



PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2015
OF THE CONDITION AND AFFAIRS OF THE

Heritage Property & Casualty Insurance Company

NAIC Group Code 0000 (Current) (Prior) NAIC Company Code 14407 Employer's ID Number 46-0694063

Organized under the Laws of Florida, State of Domicile or Port of Entry FL
Country of Domicile United States of America

Incorporated/Organized 08/17/2012 Commenced Business 08/17/2012

Statutory Home Office 2600 McCormick Drive Suite 300, Clearwater, FL, US 33759
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 2600 McCormick Drive Suite 300
(Street and Number)
Clearwater, FL, US 33759 (City or Town, State, Country and Zip Code)
727-362-7200 (Area Code) (Telephone Number)

Mail Address P.O. Box 8310, Clearwater, FL, US 33758
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 2600 McCormick Drive Suite 300
(Street and Number)
Clearwater, FL, US 33759 (City or Town, State, Country and Zip Code)
727-362-7200 (Area Code) (Telephone Number)

Internet Website Address www.heritagepci.com

Statutory Statement Contact Sharon Ann Binnun, 727-362-7020
(Name) (Area Code) (Telephone Number)
sbinnun@heritagepci.com, (E-mail Address)
(FAX Number)

OFFICERS

Chairman/Chief Executive Officer Bruce Thomas Lucas Secretary Stephen Lowell Rohde
President Richard Alexander Widdicombe Treasurer Stephen Lowell Rohde

OTHER

Sharon Ann Binnun, Executive Vice President, Finance Ernesto Jose Garateix, Chief Operating Officer Melvin A Russell, Jr., Chief Underwriting Officer
Joseph Peiso, Vice President - Compliance Paul Neilson, Vice President - Claims

DIRECTORS OR TRUSTEES

Bruce Thomas Lucas Richard Alexander Widdicombe Panagiotis Giorgas Apostolou
Trifon Houvardas Jeff Pollick Nicholas Pappas
Vijay Walvekar Irini Barlas

State of Florida SS:
County of Pinellas

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.

Richard A. Widdicombe
President

Stephen L. Rohde
Secretary

Stephen L. Rohde
Treasurer

Subscribed and sworn to before me this _____ day of _____

- a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number.....
2. Date filed.....
3. Number of pages attached.....

Carrie Cohen

August 22, 2016

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Heritage 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)	362,046,446		362,046,446	281,989,970
2. Stocks (Schedule D):				
2.1 Preferred stocks	15,995,379		15,995,379	15,096,124
2.2 Common stocks	15,575,328		15,575,328	19,546,878
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	6,849,298
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 (\$127,410,536 , Schedule E - Part 1), cash equivalents (\$3,598,927 , Schedule E - Part 2) and short-term investments (\$23,947,800 , Schedule DA)	154,957,263		154,957,263	134,694,213
6. Contract loans (including \$ premium notes)			0	0
7. Derivatives (Schedule DB)			0	0
8. Other invested assets (Schedule BA)	411,340		411,340	512,197
9. Receivable 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)	548,985,756	0	548,985,756	458,688,680
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	3,408,887		3,408,887	2,617,174
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	3,334,346	185,800	3,148,546	2,438,403
15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	26,165,068		26,165,068	17,744,567
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	0
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	348,332		348,332	0
18.2 Net deferred tax asset	18,822,958	66,730	18,756,228	14,660,169
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	888,499		888,499	589,111
24. Health care (\$) and other amounts receivable			0	0
25. Aggregate write-ins for other than invested assets	307,908	147,018	160,890	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	602,261,754	399,548	601,862,206	496,738,104
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	602,261,754	399,548	601,862,206	496,738,104
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 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Prepaid Expenses	147,018	147,018	0	0
2502. Other Receivables	160,890		160,890	
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	307,908	147,018	160,890	0

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

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8)	62,527,740	37,156,000
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	175,202	44,000
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	21,195,212	14,312,225
4. Commissions payable, contingent commissions and other similar charges		
5. Other expenses (excluding taxes, licenses and fees)	646,632	515,578
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	70,524	2,780,292
7.1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))	0	8,280,652
7.2 Net deferred tax liability		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$85,093,000 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)	217,400,950	194,343,130
10. Advance premium	12,137,639	5,142,891
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders		
12. Ceded reinsurance premiums payable (net of ceding commissions)	52,467,043	15,452,000
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	0	0
14. Amounts withheld or retained by company for account of others		
15. Remittances and items not allocated	411,848	1,089,982
16. Provision for reinsurance (including \$0 certified) (Schedule F, Part 8)		0
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding		
19. Payable to parent, subsidiaries and affiliates	10,889,102	10,037,853
20. Derivatives	0	
21. Payable for securities	2,199,296	13,344,402
22. Payable for securities lending		
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	5,317,697	21,527,234
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	385,438,885	324,026,239
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	385,438,885	324,026,239
29. Aggregate write-ins for special surplus funds	0	0
30. Common capital stock	1,000,000	1,000,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds	0	0
33. Surplus notes	17,000,000	17,000,000
34. Gross paid in and contributed surplus	111,179,750	110,105,553
35. Unassigned funds (surplus)	87,243,571	44,606,312
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 30 \$)		
36.2 shares preferred (value included in Line 31 \$)		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	216,423,321	172,711,865
38. TOTALS (Page 2, Line 28, Col. 3)	601,862,206	496,738,104
DETAILS OF WRITE-INS		
2501. Retroactive Reinsurance Reserve Assumed	322,841	331,685
2502. Unclaimed Property	74,606	81,671
2503. Assumed Premiums Payable under Reinsurance Contracts	4,920,250	21,113,878
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	5,317,697	21,527,234
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298)(Line 32 above)	0	0

