transfer and Servicing of Financial Assets

The Company has no transactions reportable under SSAP No. 91R, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities.

C. Wash Sales

The Company did not have any wash sales as defined in paragraph 9 of SSAP No. 91R.

Note 18 Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans

The Company had no ASO plans as of December 31, 2015.

B. ASC Plans

The Company had no ASC Plans as of December 31, 2015.

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

The Company has no Medicare or similarly structured cost based reimbursement contracts at December 31, 2015.

Note 19 Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company's direct property and commercial insurance is written through Service First Insurance Group, LLC, under a managing general agency (MGA) agreement. The terms of that agreement give the MGA the authority to collect premiums (P), bind coverage (B), underwrite policies (U) and adjust claims (CA). The following information regarding the MGA is listed below:

| Name & Address | FEIN | Exclusive Contract | Business Written | Authority Granted* | Direct Written Premium |
|--|------------|--------------------|---|--------------------|------------------------|
| Service First Insurance Group, LLC Jacksonville, FL 32224 | 59-3678069 | Yes | Fire, Homeowners, Other Liability | P, B, U, CA, R | \$95,520,272 |

* P – Premium Collection B – Binding Authority U – Underwriting CA – Claims Adjustment
R – Reinsurance Ceding

Note 20 Fair Value Measurements

A. Fair Value Measurements at Reporting Date

| Description | Level 1 | Level 2 | Level 3 | Total Fair Value | Statement Value | Book Value |
|-------------------------------|-----------|------------|---------|------------------|-----------------|------------|
| Bonds | | | | | | |
| Governments | 1,738,310 | 1,714,491 | | 3,452,801 | 3,455,696 | 2,236,992 |
| Industrial & Misc | | 32,827,140 | | 32,827,140 | 32,837,934 | 14,117,139 |
| Political Subdivisions | | 4,050,488 | | 4,050,488 | 4,043,873 | 2,170,736 |
| Special Revenue | | 30,357,892 | | 30,357,892 | 30,491,227 | 28,065,802 |
| States & Territories | | 2,967,373 | | 2,967,373 | 2,942,493 | 2,435,719 |
| Totals for Part D-1 | 1,738,310 | 71,917,384 | | 73,655,694 | 73,771,496 | 49,026,389 |
| Short –Term | | | | | | |
| Exempt Money Mkt | 26,978 | | | 26,978 | 26,978 | 26,978 |
| Governments | | | | | | |
| Political Subdivisions | | | | | | |
| Special Revenue | | | | | | |
| States & Territories | | | | | | |
| Totals for Sch. DA | 26,978 | | | 26,978 | 26,978 | 26,978 |
| Cash Equivalents | | 3,999,930 | | 3,999,930 | 3,999,930 | 3,999,930 |
| Total for all Holdings | 1,765,288 | 75,317,314 | | 77,082,602 | 77,198,404 | 77,205,156 |

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NOTES TO FINANCIAL STATEMENTS

The Company had no transfers between levels during the year.

Bonds are valued in accordance with methods prescribed by the NAIC and are stated at amortized cost. Bonds are amortized using the effective interest method to the date of maturity, unless there is a "likely to be exercised" call provision in the bond. Related investment income is accrued as earned.

Prepayment assumptions for loan-backed bonds and structured securities were obtained from broker dealer survey values. These assumptions are consistent with the current interest rate and economic environment.

B. Fair Value Measurements in Level 3

The Company did not have any investments in Level 3.

C. Level 3 Investments Disclosure

The Company did not have any Level 3 investments at December 31, 2015.

Note 21

Other Items

A. Unusual or Infrequent Items

The Company had no unusual or infrequent items to report for the year ended December 31, 2015.

B. Troubled Debt Restructuring: Debtors

The Company did not have any troubled debt restructuring for the year ended December 31, 2015.

C. Other Disclosures

Assets in the amount of \$300,000 at December 31, 2015 and 2014 were on deposit with the Florida Department Office of Insurance Regulation, as required by law.

D. Uncollectible Receivables

At December 31, 2015 and 2014 the Company had admitted assets of \$505,188 and \$5,452,015 million, respectively, in uncollected premium. All premiums are direct-billed; there are no receivables from or by "Controlled or Controlling Persons". The Company routinely assesses the collectability of these receivables. Based on Company experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Company's financial condition.

The Company has no receivables under SSAP No. 47, Uninsured Plans or SSAP No. 66, Retrospectively Rated Contracts.

E. State Transferable and Non-transferable Tax Credits

The Company did not have any state transferable tax credits.

F. Subprime Mortgage Related Risk Exposure

1) The Company's exposure to subprime mortgages is limited to investments within the fixed income portfolio which contains securities collateralized by mortgages that could have characteristics of subprime lending. Such characteristics include interest rate above prime to borrowers who do not qualify for prime rate loans, borrowers with low credit ratings (FICO scores), unconventionally high initial loan-to-value ratios, and borrowers with less than conventional documentation of their income and/or net assets. The Company minimizes risk exposure by holding securities which carry the highest quality credit ratings and by monitoring the underlying collateral performance on an ongoing basis.

2) Direct Exposure through Other Investments

The Company does not have direct exposure to subprime mortgage loans.

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Cypress Property & Casualty Insurance Company
NOTES TO FINANCIAL STATEMENTS

3) Direct Exposure through Other Investments

| | Description | Actual Cost | Book/Adjusted Carrying Value (excluding interest) | Fair Value | Other Than Temporary Impairment Losses Recognized |
|----|--|-------------|---|------------|---|
| a. | Residential mortgage-backed securities | 11,065,521 | 10,988,196 | 10,819,887 | - |
| b. | Commercial mortgage-backed securities | 4,137,808 | 3,906,732 | 3,959,930 | - |
| c. | Collateralized debt obligation | - | - | - | - |
| d. | Structured securities | 7,077,678 | 7,066,012 | 7,036,670 | - |
| e. | Equity investments is SCA's | - | - | - | - |
| f. | Other assets | - | - | - | - |
| g. | Total | 22,281,007 | 21,960,941 | 21,816,787 | - |

67.8% of the investments listed above are in Government Agency securities. The Company minimizes risk exposure by holding securities which carry the highest quality credit ratings and by monitoring the underlying collateral performance on an ongoing basis.

4) Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.

Not Applicable

Note 22 Events Subsequent

The Company did not have a recognized or unrecognized material subsequent event to report at 12/31/15.

Note 23 Reinsurance

A. Unsecured Reinsurance Recoverables

The Company's unsecured reinsurance balances (including ceded case and IBNR reserves) in excess of 3% of policyholders' surplus with any one reinsurer as of December 31, 2015 are listed below:

| NAIC Code | FEIN | Name | Amount |
|-----------|------------|---------------------------------|--------------|
| 22039 | 13-2673100 | General Reinsurance Corporation | \$ 3,575,785 |

B. Reinsurance Recoverable in Dispute

The Company had no reinsurance recoverable in dispute as of December 31, 2015.

C. Reinsurance Assumed and Ceded

(1)

The Company entered into a 30% Quota-Share contract effective January 1, 2014 for all personal lines of business under substantially the same terms as the previous contract. The Company cancelled the 2014 30% Quota-Share contract effective January 1, 2015 and immediately entered into a new 30% Quota-Share contract under substantially the same terms as the previous contract. Effective July 1, 2015, the Company terminated the 2015 30% Quota-Share contract. As a result of the termination, \$4,426,900 of ceded unearned premium was returned to the Company. Under provisions of the quota-share contracts, the Company ceded \$343,838 and \$16,399,486 in written premium and recognized \$1,269,299 and \$6,160,845 in ceding commission for the years ended December 31, 2015 and 2014, respectively.

Ceded Premium Reserve

| | Assumed | | Ceded | | Net | |
|------------------------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|
| | Reinsurance | | Reinsurance | | | |
| | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity | Premium Reserve | Commission Equity |
| a. Affiliates | - | - | - | - | - | - |
| b. All Other | - | - | 574 | 229 | (574) | (229) |
| c. TOTAL | - | - | 574 | 229 | (574) | (229) |
| d. Direct Unearned Premium Reserve | | | 44,379,643 | | | |

D. Uncollectible Reinsurance

The Company did not write off any uncollectible reinsurance during the statement periods.

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Cypress Property & Casualty Insurance Company
NOTES TO FINANCIAL STATEMENTS

E. Commutation of Ceded Reinsurance

The company did not have any ceded reinsurance commutations to report at December 31, 2015.

F. Retroactive Reinsurance

The Company had no retroactive reinsurance agreements as of 12/31/15.

G. Reinsurance Accounted for as a Deposit

The Company had no reinsurance agreements accounted for as deposits as of 12/31/15.

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

The Company had no transfer of property and casualty run-off agreement as of December 31, 2015.

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

The company did not participate with any reinsurers who were downgraded or were subjected to revocation.

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation.

The Company did not participate in any retroactive reinsurance agreements covering asbestos or pollution liabilities.

| | |
|---------|--|
| Note 24 | <p>Retrospectively Rated Contracts & Contracts Subject to Redetermination The Company had no retrospectively rated contracts and contracts subject to redetermination as of December 31, 2015.</p> |
| Note 25 | <p>Changes in Incurred Losses and Loss Adjustment Expenses</p> <p>Loss reserves as of December 31, 2015 were \$19.1 million. As of December 31, 2015, \$252.5 million has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. As a result of re-estimation of unpaid claims and claim adjustment expenses, reserves remaining for prior years are now \$8.5 million.</p> <p>One and Two year loss development was \$5.1 million and \$6.1 million favorable, respectively.</p> <p>The change in reserves is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.</p> |
| Note 26 | <p>Intercompany Pooling Arrangements</p> <p>The Company did not participate in any intercompany pooling arrangements during the statement periods.</p> |
| Note 27 | <p>Structured Settlements</p> <p>The Company has no liabilities for structured settlements during the statement periods.</p> |
| Note 28 | <p>Health Care Receivables</p> <p>The Company had no health care receivables as of December 31, 2015.</p> |
| Note 29 | <p>Participating Policies</p> <p>The Company has no participating policies as of December 31, 2015.</p> |
| Note 30 | <p>Premium Deficiency Reserves</p> <p>The Company does not have any premium deficiency reserves as of December 31, 2015.</p> |
| Note 31 | <p>High Deductibles</p> <p>Not applicable.</p> |
| Note 32 | <p>Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses</p> <p>The Company did not discount any liabilities for unpaid losses or unpaid loss adjustment expenses during 2015 and 2014.</p> |
| Note 33 | <p>Asbestos/Environmental Reserves</p> <p>The Company has no exposure to asbestos or environmental claims.</p> |
| Note 34 | <p>Subscriber Savings Accounts</p> <p>Not applicable.</p> |
| Note 35 | <p>Multiple Peril Crop Insurance</p> <p>The Company does not write multiple peril crop insurance.</p> |

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Cypress Property & Casualty Insurance Company
NOTES TO FINANCIAL STATEMENTS

Note 36 Financial Guaranty Insurance

The Company does not write financial guaranty insurance contracts.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
 If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State Regulating? Florida.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2014
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/2009
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).03/18/2011
- 3.4 By what department or departments? Florida Office of Insurance Regulation.....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [] N/A []
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [X] No []
- 4.22 renewals? Yes [X] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| 1 Name of Entity | 2 NAIC Company Code | 3 State of Domicile |
|---------------------|------------------------|------------------------|
| | | |
| | | |
| | | |
| | | |
| | | |

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 6.2 If yes, give full information
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [X] No []
- 7.2 If yes,33.3
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

| 1 Nationality | 2 Type of Entity |
|------------------|---------------------|
| Ireland..... | Individual..... |
| | |
| | |
| | |
| | |

GENERAL INTERROGATORIES

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

| 1 Affiliate Name | 2 Location (City, State) | 3 FRB | 4 OCC | 5 FDIC | 6 SEC |
|---------------------|--------------------------------|----------|----------|-----------|----------|
| | | | | | |

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 WeiserMazars LLP, 501 Office Center Drive, Suite 300-Forth Washington, PA 19034.....
 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
 10.2 If the response to 10.1 is yes, provide information related to this exemption:
 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
 10.4 If the response to 10.3 is yes, provide information related to this exemption:
 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
 10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Merlinos & Associates, Inc. Actuaries and Consultants 3274-B Medlock Bridge Rd, Peachtree Corners, GA 30092.....
 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
 12.11 Name of real estate holding company
 12.12 Number of parcels involved
 12.13 Total book/adjusted carrying value \$.....
 12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [X]
 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]
 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No []
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.
 14.11 If the response to 14.1 is no, please explain:
 14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
 14.21 If the response to 14.2 is yes, provide information related to amendment(s)
 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

| 1 American Bankers Association (ABA) Routing Number | 2 Issuing or Confirming Bank Name | 3 Circumstances That Can Trigger the Letter of Credit | 4 Amount |
|--|--------------------------------------|--|-------------|
| | | | |
| | | | |
| | | | |

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|---|---------|---|
| 20.11 To directors or other officers | \$..... | 0 |
| 20.12 To stockholders not officers | \$..... | 0 |
| 20.13 Trustees, supreme or grand (Fraternal only) | \$..... | 0 |
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|---|---------|---|
| 20.21 To directors or other officers | \$..... | 0 |
| 20.22 To stockholders not officers | \$..... | 0 |
| 20.23 Trustees, supreme or grand (Fraternal only) | \$..... | 0 |
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|----------------------------|---------|---|
| 21.21 Rented from others | \$..... | 0 |
| 21.22 Borrowed from others | \$..... | 0 |
| 21.23 Leased from others | \$..... | 0 |
| 21.24 Other | \$..... | 0 |
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- | | | |
|--|---------|---|
| 22.21 Amount paid as losses or risk adjustment | \$..... | 0 |
| 22.22 Amount paid as expenses | \$..... | 0 |
| 22.23 Other amounts paid | \$..... | 0 |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....0