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

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	368,669,806	221,299,723
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	120,537,643	72,049,280
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	44,269,437	30,841,653
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	142,668,720	93,644,827
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	307,475,800	196,535,760
7. Net income of protected cells.....		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7).....	61,194,006	24,763,963
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	6,019,325	2,327,043
10. Net realized capital gains or (losses) less capital gains tax of \$ 557,964 (Exhibit of Capital Gains (Losses)).....	1,055,368	242,857
11. Net investment gain (loss) (Lines 9 + 10).....	7,074,693	2,569,900
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$ 177,723).....	(177,723)	14,446
13. Finance and service charges not included in premiums.....	(7,127)	
14. Aggregate write-ins for miscellaneous income.....	395,593	217,079
15. Total other income (Lines 12 through 14).....	210,743	231,525
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	68,479,442	27,565,388
17. Dividends to policyholders.....		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	68,479,442	27,565,388
19. Federal and foreign income taxes incurred.....	25,082,966	17,727,348
20. Net income (Line 18 minus Line 19)(to Line 22).....	43,396,476	9,838,040
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	172,711,865	63,054,969
22. Net income (from Line 20).....	43,396,476	9,838,040
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....	(4,842,009)	620,645
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	4,078,128	7,985,458
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3).....	4,664	107,199
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	0	0
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....	1,074,197	91,105,553
33.2 Transferred to capital (Stock Dividend).....		
33.3 Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....		
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....	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).....	43,711,456	109,656,895
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	216,423,321	172,711,865
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 thru 0503 plus 0598)(Line 5 above).....	0	0
1401. Miscellaneous income.....	147,804	154,282
1402. Retroactive Reinsurance Gain & Assumption Fees.....	247,789	62,797
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above).....	395,593	217,079
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798)(Line 37 above).....	0	0

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

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	426,509,812	314,153,841
2. Net investment income	11,184,693	4,600,454
3. Miscellaneous income	210,743	231,525
4. Total (Lines 1 through 3)	437,905,248	318,985,820
5. Benefit and loss related payments	95,034,701	50,426,277
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	182,633,742	117,533,442
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	34,269,914	4,434,410
10. Total (Lines 5 through 9)	311,938,357	172,394,129
11. Net cash from operations (Line 4 minus Line 10)	125,966,891	146,591,691
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	119,416,400	15,917,427
12.2 Stocks	26,329,934	22,226,950
12.3 Mortgage loans	6,849,298	84,555
12.4 Real estate	0	0
12.5 Other invested assets	152,580	30,060
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	12,164,479
12.8 Total investment proceeds (Lines 12.1 to 12.7)	152,748,213	50,423,471
13. Cost of investments acquired (long-term only):		
13.1 Bonds	204,237,913	196,791,373
13.2 Stocks	27,673,667	28,178,445
13.3 Mortgage loans	0	870,860
13.4 Real estate	0	0
13.5 Other invested assets	51,723	53,195
13.6 Miscellaneous applications	11,145,106	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	243,108,409	225,893,873
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)	(90,360,196)	(175,470,403)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock	1,074,197	91,105,553
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)	(16,417,842)	30,904,101
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(15,343,645)	122,009,654
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)	20,263,050	93,130,942
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	134,694,213	41,563,271
19.2 End of period (Line 18 plus Line 19.1)	154,957,263	134,694,213