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No []
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] NA [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$.....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$.....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] NA [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] NA [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] NA [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- | | | |
|--------|---|---------|
| 24.101 | Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$..... |
| 24.102 | Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$..... |
| 24.103 | Total payable for securities lending reported on the liability page | \$..... |

GENERAL INTERROGATORIES

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [] No []

25.2 If yes, state the amount thereof at December 31 of the current year:

| | |
|---|----------|
| 25.21 Subject to repurchase agreements | \$ |
| 25.22 Subject to reverse repurchase agreements | \$ |
| 25.23 Subject to dollar repurchase agreements | \$ |
| 25.24 Subject to reverse dollar repurchase agreements | \$ |
| 25.25 Placed under option agreements | \$ |
| 25.26 Letter stock or securities restricted as to sale – excluding FHLB Capital Stock | \$ |
| 25.27 FHLB Capital Stock | \$ |
| 25.28 On deposit with states | \$ |
| 25.29 On deposit with other regulatory bodies | \$ |
| 25.30 Pledged as collateral – excluding collateral pledged to an FHLB | \$ |
| 25.31 Pledged as collateral to FHLB – including assets backing funding agreements | \$ |
| 25.32 Other | \$ |

25.3 For category (25.26) provide the following:

| 1 Nature of Restriction | 2 Description | 3 Amount |
|----------------------------|------------------|-------------|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No []

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A []
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No []

27.2 If yes, state the amount thereof at December 31 of the current year. \$

28. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [] No []

28.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

| 1 Name of Custodian(s) | 2 Custodian's Address |
|--|---|
| U.S. Bank Institutional Trust & Custody..... | 225 Water Street, 7th Floor, Jacksonville, FL 32202 |

28.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

| 1 Name(s) | 2 Location(s) | 3 Complete Explanation(s) |
|--------------|------------------|------------------------------|
| | | |
| | | |
| | | |

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [] No []

28.04 If yes, give full and complete information relating thereto:

| 1 Old Custodian | 2 New Custodian | 3 Date of Change | 4 Reason |
|--------------------|--------------------|---------------------|-------------|
| | | | |
| | | | |
| | | | |

GENERAL INTERROGATORIES

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

| 1 Central Registration Depository Number(s) | 2 Name | 3 Address |
|--|--|---|
| 105900..... | General Re/New England Asset Management..... | 76 Batterson Park Road, Farmington, CT 06032..... |

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [] No [X]

29.2 If yes, complete the following schedule:

| 1 CUSIP # | 2 Name of Mutual Fund | 3 Book/Adjusted Carrying Value |
|---------------|--------------------------|-----------------------------------|
| | | |
| | | |
| | | |
| 29.2999 TOTAL | | 0 |

29.3 For each mutual fund listed in the table above, complete the following schedule:

| 1 Name of Mutual Fund (from above table) | 2 Name of Significant Holding of the Mutual Fund | 3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding | 4 Date of Valuation |
|--|--|---|------------------------|
| | | | |
| | | | |
| | | | |

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

| | 1 Statement (Admitted) Value | 2 Fair Value | 3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
|----------------------------|------------------------------------|-----------------|---|
| 30.1 Bonds..... | 77,198,406 | 77,082,602 | (115,804) |
| 30.2 Preferred Stocks..... | 0 | | 0 |
| 30.3 Totals | 77,198,406 | 77,082,602 | (115,804) |

30.4 Describe the sources or methods utilized in determining the fair values:

Values either published by the NAIC's SVO or from an independent pricing service vendor such as BofA Merrill Lynch indices, Interactive Data Corp, Reuters, S&P, Bloomberg Valuation Service, Markit iBoxx, or PricingDirect.....

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No []

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$480,999

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|-------------------------------------|------------------|
| Insurance Services Office, Inc..... | \$.....391,284 |

34.1 Amount of payments for legal expenses, if any? \$124,921

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|--------------------------|------------------|
| Adams and Reese LLP..... | \$.....100,867 |

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$0

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

| 1 Name | 2 Amount Paid |
|-----------|------------------|
| | \$..... |
| | \$..... |
| | \$..... |

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
 1.2 If yes, indicate premium earned on U. S. business only. \$0
 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$

1.3.1 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$0

1.6 Individual policies:

Most current three years:

1.6.1 Total premium earned \$0
 1.6.2 Total incurred claims \$0
 1.6.3 Number of covered lives

All years prior to most current three years:

1.6.4 Total premium earned \$0
 1.6.5 Total incurred claims \$0
 1.6.6 Number of covered lives

1.7 Group policies:

Most current three years:

1.7.1 Total premium earned \$0
 1.7.2 Total incurred claims \$0
 1.7.3 Number of covered lives

All years prior to most current three years:

1.7.4 Total premium earned \$0
 1.7.5 Total incurred claims \$0
 1.7.6 Number of covered lives

2. Health Test:

| | 1 Current Year | | 2 Prior Year | |
|-----------------------------|-------------------|-----------------|-----------------|-----------------|
| 2.1 Premium Numerator | \$ |0 | \$ |0 |
| 2.2 Premium Denominator | \$ |57,200,674 | \$ |53,006,989 |
| 2.3 Premium Ratio (2.1/2.2) | |0.000 | |0.000 |
| 2.4 Reserve Numerator | \$ |0 | \$ |0 |
| 2.5 Reserve Denominator | \$ |63,524,272 | \$ |0 |
| 2.6 Reserve Ratio (2.4/2.5) | |0.000 | |0.000 |

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]

3.2 If yes, state the amount of calendar year premiums written on:

3.2.1 Participating policies \$
 3.2.2 Non-participating policies \$

4. For Mutual reporting entities and Reciprocal Exchanges only:

4.1 Does the reporting entity issue assessable policies? Yes [] No []
 4.2 Does the reporting entity issue non-assessable policies? Yes [] No []
 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? %
 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$

5. For Reciprocal Exchanges Only:

5.1 Does the exchange appoint local agents? Yes [] No []
 5.2 If yes, is the commission paid:
 5.2.1 Out of Attorney's-in-fact compensation Yes [] No [] N/A [X]
 5.2.2 As a direct expense of the exchange Yes [] No [] N/A [X]

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No []

5.5 If yes, give full information

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:
 N/A Company does not write Workers' Compensation.....
- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
 Applied Insurance Research (AIR) determines the PML with proprietary computer modeling software approved by the Florida Department of Financial Services on the Company's homeowner and dwelling fire policies throughout the State of Florida.....
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....
 The Company's program consists of FHCF protection at the 90% reimbursement option and a series of catastrophe reinsurance layers designed to cover the Company's exposure to at least a 1 in 103 year PML with demand surge.....
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?..... Yes No
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?..... Yes No
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.....1
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?..... Yes No
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?..... Yes No
- 8.2 If yes, give full information

- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
 (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 (c) Aggregate stop loss reinsurance coverage;
 (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity..... Yes No
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
 (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes No
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
 (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
 (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes No
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
 (a) The entity does not utilize reinsurance; or, Yes No
 (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes No
 (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes No
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes No N/A

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force:..... Yes [] No [X]
 11.2 If yes, give full information
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
 12.11 Unpaid losses..... \$0
 12.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$0
 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?..... \$0
 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [] N/A [X]
 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
 12.41 From..... 0.0 %
 12.42 To..... 0.0 %
 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]
 12.6 If yes, state the amount thereof at December 31 of current year:
 12.61 Letters of Credit..... \$0
 12.62 Collateral and other funds..... \$0
 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$945,000
 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]
 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 0
 14.1 Is the company a cedant in a multiple cedant reinsurance contract?..... Yes [X] No []
 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
 The premium is allocated based on modeled Average Annual Loss (AAL) by State, by layer.....
 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?..... Yes [X] No []
 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?..... Yes [] No []
 14.5 If the answer to 14.4 is no, please explain:

 15.1 Has the reporting entity guaranteed any financed premium accounts?..... Yes [] No [X]
 15.2 If yes, give full information

- 16.1 Does the reporting entity write any warranty business? Yes [] No [X]
 If yes, disclose the following information for each of the following types of warranty coverage:

| | 1 Direct Losses Incurred | 2 Direct Losses Unpaid | 3 Direct Written Premium | 4 Direct Premium Unearned | 5 Direct Premium Earned |
|------------------------|--------------------------------|------------------------------|--------------------------------|---------------------------------|-------------------------------|
| 16.11 Home | \$0 | \$0 | \$0 | \$0 | \$0 |
| 16.12 Products | \$0 | \$0 | \$0 | \$0 | \$0 |
| 16.13 Automobile | \$0 | \$0 | \$0 | \$0 | \$0 |
| 16.14 Other* | \$0 | \$0 | \$0 | \$0 | \$0 |

* Disclose type of coverage:

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5. Yes [] No [X]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:

- 17.11 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5..... \$.....
- 17.12 Unfunded portion of Interrogatory 17.11..... \$.....
- 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11 \$.....
- 17.14 Case reserves portion of Interrogatory 17.11..... \$.....
- 17.15 Incurred but not reported portion of Interrogatory 17.11..... \$.....
- 17.16 Unearned premium portion of Interrogatory 17.11..... \$.....
- 17.17 Contingent commission portion of Interrogatory 17.11..... \$.....

Provide the following information for all other amounts included in Schedule F – Part 3 and excluded from Schedule F – Part 5, not included above.

- 17.18 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5..... \$.....
- 17.19 Unfunded portion of Interrogatory 17.18..... \$.....
- 17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18 \$.....
- 17.21 Case reserves portion of Interrogatory 17.18..... \$.....
- 17.22 Incurred but not reported portion of Interrogatory 17.18..... \$.....
- 17.23 Unearned premium portion of Interrogatory 17.18..... \$.....
- 17.24 Contingent commission portion of Interrogatory 17.18..... \$.....

- 18.1 Do you act as a custodian for health savings accounts? Yes [] No [X]
- 18.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$.....
- 18.3 Do you act as an administrator for health savings accounts? Yes [] No []
- 18.4 If yes, please provide the balance of the funds administered as of the reporting date. \$.....

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Cypress Property & Casualty Insurance Company

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.

| | 1 2015 | 2 2014 | 3 2013 | 4 2012 | 5 2011 |
|---|-------------|-------------|-------------|-------------|-------------|
| Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3) | | | | | |
| 1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 12,175,098 | 11,995,319 | 10,559,006 | 8,477,925 | 5,808,082 |
| 2. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 7,746,448 | 7,069,290 | 6,741,849 | 6,848,120 | 7,280,089 |
| 3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 68,254,585 | 75,757,733 | 79,606,958 | 75,454,310 | 66,302,614 |
| 4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 0 | 0 | 0 | 0 | 0 |
| 5. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 0 | 0 | 0 | 0 | 0 |
| 6. Total (Line 35) | 88,176,131 | 94,822,342 | 96,907,813 | 90,780,355 | 79,390,785 |
| Net Premiums Written (Page 8, Part 1B, Col. 6) | | | | | |
| 7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 12,175,753 | 11,834,181 | 10,387,085 | 8,375,352 | 5,808,082 |
| 8. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 6,343,180 | 4,324,247 | 3,744,190 | 4,338,428 | 5,315,947 |
| 9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 43,321,612 | 36,063,032 | 34,628,934 | 38,308,980 | 40,643,144 |
| 10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 0 | 0 | 0 | 0 | 0 |
| 11. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 0 | 0 | 0 | 0 | 0 |
| 12. Total (Line 35) | 61,840,545 | 52,221,460 | 48,760,209 | 51,022,760 | 51,767,173 |
| Statement of Income (Page 4) | | | | | |
| 13. Net underwriting gain (loss) (Line 8) | (706,096) | 2,650,982 | 304,775 | 615,841 | (6,007,460) |
| 14. Net investment gain (loss) (Line 11) | 803,413 | 607,217 | 1,365,345 | 1,946,750 | 1,518,046 |
| 15. Total other income (Line 15) | (712) | 4,543 | 13 | 900 | 0 |
| 16. Dividends to policyholders (Line 17) | 0 | 0 | 0 | 0 | 0 |
| 17. Federal and foreign income taxes incurred (Line 19) | 103,302 | 1,163,762 | 873,415 | 415,874 | (923,940) |
| 18. Net income (Line 20) | (6,697) | 2,098,981 | 796,718 | 2,147,617 | (3,565,474) |
| Balance Sheet Lines (Pages 2 and 3) | | | | | |
| 19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3) | 100,440,281 | 100,781,027 | 97,304,560 | 101,227,568 | 93,478,404 |
| 20. Premiums and considerations (Page 2, Col. 3) | | | | | |
| 20.1 In course of collection (Line 15.1) | 505,188 | 5,452,015 | 1,902,183 | 7,505,131 | 6,618,147 |
| 20.2 Deferred and not yet due (Line 15.2) | 6,345,393 | 2,053,003 | 5,650,066 | 0 | 0 |
| 20.3 Accrued retrospective premiums (Line 15.3) | 0 | 0 | 0 | 0 | 0 |
| 21. Total liabilities excluding protected cell business (Page 3, Line 26) | 68,287,453 | 67,950,236 | 66,198,184 | 70,709,802 | 64,872,024 |
| 22. Losses (Page 3, Line 1) | 15,249,720 | 15,769,420 | 15,630,975 | 17,337,658 | 17,213,949 |
| 23. Loss adjustment expenses (Page 3, Line 3) | 3,895,484 | 3,907,195 | 3,013,455 | 3,360,064 | 2,874,035 |
| 24. Unearned premiums (Page 3, Line 9) | 44,379,069 | 39,739,198 | 40,524,727 | 38,256,278 | 41,431,021 |
| 25. Capital paid up (Page 3, Lines 30 & 31) | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 |
| 26. Surplus as regards policyholders (Page 3, Line 37) | 32,152,828 | 32,830,791 | 31,106,376 | 30,517,766 | 28,606,380 |
| Cash Flow (Page 5) | | | | | |
| 27. Net cash from operations (Line 11) | (36,545) | 3,968,810 | (3,977,081) | 7,473,072 | 10,506,577 |
| Risk-Based Capital Analysis | | | | | |
| 28. Total adjusted capital | 32,152,828 | 32,830,791 | 31,106,376 | 30,517,766 | 28,606,380 |
| 29. Authorized control level risk-based capital | 8,742,420 | 7,972,430 | 9,804,678 | 10,121,474 | 9,153,333 |
| Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3)(Item divided by Page 2, Line 12, Col. 3) x 100.0 | | | | | |
| 30. Bonds (Line 1) | 83.6 | 57.1 | 68.9 | 87.2 | 80.9 |
| 31. Stocks (Lines 2.1 & 2.2) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 32. Mortgage loans on real estate (Lines 3.1 and 3.2) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 33. Real estate (Lines 4.1, 4.2 & 4.3) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 34. Cash, cash equivalents and short-term investments (Line 5) | 13.3 | 42.9 | 31.1 | 12.8 | 19.1 |
| 35. Contract loans (Line 6) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 36. Derivatives (Line 7) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 37. Other invested assets (Line 8) | 3.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| 38. Receivables for securities (Line 9) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 39. Securities lending reinvested collateral assets (Line 10) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 40. Aggregate write-ins for invested assets (Line 11) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 41. Cash, cash equivalents and invested assets (Line 12) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Investments in Parent, Subsidiaries and Affiliates | | | | | |
| 42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1) | 0 | 0 | 0 | 0 | 0 |
| 43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1) | 0 | 0 | 0 | 0 | 0 |
| 44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1) | 0 | 0 | 0 | 0 | 0 |
| 45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10) | 0 | 0 | 0 | 0 | 0 |
| 46. Affiliated mortgage loans on real estate | 0 | 0 | 0 | 0 | 0 |
| 47. All other affiliated | 0 | 0 | 0 | 0 | 0 |
| 48. Total of above Lines 42 to 47 | 0 | 0 | 0 | 0 | 0 |
| 49. Total Investment in parent included in Lines 42 to 47 above | 0 | 0 | 0 | 0 | 0 |
| 50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