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	6,128,275	962,683	2,949,956	4,141,002
2.	Allied lines	36,585,558	3,724,632	19,921,495	20,388,695
3.	Farmowners multiple peril	0		0	0
4.	Homeowners multiple peril	293,324,665	148,265,801	160,191,430	281,399,036
5.	Commercial multiple peril	53,964,015	41,141,441	33,380,552	61,724,904
6.	Mortgage guaranty	0		0	0
8.	Ocean marine	0		0	0
9.	Inland marine	0		0	0
10.	Financial guaranty	0		0	0
11.1	Medical professional liability - occurrence	0		0	0
11.2	Medical professional liability - claims-made	0		0	0
12.	Earthquake	0		0	0
13.	Group accident and health	0		0	0
14.	Credit accident and health (group and individual)	0		0	0
15.	Other accident and health	0		0	0
16.	Workers' compensation	0		0	0
17.1	Other liability - occurrence	1,725,113	248,573	957,517	1,016,169
17.2	Other liability - claims-made	0		0	0
17.3	Excess workers' compensation	0		0	0
18.1	Products liability - occurrence	0		0	0
18.2	Products liability - claims-made	0		0	0
19.1, 19.2	Private passenger auto liability	0		0	0
19.3, 19.4	Commercial auto liability	0		0	0
21.	Auto physical damage	0		0	0
22.	Aircraft (all perils)	0		0	0
23.	Fidelity	0		0	0
24.	Surety	0		0	0
26.	Burglary and theft	0		0	0
27.	Boiler and machinery	0		0	0
28.	Credit	0		0	0
29.	International	0		0	0
30.	Warranty	0		0	0
31.	Reinsurance - nonproportional assumed property	0		0	0
32.	Reinsurance - nonproportional assumed liability	0		0	0
33.	Reinsurance - nonproportional assumed financial lines	0		0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0
35.	TOTALS	391,727,626	194,343,130	217,400,950	368,669,806
DETAILS OF WRITE-INS					
3401.				
3402.				
3403.				
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0

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

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	2,949,956				2,949,956
2.	Allied lines	19,921,495				19,921,495
3.	Farmowners multiple peril					0
4.	Homeowners multiple peril	160,191,430				160,191,430
5.	Commercial multiple peril	33,380,552				33,380,552
6.	Mortgage guaranty					0
8.	Ocean marine					0
9.	Inland marine					0
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	957,517				957,517
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	217,400,950	0	0	0	217,400,950
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					
38.	Balance (Sum of Line 35 through 37)					217,400,950
DETAILS OF WRITE-INS						
3401.					
3402.					
3403.					
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0
3499.	Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0	0

(a) State here basis of computation used in each case DAILY PRO-RATA FACTOR

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

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	6,874,759		2,691,253	171,788	3,265,949	6,128,275
2. Allied lines	38,068,080		17,548,608	951,011	18,080,119	36,585,558
3. Farmowners multiple peril	0					0
4. Homeowners multiple peril	342,175,864		66,909,985	4,968,944	110,792,240	293,324,665
5. Commercial multiple peril	104,102,671		11,365,808	2,360,381	59,144,083	53,964,015
6. Mortgage guaranty	0					0
8. Ocean marine	0					0
9. Inland marine	0					0
10. Financial guaranty	0					0
11.1 Medical professional liability - occurrence						0
11.2 Medical professional liability - claims-made						0
12. Earthquake	0					0
13. Group accident and health	0					0
14. Credit accident and health (group and individual)	0					0
15. Other accident and health	0					0
16. Workers' compensation	0					0
17.1 Other liability - occurrence	1,726,172		(1,059)	0	0	1,725,113
17.2 Other liability - claims-made	0					0
17.3 Excess workers' compensation	0					0
18.1 Products liability - occurrence						0
18.2 Products liability - claims-made						0
19.1, 19.2 Private passenger auto liability	0					0
19.3, 19.4 Commercial auto liability	0					0
21. Auto physical damage	0					0
22. Aircraft (all perils)	0					0
23. Fidelity	0					0
24. Surety	0					0
26. Burglary and theft	0					0
27. Boiler and machinery	0					0
28. Credit	0					0
29. International						0
30. Warranty	0					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	492,947,546	0	98,514,595	8,452,124	191,282,391	391,727,626
DETAILS OF WRITE-INS						
3401.						
3402.						
3403.						
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 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 reported on an annualized basis \$