FIVE-YEAR HISTORICAL DATA

(Continued)

| | 1 2015 | 2 2014 | 3 2013 | 4 2012 | 5 2011 |
|--|------------|------------|------------|------------|-------------|
| Capital and Surplus Accounts (Page 4) | | | | | |
| 51. Net unrealized capital gains (losses) (Line 24) | 238 | (920) | (3,774) | 24,133 | (24,133) |
| 52. Dividends to stockholders (Line 35) | 0 | 0 | 0 | 0 | 0 |
| 53. Change in surplus as regards policyholders for the year (Line 38) | (677,963) | 1,724,416 | 588,609 | 1,911,386 | (5,005,912) |
| Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2) | | | | | |
| 54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 2,736,007 | 1,480,726 | 1,017,337 | 982,680 | 552,452 |
| 55. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 1,622,603 | 1,863,361 | 2,545,273 | 1,551,154 | 1,623,317 |
| 56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 23,465,157 | 22,702,554 | 18,110,279 | 18,714,358 | 13,903,876 |
| 57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 0 | 0 | 0 | 0 | 0 |
| 58. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 0 | 0 | 0 | 0 | 0 |
| 59. Total (Line 35) | 27,823,767 | 26,046,641 | 21,672,889 | 21,248,192 | 16,079,645 |
| Net Losses Paid (Page 9, Part 2, Col. 4) | | | | | |
| 60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) | 2,736,007 | 1,477,032 | 1,009,710 | 982,680 | 552,452 |
| 61. Property lines (Lines 1, 2, 9, 12, 21 & 26) | 1,270,271 | 1,312,276 | 1,931,363 | 1,551,154 | 1,623,317 |
| 62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27) | 18,793,154 | 16,168,591 | 13,289,852 | 18,637,732 | 13,365,491 |
| 63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34) | 0 | 0 | 0 | 0 | 0 |
| 64. Nonproportional reinsurance lines (Lines 31, 32 & 33) | 0 | 0 | 0 | 0 | 0 |
| 65. Total (Line 35) | 22,799,432 | 18,957,899 | 16,230,925 | 21,171,566 | 15,541,260 |
| Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0 | | | | | |
| 66. Premiums earned (Line 1) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 67. Losses incurred (Line 2) | 39.0 | 36.0 | 31.2 | 39.0 | 51.0 |
| 68. Loss expenses incurred (Line 3) | 7.5 | 7.0 | 7.8 | 8.0 | 6.0 |
| 69. Other underwriting expenses incurred (Line 4) | 54.8 | 52.0 | 60.3 | 52.0 | 56.0 |
| 70. Net underwriting gain (loss) (Line 8) | (1.2) | 5.0 | 0.7 | 1.0 | (13.0) |
| Other Percentages | | | | | |
| 71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0) | 50.7 | 52.8 | 57.5 | 55.0 | 50.0 |
| 72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) | 46.4 | 43.0 | 39.0 | 47.0 | 57.0 |
| 73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0) | 192.3 | 159.1 | 156.8 | 167.0 | 181.0 |
| One Year Loss Development (000 omitted) | | | | | |
| 74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11) | (5,150) | (2,086) | (6,431) | (5,772) | 38 |
| 75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0) | (15.7) | (6.7) | (21.1) | (20.0) | 0.0 |
| Two Year Loss Development (000 omitted) | | | | | |
| 76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12) | (6,125) | (7,129) | (10,456) | (3,370) | (1,037) |
| 77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0) | (19.7) | (23.4) | (36.6) | (10.0) | (2.0) |

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [] No []

If no, please explain

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES
SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

| Years in Which Premiums Were Earned and Losses Were Incurred | Premiums Earned | | | Loss and Loss Expense Payments | | | | | | | 10 Salvage and Subrogation Received | 11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9) | 12 Number of Claims Reported Direct and Assumed |
|--|-------------------------|------------|------------------------|--------------------------------|------------|---------------------------------------|------------|------------------------------|------------|-------|--|--|--|
| | 1 Direct and Assumed | 2 Ceded | 3 Net (Cols. 1 - 2) | Loss Payments | | Defense and Cost Containment Payments | | Adjusting and Other Payments | | | | | |
| | | | | 4 Direct and Assumed | 5 Ceded | 6 Direct and Assumed | 7 Ceded | 8 Direct and Assumed | 9 Ceded | | | | |
| | | | | | | | | | | | | | |
| 1. Prior | XXX | XXX | XXX | 20 | 2 | 11 | 11 | 0 | (1) | 0 | 19 | XXX | |
| 2. 2006 | 74,009 | 51,452 | 22,557 | 11,047 | 6,044 | 424 | 75 | 1,850 | 467 | 370 | 6,735 | XXX | |
| 3. 2007 | 87,493 | 42,770 | 44,723 | 15,111 | 1,069 | 319 | 6 | 1,778 | 6 | 383 | 16,127 | XXX | |
| 4. 2008 | 62,634 | 26,190 | 36,444 | 16,691 | 0 | 510 | 0 | 1,357 | 0 | 296 | 18,557 | XXX | |
| 5. 2009 | 57,270 | 25,344 | 31,926 | 19,589 | 3,000 | 1,750 | 0 | 1,644 | 0 | 3,768 | 19,983 | XXX | |
| 6. 2010 | 65,071 | 23,963 | 41,108 | 16,809 | 161 | 1,899 | 5 | 1,769 | 0 | 387 | 20,311 | XXX | |
| 7. 2011 | 73,769 | 27,594 | 46,174 | 19,005 | 0 | 1,289 | 0 | 1,832 | 0 | 517 | 22,127 | XXX | |
| 8. 2012 | 86,169 | 31,971 | 54,198 | 22,162 | 1 | 1,598 | 0 | 2,102 | 0 | 443 | 25,861 | XXX | |
| 9. 2013 | 94,359 | 47,867 | 46,492 | 24,798 | 6,999 | 1,150 | 324 | 2,101 | 607 | 424 | 20,118 | XXX | |
| 10. 2014 | 95,602 | 42,595 | 53,007 | 23,782 | 6,752 | 724 | 198 | 2,355 | 680 | 341 | 19,232 | XXX | |
| 11. 2015 | 91,752 | 34,551 | 57,201 | 21,760 | 3,798 | 456 | 89 | 3,268 | 299 | 296 | 21,299 | XXX | |
| 12. Totals | XXX | XXX | XXX | 190,775 | 27,826 | 10,131 | 708 | 20,056 | 2,058 | 7,225 | 190,370 | XXX | |

| | Losses Unpaid | | | | Defense and Cost Containment Unpaid | | | | Adjusting and Other Unpaid | | 23 Salvage and Subrogation Anticipated | 24 Total Net Losses and Expenses Unpaid | 25 Number of Claims Outstanding Direct and Assumed |
|----------|--------------------------|-------------|--------------------------|-------------|-------------------------------------|-------------|--------------------------|-------------|----------------------------|-------------|---|--|---|
| | Case Basis | | Bulk + IBNR | | Case Basis | | Bulk + IBNR | | 21 Direct and Assumed | 22 Ceded | | | |
| | 13 Direct and Assumed | 14 Ceded | 15 Direct and Assumed | 16 Ceded | 17 Direct and Assumed | 18 Ceded | 19 Direct and Assumed | 20 Ceded | | | | | |
| | | | | | | | | | | | | | |
| 1. | 5 | 1 | 15 | 2 | 4 | 3 | 5 | 5 | 0 | 0 | 0 | 19 | XXX |
| 2. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | XXX |
| 3. | 1 | 0 | 0 | 0 | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 9 | XXX |
| 4. | 0 | 0 | 18 | 0 | 0 | 0 | 5 | 0 | 3 | 0 | 0 | 25 | XXX |
| 5. | 49 | 0 | 81 | 0 | 18 | 0 | 23 | 0 | 12 | 0 | 0 | 183 | XXX |
| 6. | 238 | 0 | 131 | 0 | 43 | 0 | 37 | 0 | 25 | 0 | 0 | 474 | XXX |
| 7. | 83 | 0 | 314 | 0 | 27 | 0 | 90 | 0 | 36 | 0 | 0 | 549 | XXX |
| 8. | 332 | 0 | 472 | 0 | 51 | 0 | 135 | 0 | 66 | 0 | 0 | 1,055 | XXX |
| 9. | 408 | 44 | 1,035 | 128 | 100 | 16 | 296 | 37 | 127 | 17 | 0 | 1,725 | XXX |
| 10. | 2,271 | 282 | 1,756 | 202 | 338 | 65 | 493 | 58 | 284 | 40 | 0 | 4,497 | XXX |
| 11. | 5,401 | 504 | 4,133 | 331 | 325 | 67 | 1,143 | 95 | 675 | 71 | 0 | 10,609 | XXX |
| 12. | 8,788 | 829 | 7,954 | 662 | 915 | 152 | 2,227 | 194 | 1,227 | 128 | 0 | 19,145 | XXX |

| | Total Losses and Loss Expenses Incurred | | | Loss and Loss Expense Percentage (Incurred/Premiums Earned) | | | Nontabular Discount | | 34 Inter-Company Pooling Participation Percentage | Net Balance Sheet Reserves After Discount | |
|----------|---|-------------|-----------|---|-------------|-----------|---------------------|--------------------|--|---|----------------------------|
| | 26 Direct and Assumed | 27 Ceded | 28 Net | 29 Direct and Assumed | 30 Ceded | 31 Net | 32 Loss | 33 Loss Expense | | 35 Losses Unpaid | 36 Loss Expenses Unpaid |
| | | | | | | | | | | | |
| 1. | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 18 | 1 |
| 2. | 13,321 | 6,586 | 6,735 | 18.0 | 12.8 | 29.9 | 0 | 0 | | 0 | 0 |
| 3. | 17,218 | 1,081 | 16,137 | 19.7 | 2.5 | 36.1 | 0 | 0 | | 1 | 8 |
| 4. | 18,582 | 0 | 18,582 | 29.7 | 0.0 | 51.0 | 0 | 0 | | 18 | 8 |
| 5. | 23,166 | 3,000 | 20,166 | 40.5 | 11.8 | 63.2 | 0 | 0 | | 130 | 53 |
| 6. | 20,951 | 167 | 20,785 | 32.2 | 0.7 | 50.6 | 0 | 0 | | 369 | 105 |
| 7. | 22,676 | 0 | 22,676 | 30.7 | 0.0 | 49.1 | 0 | 0 | | 397 | 152 |
| 8. | 26,917 | 1 | 26,916 | 31.2 | 0.0 | 49.7 | 0 | 0 | | 803 | 252 |
| 9. | 30,015 | 8,172 | 21,843 | 31.8 | 17.1 | 47.0 | 0 | 0 | | 1,271 | 453 |
| 10. | 32,005 | 8,275 | 23,730 | 33.5 | 19.4 | 44.8 | 0 | 0 | | 3,544 | 953 |
| 11. | 37,162 | 5,254 | 31,908 | 40.5 | 15.2 | 55.8 | 0 | 0 | | 8,699 | 1,910 |
| 12. | XXX | XXX | XXX | XXX | XXX | XXX | 0 | 0 | XXX | 15,250 | 3,895 |

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements, which will reconcile Part 1 with Parts 2 and 4.