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Heritage 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	1,066,334	799,120		1,865,454	529,876	213,672	2,181,658	52.7
2. Allied lines	3,101,327	3,631,075		6,732,402	4,183,477	1,411,830	9,504,049	46.6
3. Farmowners multiple peril	0			0	0	0	0	0.0
4. Homeowners multiple peril	71,352,363	13,895,648		85,248,011	55,725,098	33,549,802	107,423,307	38.2
5. Commercial multiple peril	688,850	417,519		1,106,369	1,633,667	1,928,648	811,388	1.3
6. Mortgage guaranty	0			0	0	0	0	0.0
8. Ocean marine	0			0	0	0	0	0.0
9. Inland marine	0			0	0	0	0	0.0
10. Financial guaranty	0			0	0	0	0	0.0
11.1 Medical professional liability - occurrence	0			0	0	0	0	0.0
11.2 Medical professional liability - claims-made	0			0	0	0	0	0.0
12. Earthquake	0			0	0	0	0	0.0
13. Group accident and health	0			0	0	0	0	0.0
14. Credit accident and health (group and individual)	0			0	0	0	0	0.0
15. Other accident and health	0			0	0	0	0	0.0
16. Workers' compensation	0			0	0	0	0	0.0
17.1 Other liability - occurrence	212,141	1,526		213,667	455,622	52,048	617,241	60.7
17.2 Other liability - claims-made	0			0	0	0	0	0.0
17.3 Excess workers' compensation	0			0	0	0	0	0.0
18.1 Products liability - occurrence	0			0	0	0	0	0.0
18.2 Products liability - claims-made	0			0	0	0	0	0.0
19.1, 19.2 Private passenger auto liability	0			0	0	0	0	0.0
19.3, 19.4 Commercial auto liability	0			0	0	0	0	0.0
21. Auto physical damage	0			0	0	0	0	0.0
22. Aircraft (all perils)	0			0	0	0	0	0.0
23. Fidelity	0			0	0	0	0	0.0
24. Surety	0			0	0	0	0	0.0
26. Burglary and theft	0			0	0	0	0	0.0
27. Boiler and machinery	0			0	0	0	0	0.0
28. Credit	0			0	0	0	0	0.0
29. International	0			0	0	0	0	0.0
30. Warranty	0			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	76,421,015	18,744,888	0	95,165,903	62,527,740	37,156,000	120,537,643	32.7
DETAILS OF WRITE-INS								
3401.								
3402.								
3403.								
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0	0	0	0	

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Heritage 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		
1. Fire	174,587	61,847		236,434	216,683	76,759	529,876	50,324
2. Allied lines	750,553	1,116,142		1,866,695	931,522	1,385,260	4,183,477	1,496,085
3. Farmowners multiple peril				0			0	
4. Homeowners multiple peril	20,044,774	5,975,306		26,020,080	21,901,320	7,803,698	55,725,098	19,163,993
5. Commercial multiple peril	678,540	256,517		935,057	506,958	191,652	1,633,667	338,407
6. Mortgage guaranty				0			0	
8. Ocean marine				0			0	
9. Inland marine				0			0	
10. Financial guaranty				0			0	
11.1 Medical professional liability - occurrence				0			0	
11.2 Medical professional liability - claims-made				0			0	
12. Earthquake				0			0	
13. Group accident and health				0			(a) 0	
14. Credit accident and health (group and individual)				0			(a) 0	
15. Other accident and health				0			(a) 0	
16. Workers' compensation				0			0	
17.1 Other liability - occurrence	50,000	155,974		205,974	60,602	189,046	455,622	146,403
17.2 Other liability - claims-made				0			0	
17.3 Excess workers' compensation				0			0	
18.1 Products liability - occurrence				0			0	
18.2 Products liability - claims-made				0			0	
19.1, 19.2 Private passenger auto liability				0			0	
19.3, 19.4 Commercial auto liability				0			0	
21. Auto physical damage				0			0	
22. Aircraft (all perils)				0			0	
23. Fidelity				0			0	
24. Surety				0			0	
26. Burglary and theft				0			0	
27. Boiler and machinery				0			0	
28. Credit				0			0	
29. International				0			0	
30. Warranty				0			0	
31. Reinsurance - nonproportional assumed property	XXX			0	XXX		0	
32. Reinsurance - nonproportional assumed liability	XXX			0	XXX		0	
33. Reinsurance - nonproportional assumed financial lines	XXX			0	XXX		0	
34. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0
35. TOTALS	21,698,454	7,565,786	0	29,264,240	23,617,085	9,646,415	62,527,740	21,195,212
DETAILS OF WRITE-INS								
3401.								
3402.								
3403.								
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0	0	0	0	0	0	0