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Cypress Property & Casualty Insurance Company

SCHEDULE P - PART 2 - SUMMARY

| Years in Which Losses Were Incurred | INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) | | | | | | | | | | DEVELOPMENT | |
|-------------------------------------|--|--------|--------|--------|--------|--------|--------|--------|--------|------------|-------------|----------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | One Year | Two Year |
| 1. Prior | 1,260 | 1,210 | 2,094 | 2,105 | 2,063 | 2,265 | (286) | (293) | (551) | (566) | (15) | (273) |
| 2. 2006 | 8,254 | 7,567 | 6,631 | 5,648 | 5,547 | 5,526 | 5,471 | 5,366 | 5,366 | 5,352 | (14) | (14) |
| 3. 2007 | XXX | 16,664 | 15,784 | 15,129 | 14,580 | 14,530 | 14,502 | 14,351 | 14,384 | 14,365 | (19) | 14 |
| 4. 2008 | XXX | XXX | 19,105 | 18,133 | 17,753 | 17,610 | 17,481 | 17,316 | 17,329 | 17,223 | (105) | (93) |
| 5. 2009 | XXX | XXX | XXX | 21,209 | 21,255 | 21,259 | 21,130 | 18,352 | 18,385 | 18,510 | 125 | 158 |
| 6. 2010 | XXX | XXX | XXX | XXX | 19,630 | 19,677 | 19,161 | 18,765 | 18,921 | 18,991 | 70 | 226 |
| 7. 2011 | XXX | XXX | XXX | XXX | XXX | 24,789 | 22,425 | 21,342 | 21,250 | 20,808 | (442) | (534) |
| 8. 2012 | XXX | XXX | XXX | XXX | XXX | XXX | 29,238 | 27,491 | 26,910 | 24,749 | (2,161) | (2,742) |
| 9. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 23,106 | 21,717 | 20,239 | (1,478) | (2,867) |
| 10. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 22,920 | 21,810 | (1,110) | XXX |
| 11. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 28,336 | XXX | XXX |
| | | | | | | | | | | 12. Totals | (5,150) | (6,125) |

SCHEDULE P - PART 3 - SUMMARY

| Years in Which Losses Were Incurred | CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) | | | | | | | | | | 11 | 12 |
|-------------------------------------|---|--------|--------|--------|--------|---------|--------|--------|--------|--------|---|--|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Number of Claims Closed With Loss Payment | Number of Claims Closed Without Loss Payment |
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | | |
| 1. Prior | .000 | (385) | 1,473 | 1,737 | 2,052 | (1,048) | (629) | (603) | (603) | (585) | XXX | XXX |
| 2. 2006 | 5,110 | 4,833 | 5,035 | 5,110 | 5,149 | 5,253 | 5,357 | 5,366 | 5,366 | 5,352 | XXX | XXX |
| 3. 2007 | XXX | 10,784 | 13,417 | 13,588 | 14,088 | 14,380 | 14,380 | 14,351 | 14,355 | 14,355 | XXX | XXX |
| 4. 2008 | XXX | XXX | 12,880 | 16,073 | 16,610 | 16,884 | 17,027 | 17,131 | 17,135 | 17,201 | XXX | XXX |
| 5. 2009 | XXX | XXX | XXX | 9,941 | 19,105 | 19,945 | 20,478 | 18,107 | 18,136 | 18,339 | XXX | XXX |
| 6. 2010 | XXX | XXX | XXX | XXX | 12,346 | 16,680 | 17,525 | 18,171 | 18,410 | 18,541 | XXX | XXX |
| 7. 2011 | XXX | XXX | XXX | XXX | XXX | 14,351 | 18,259 | 19,379 | 19,881 | 20,295 | XXX | XXX |
| 8. 2012 | XXX | XXX | XXX | XXX | XXX | XXX | 16,916 | 22,163 | 23,283 | 23,759 | XXX | XXX |
| 9. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 13,768 | 17,753 | 18,624 | XXX | XXX |
| 10. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 14,251 | 17,557 | XXX | XXX |
| 11. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 18,330 | XXX | XXX |

SCHEDULE P - PART 4 - SUMMARY

| Years in Which Losses Were Incurred | BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED) | | | | | | | | | |
|-------------------------------------|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 1. Prior | 262 | 666 | 124 | 0 | 0 | 2,509 | 268 | 295 | 14 | 14 |
| 2. 2006 | 1,923 | 2,424 | 1,419 | 391 | 200 | 132 | 103 | 0 | 0 | 0 |
| 3. 2007 | XXX | 3,450 | 1,808 | 1,168 | 491 | 150 | 122 | 0 | 0 | 0 |
| 4. 2008 | XXX | XXX | 3,035 | 1,506 | 1,003 | 612 | 281 | 137 | 135 | 23 |
| 5. 2009 | XXX | XXX | XXX | 4,070 | 1,618 | 658 | 370 | 94 | 59 | 104 |
| 6. 2010 | XXX | XXX | XXX | XXX | 4,975 | 1,450 | 893 | 259 | 136 | 168 |
| 7. 2011 | XXX | XXX | XXX | XXX | XXX | 5,479 | 2,487 | 1,110 | 958 | 403 |
| 8. 2012 | XXX | XXX | XXX | XXX | XXX | XXX | 6,005 | 2,963 | 2,408 | 606 |
| 9. 2013 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 5,388 | 2,621 | 1,166 |
| 10. 2014 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 4,267 | 1,991 |
| 11. 2015 | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | XXX | 4,850 |