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	34,120,614			34,120,614
1.2 Reinsurance assumed	10,148,823			10,148,823
1.3 Reinsurance ceded				0
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	44,269,437	0	0	44,269,437
2. Commission and brokerage:				
2.1 Direct excluding contingent		97,061,032		97,061,032
2.2 Reinsurance assumed, excluding contingent		5,611,771		5,611,771
2.3 Reinsurance ceded, excluding contingent				0
2.4 Contingent - direct				0
2.5 Contingent - reinsurance assumed				0
2.6 Contingent - reinsurance ceded				0
2.7 Policy and membership fees		14,657,854		14,657,854
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	117,330,657	0	117,330,657
3. Allowances to managers and agents				0
4. Advertising		101,404		101,404
5. Boards, bureaus and associations		312,122		312,122
6. Surveys and underwriting reports		768,907		768,907
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries		10,171,419		10,171,419
8.2 Payroll taxes		(145,989)		(145,989)
9. Employee relations and welfare		758,966		758,966
10. Insurance		251,520		251,520
11. Directors' fees		0		0
12. Travel and travel items		8,428		8,428
13. Rent and rent items		503,607		503,607
14. Equipment		23,900		23,900
15. Cost or depreciation of EDP equipment and software		718,494		718,494
16. Printing and stationery		5,921		5,921
17. Postage, telephone and telegraph, exchange and express		353,791		353,791
18. Legal and auditing		221,112		221,112
19. Totals (Lines 3 to 18)	0	14,053,602	0	14,053,602
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		10,593,327		10,593,327
20.2 Insurance department licenses and fees		20,215		20,215
20.3 Gross guaranty association assessments				0
20.4 All other (excluding federal and foreign income and real estate)		61,468		61,468
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	10,675,010	0	10,675,010
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	0	609,451	1,426,540	2,035,991
25. Total expenses incurred	44,269,437	142,668,720	1,426,540	(a) 188,364,697
26. Less unpaid expenses - current year	21,195,212	791,763		21,986,975
27. Add unpaid expenses - prior year	14,312,225	3,380,400		17,692,625
28. Amounts receivable relating to uninsured plans, prior year				0
29. Amounts receivable relating to uninsured plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	37,386,450	145,257,357	1,426,540	184,070,347
DETAILS OF WRITE-INS				
2401. Consulting Fees		522,752		522,752
2402. Actuarial Fees		50,600		50,600
2403. Political Contributions		1,000		1,000
2498. Summary of remaining write-ins for Line 24 from overflow page	0	35,099	1,426,540	1,461,639
2499. Totals (Lines 2401 thru 2403 plus 2498)(Line 24 above)	0	609,451	1,426,540	2,035,991

(a) Includes management fees of \$ 117,755,857 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) 192,757	274,199
1.1 Bonds exempt from U.S. tax	(a) 2,374,137	3,042,546
1.2 Other bonds (unaffiliated)	(a) 3,554,867	3,616,063
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 984,793	962,158
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	826,587	826,813
2.21 Common stocks of affiliates		
3. Mortgage loans	(c) 8,338	8,338
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 102,325	105,399
7. Derivative instruments	(f)	
8. Other invested assets	313,144	313,144
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	8,356,947	9,148,660
11. Investment expenses		(g) 1,426,540
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h) 1,702,795
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)		3,129,335
17. Net investment income (Line 10 minus Line 16)		6,019,325
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 thru 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 thru 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 62,391 accrual of discount less \$ 6,019,472 amortization of premium and less \$ 975,992 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 \$ 1,194 accrual of discount less \$ 226,938 amortization of premium and less \$ 64,780 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 \$ 1,702,795 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	2	3	4	5
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	2,962	0	2,962	1,068	0
1.1 Bonds exempt from U.S. tax	914,167	0	914,167	0	0
1.2 Other bonds (unaffiliated)	273,848	0	273,848	0	0
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	303,278	0	303,278	63,540	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	124,339	0	124,339	(4,907,185)	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	(5,262)	0	(5,262)	568	0
7. Derivative instruments	0	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)	1,613,332	0	1,613,332	(4,842,009)	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 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

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

EXHIBIT OF NON-ADMITTED 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
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale			0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			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
14. Investment income due and accrued			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	185,800	88,839	(96,961)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums and contracts subject to redetermination			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans			0
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset	66,730	84,661	17,931
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software			0
21. Furniture and equipment, including health care delivery assets			0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivables from parent, subsidiaries and affiliates			0
24. Health care and other amounts receivable			0
25. Aggregate write-ins for other than invested assets	147,018	230,712	83,694
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	399,548	404,212	4,664
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. Total (Lines 26 and 27)	399,548	404,212	4,664
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 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501. Prepaid insurance	147,018	230,712	83,694
2502.		0	0
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	147,018	230,712	83,694

Note 1. Summary of Significant Accounting Policies**A. Accounting Practices**

Heritage Property & Casualty Insurance Company (“the Company”) commenced business on August 2, 2012. The accompanying financial statements are completed for the period January 1, 2015 to December 31, 2015, in accordance with the Annual Statement Instructions and Accounting Practices and Procedures issued by the National Association of Insurance Commissioners (“NAIC SAP”), except to the extent that the insurance laws of Florida differ. The Florida Office of Insurance Regulation has adopted certain prescribed accounting practices that differ from the Accounting Practices and Procedures Manual; however, none of these differences had any effect on net income, statutory surplus or risk-based capital. A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Florida is shown below:

<u>Net Income:</u>	<u>State of Domicile</u>	<u>2015</u>	<u>2014</u>
(1) Net Income, state basis (page 4, Line 20, Columns 1 & 2)	Florida	\$ 43,396,476	\$ 9,838,040
(2) State Prescribed Practices that increase/(decrease) NAIC SAP	Florida	-	-
(3) State Permitted Practices that increase/(decrease) NAIC SAP	Florida	-	-
(4) NAIC SAP (1-2-3=4)	Florida	\$ 43,396,476	\$ 9,838,040
<u>Surplus:</u>			
(5) Statutory surplus, state basis (Page 3, Line 37, Columns 1 & 2)	Florida	\$ 216,423,321	\$ 172,711,865
(6) State Prescribed Practices that increase/(decrease) NAIC SAP	Florida	-	-
(7) State Permitted Practices that increase/(decrease) NAIC SAP	Florida	-	-
(8) NAIC SAP (1-2-3=4)	Florida	\$ 216,423,321	\$ 172,711,865

B. The preparation of financial statements in conformity with Statutory Accounting Principles prescribed or permitted by the Florida Office of Insurance Regulation requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

C. Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct and ceded business.

Expenses incurred in connection with acquiring new insurance 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:

- Short term investments are stated at amortized cost. No provision has been made for possible losses resulting from the decline in the current market value of bonds carried at amortized cost as the Company intends to hold them to maturity or until the cost is recoverable, and therefore, does not expect to realize any significant loss.
- Bonds not backed by other loans are stated at amortized cost using the interest method.
- Unaffiliated common stocks are stated at market value.
- Preferred stocks are stated at either amortized cost or the lower of amortized cost or fair value.
- Mortgage loans on real estate are stated at the aggregate unpaid balance.
- Loan-backed securities are stated at amortized cost using the retrospective adjustment method.
- The Company has no investment in subsidiaries or affiliates carried at values as determined in accordance with SSAP No. 97 NAIC SAP.
- Joint ventures are carried at their underlying audited GAAP equity basis.
- Derivatives are stated at fair value.
- The Company does not anticipate investment income as a factor in the premium deficiency reserve calculation, in accordance with SSAP No. 53, Property-Casualty Contracts – Premiums.
- Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports, and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- The Company has not modified its capitalization policy from the prior period.
- The Company has no pharmaceutical rebate receivables.

Note 2. Accounting Changes and Corrections of Errors

The Company had no material changes in accounting principles and/or correction of errors in 2015 and 2014. The statement for 2015 reflects interest expense of \$1,702,795 on its surplus note as a reduction to net investment income, whereas in 2014 \$1,445,479 was included as a write-in to underwriting expenses. The year 2014 income statement was modified and reclassified for comparative information. This had no impact on reported net income or capital and surplus.

Note 3. Business Combinations and Goodwill

A.B.C. There were no business combinations or statutory merger and no impairment loss on such transaction.

Note 4. Discontinued Operations

The Company had no discontinued operations during the statement periods.

Note 5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

As of December 31, 2015, the Company had no investment in mortgage loans.

B. Debt Restructuring

The Company is not a creditor for any restructured debt.

C. Reverse Mortgages

The Company has no investments in reverse mortgages.

D. Loan-Backed Securities

1. The Company uses Bloomberg as its source to determine prepayment assumptions.
2. The Company did not have any securities within the scope of SSAP No. 43R with a recognized other-than-temporary impairment ("OTTI") due to the intent to sell or an inability or lack of intent to retain the security for a period of time sufficient to recover the amortized cost basis.
3. The Company did not hold any loan-backed and structured security with a recognized credit-related OTTI.
4. All impaired securities (fair value is less than cost or amortized cost) for which an OTTI impairment has not been recognized in earnings as a related loss:
 - a. The aggregate amount of unrealized losses (by which cost or amortized cost exceeds fair value)

Less than 12 months	\$ 0
More than 12 months	\$ 0
 - b. The aggregate related fair value of securities with unrealized losses.

Less than 12 months	\$ 0
More than 12 months	\$ 0
5. All loan-backed and structured securities in an unrealized loss position were reviewed to determine whether an OTTI should be recognized. The Company believes it has the intent and ability to hold these securities long enough to allow the cost basis of these securities to be recovered. Although the investment securities above did not meet management's criteria for OTTI at this time, it is possible that future events or information could cause them to conclude that declines in value are other-than-temporary.

E. Repurchase Agreements and/or Securities Lending Transactions

The Company has no repurchase agreements or securities lending transactions.

F. Real Estate

1. The Company recognizes no impairment losses for investments in real estate
2. The Company does not engage in retail land sales operations.

G. Low-Income Housing Tax Credits

The Company did not invest in Low-Income Housing Tax Credits

H. Restricted Assets

1. Restricted Assets (Including Pledged)

Restricted Asset Category	Total General Acct	Total CY	Total PY	Increase (Decrease)	Total Assets	Gross Restricted to Total Assets	Gross Restricted to Total Admitted Assets
On Deposit with states	\$ 736,894	\$ 736,894	\$ 308,380	\$ 428,514	\$ 602,261,754		
Total Restricted Assets	\$ 736,894	\$ 736,894	\$ 308,380	\$ 428,514	\$ 602,261,754	0.12%	0.12%

2. The Company has no assets pledged as collateral not captured in other categories.
3. The Company has no other restricted assets.