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States And Territories

| States, etc. | 1 Active Status | Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken | | 4 Dividends Paid or Credited to Policyholders on Direct Business | 5 Direct Losses Paid (Deducting Salvage) | 6 Direct Losses Incurred | 7 Direct Losses Unpaid | 8 Finance and Service Charges Not Included in Premiums | 9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2) |
|---|--------------------|--|-----------------------------|---|---|-----------------------------|---------------------------|---|--|
| | | 2 Direct Premiums Written | 3 Direct Premiums Earned | | | | | | |
| 1. Alabama | AL N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 2. Alaska | AK N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 3. Arizona | AZ N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 4. Arkansas | AR N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 5. California | CA N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 6. Colorado | CO N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 7. Connecticut | CT N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 8. Delaware | DE N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 9. Dist. Columbia | DC N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 10. Florida | FL L | 87,931,630 | 90,347,730 | .0 | 27,048,208 | 25,356,690 | 16,538,748 | .0 | .0 |
| 11. Georgia | GA N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 12. Hawaii | HI N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 13. Idaho | ID N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 14. Illinois | IL N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 15. Indiana | IN N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 16. Iowa | IA N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 17. Kansas | KS N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 18. Kentucky | KY N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 19. Louisiana | LA N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 20. Maine | ME N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 21. Maryland | MD N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 22. Massachusetts | MA N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 23. Michigan | MI N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 24. Minnesota | MN N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 25. Mississippi | MS N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 26. Missouri | MO N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 27. Montana | MT N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 28. Nebraska | NE N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 29. Nevada | NV N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 30. New Hampshire | NH N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 31. New Jersey | NJ N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 32. New Mexico | NM N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 33. New York | NY N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 34. No. Carolina | NC N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 35. No. Dakota | ND N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 36. Ohio | OH N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 37. Oklahoma | OK N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 38. Oregon | OR N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 39. Pennsylvania | PA N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 40. Rhode Island | RI N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 41. So. Carolina | SC N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 42. So. Dakota | SD N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 43. Tennessee | TN N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 44. Texas | TX N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 45. Utah | UT N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 46. Vermont | VT N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 47. Virginia | VA N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 48. Washington | WA N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 49. West Virginia | WV N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 50. Wisconsin | WI N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 51. Wyoming | WY N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 52. American Samoa | AS N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 53. Guam | GU N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 54. Puerto Rico | PR N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 55. U.S. Virgin Islands | VI N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 56. Northern Mariana Islands | MP N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 57. Canada | CAN N | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 58. Aggregate other alien | OT XXX | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 59. Totals | (a) 1 | 87,931,630 | 90,347,730 | 0 | 27,048,208 | 25,356,690 | 16,538,748 | 0 | 0 |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 58001. | XXX | | | | | | | | |
| 58002. | XXX | | | | | | | | |
| 58003. | XXX | | | | | | | | |
| 58998. Sum. of remaining write-ins for Line 58 from overflow page | XXX | .0 | .0 | .0 | .0 | .0 | .0 | .0 | .0 |
| 58999. Totals (Lines 58001 through 58003 + 58998) (Line 58 above) | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation of premiums by states, etc.

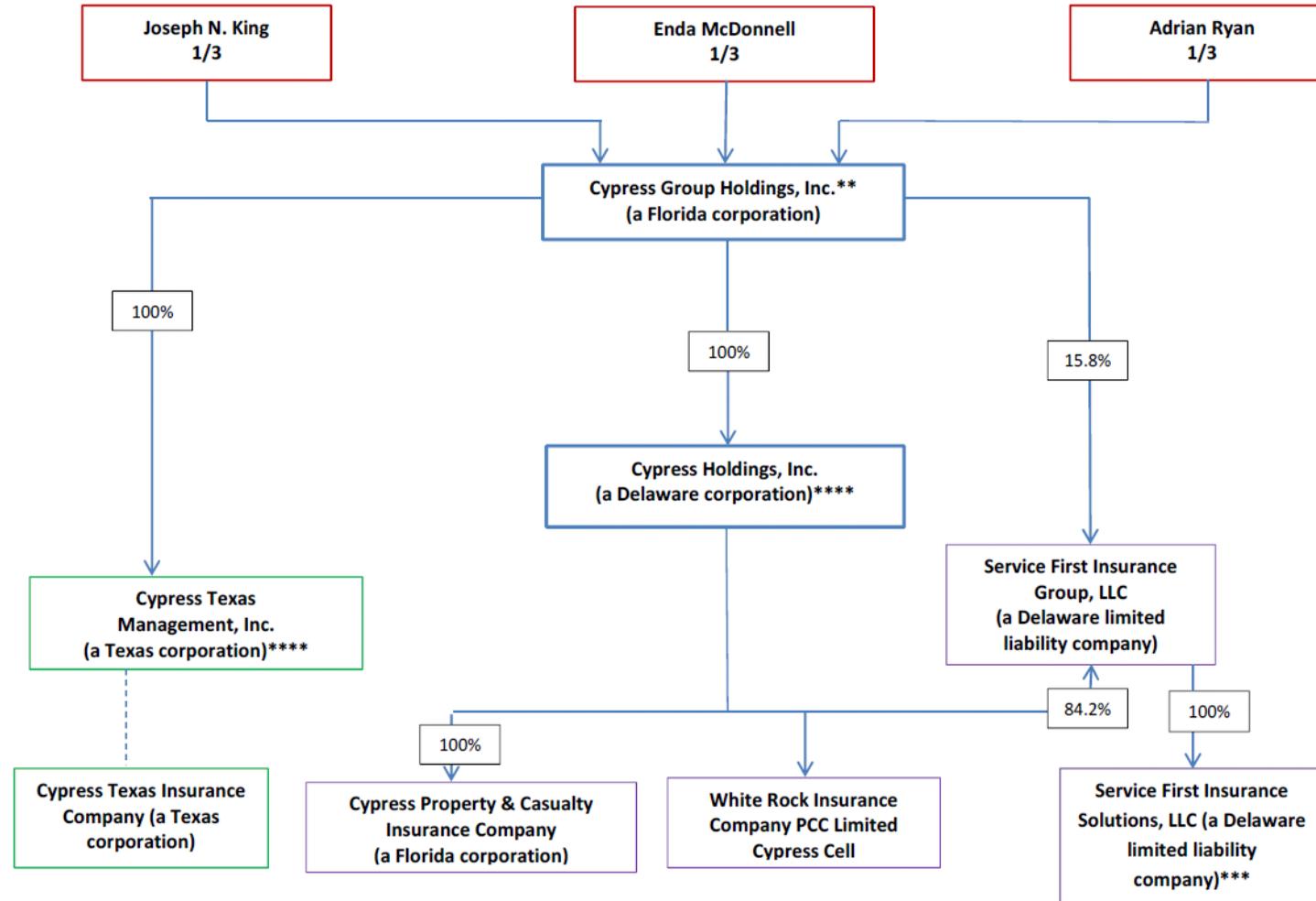
All premiums are allocated to the state in which the risk is located.

(a) Insert the number of L responses except for Canada and Other Alien

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

ORGANIZATIONAL CHART AS OF December 31, 2015*



*Note: All percentages on the chart reflect the percentage of voting common stock owned.

**Note: A private investment company owns 2,429,539.756028 shares of non-voting Series A preferred stock (100%) of Cypress Group Holdings, Inc., which is 100% of such class of stock.

***Note: Dissolved, effective 12/31/2015.

****Note: Merged into Cypress Group Holdings, Inc. on 12/31/2015.

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