I. Working Capital Finance Investments

The Company has no working capital finance investments.

J. Offsetting and Netting of Assets and Liabilities

The Company has no offsetting and netting of assets and liabilities.

K. Structured Notes

The Company has no structured notes.

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Note 6. Joint Ventures, Partnerships and Limited Liability Companies

NONE

Note 7. Investment Income

The Company had no due and accrued income excluded from surplus during the reporting period.

Note 8. Derivative Instruments

The Company has no investments in derivative instruments.

Note 9. Income Taxes

A. The components of the net deferred tax asset/(liability) at December 31, are as follows:

1	December 31, 2015			December 31, 2014			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Gross deferred tax assets	\$17,351,291	\$1,492,744	\$18,844,035	\$14,944,316	\$6,702	\$14,951,018	\$2,406,975	\$1,486,042	\$3,893,017
(b) Statutory valuation allowance adjustments	0	0	0	0	0	0	0	0	0
(c) Adjusted gross deferred tax assets (1a - 1b)	17,351,291	1,492,744	18,844,035	14,944,316	6,702	14,951,018	2,406,975	1,486,042	3,893,017
(d) Deferred Tax Assets Nonadmitted	66,730	0	66,730	84,661	0	84,661	(17,931)	0	(17,931)
(e) Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	17,284,561	1,492,744	18,777,305	14,859,655	6,702	14,866,357	2,424,906	1,486,042	3,910,948
(f) Deferred Tax Liabilities	21,077	0	21,077	4,229	201,959	206,188	16,848	(201,959)	(185,111)
(g) Net admitted deferred tax asset/(Net Deferred Tax Liability) (1e - 1f)	\$17,263,484	\$1,492,744	\$18,756,228	\$14,855,426	(\$195,257)	\$14,660,169	\$2,408,058	\$1,688,001	\$4,096,059

2	December 31, 2015			December 31, 2014			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
SSAP 101, paragraphs 11.a., 11.b., and 11.c.:									
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	\$16,126,933	\$ 557,964	\$16,684,897	\$14,830,074	\$0	\$14,830,074	\$1,296,859	\$557,964	\$1,854,823
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	1,136,550	934,780	2,071,330	25,352	0	25,352	1,111,198	934,780	2,045,978
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	1,136,550	934,780	2,071,330	25,352	0	25,352	1,111,198	934,780	2,045,978
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold			31,765,994			26,862,738			4,903,256
(c) Adjusted Gross Deferred Tax Assets (Excluding the Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	21,077	0	21,077	4,229	6,702	10,931	16,848	(6,702)	10,146
(d) Deferred Tax Assets Admitted as the Result of Application of SSAP No. 101 Total (2(a) + 2(b) + 2(c))	17,284,561	1,492,744	18,777,305	14,859,655	6,702	14,866,357	2,424,906	1,486,042	3,910,948

3		2015	2014
		Percentage	Percentage
(a)	Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount	368%	448%
(b)	Amount of Adjusted Capital and Surplus Used to Determine Recovery Period & Threshold Limitation in 2(b)2 Above	216,356,591	179,084,922

4. Impact of Tax Planning Strategies

	December 31, 2015			December 31, 2014			Change		
	Ordinary	Capital	Total %	Ordinary	Capital	Total	Ordinary	Capital	Total
Impact of Tax Planning Strategies									
(a)	Determination of Adjusted Gross Deferred Tax Assets, By Tax Character as a Percentage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1.	Adjusted Gross DTAs Amounts from Note 9A1(c)	17,351,291	1,492,744	18,844,035	14,944,316	6,702	14,951,018	2,406,975	1,486,042
2.	Percentage of Adjusted Gross DTAs By Tax Attributable to the Impact of Tax Planning Strategies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3.	Net Admitted Adjusted Gross DTAs Amount from Note 9A1(e)	17,284,561	1,492,744	18,777,305	14,859,655	6,702	14,866,357	2,424,906	1,486,042
4.	Percentage of Net Admitted Adjusted Gross DTAs by Character Admitted because of the Impact of Tax Planning Strategies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(b)	Does the Company's tax-planning strategies include the use of reinsurance? Yes		No	X					

B. Regarding deferred tax liabilities that are not recognized:

NONE

C.

	2015	2014	Change
1. Current income tax:			
(a) Federal	25,378,664	17,991,802	7,386,862
(b) Foreign			
(c) Subtotal	25,378,664	17,991,802	7,386,862
(d) Federal income tax on net capital gains	557,964	0	557,964
(e) Change in net deferred income taxes	0	0	0
(f) PY True Ups	(295,697)	(219,261)	(76,436)
Federal and foreign income taxes incurred	25,640,931	17,772,541	7,868,390

Note 9. Income Taxes (continued)

2. Deferred tax assets:		2015	2014	Change
(a)	Ordinary:			
(1)	Non-admitted asset	116,486	0	116,486
(2)	Bond market discount adjustments, net	0	0	0
(3)	Unearned Premiums	16,067,701	13,964,021	2,103,680
(4)	Loss Discounting	1,034,339	927,487	106,852
(5)	Accrued Expenses	84,061	0	84,061
(6)	Fixed Assets	0	0	0
(7)	Organizational Costs	48,704	52,807	(4,103)
(8)	Charitable Contributions	0	0	0
(9)	NOL Carryforward	0	0	0
(10)	Tax Credits	0	0	0
(11)		0	0	0
(12)		0	0	0
(13)	Other (including items <5% of total ordinary tax assets)	0	0	0
(14)	Other assets – nonadmitted	0	0	0
(99)	Subtotal	17,351,291	14,944,315	2,406,976
(b)	Statutory valuation allowance adjustment	0	0	0
(c)	Nonadmitted	66,730	84,661	(17,931)
(d)	Admitted ordinary deferred tax assets (2a99-2b-2c)	17,284,561	14,859,654	2,424,907
(e)	Capital			
(1)	Investments	1,492,744	0	1,492,744
(2)	Capital Loss Carryforward	0	6,702	(6,702)
(3)	OTTI	0	0	0
(4)	Passthrough Entities	0	0	0
(5)	Other (including items <5% of total capital tax assets)	0	0	0
(99)	Subtotal	1,492,744	6,702	1,486,042
(f)	Statutory valuation allowance adjustment	0	0	0
(g)	Nonadmitted	0	0	0
(h)	Admitted capital deferred tax assets (2e99-2f-2g)	1,492,744	6,702	1,486,042
(i)	Admitted deferred tax assets (2d+2h)	18,777,305	14,866,356	3,910,949
3. Deferred tax liabilities:				
3. Deferred tax liabilities:		2015	2014	Change
(a)	Ordinary:			
(1)	Bond market discount adjustments, net	4,229	4,229	0
(2)	Salvage & Subrogation	16,848	0	16,848
(3)	Prepaid Expenses		0	0
(4)	Deferred Revenue		0	0
(5)	Fixed Assets		0	0
(6)			0	0
(7)			0	0
(8)			0	0
(99)	Subtotal	21,077	4,229	16,848
(b)	Capital			
(1)	Unrealized Gains	0	201,959	(201,959)
(2)			0	0
(3)	Other (including items <5% of total capital tax liabilities)		0	0
(99)	Subtotal	0	201,959	(201,959)
(c)	Deferred tax liabilities (3a99+3b99)	21,077	206,188	(185,111)
4. Net deferred tax assets/liabilities (2i-3c)		<u>18,756,228</u>	<u>14,660,168</u>	<u>4,096,060</u>

Note 9. Income Taxes (continued)

D. Reconciliation of Federal Income Tax rate to actual effective rate.

The significant items causing a difference between the statutory federal income tax rate and the Company's effective income tax rate are as follows:

	December 31, 2015	Effective Tax Rate
Provision computed at statutory rate	\$24,163,092	35.0%
Permanent Differences	428,998	0.6%
Tax-exempt interest, net of pro-ration	(903,316)	-1.3%
Dividend-received-deduction, net of pro-ration	(327,473)	-0.5%
Change in N/A Assets	(116,486)	-0.2%
Change in unrealized gain(losses)	(1,694,703)	-2.5%
PY State tax adjustment	0	0.0%
PY Federal tax adjustment	12,690	0.0%
Credit Utilization		0.0%
Other		0.0%
Totals	\$21,562,802	31.2%
Federal and foreign income taxes incurred	\$25,640,931	37.1%
Realized capital gains (losses) tax	0	0.0%
Change in net deferred income taxes	(4,078,128)	-5.9%
	\$21,562,803	31.2%

E. Operating Loss and Tax Credit Carryforwards

- At December 31, 2015 the Company did not have any unused operating loss carryforwards available to offset against future taxable income.
- The following is income tax expense for 2014 and 2015 that is available for recoupment in the event of future net losses:

Year	Amount
2015	\$24,454,535
2014	\$16,684,899

- The Company has no deposits under Code Section 6603 to stop the running of interest on potential underpayments.

F. Consolidated Federal Income Tax Return

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

Heritage Insurance Holdings, Inc.
Heritage MGA, LLC
Contractors' Alliance Network, LLC
First Access Insurance Group, LLC
Osprey Re Ltd
Skye Lane Properties, LLC

- The method of allocation between the companies is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled within 30 days of the return being filed or any refund received.

G. Federal or Foreign Income Tax Loss Contingencies

The Company has no liability for tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

Note 10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A.B.C. Nature of Relationships and Detail Transactions Greater than ½% of Admitted Assets

The Company is a wholly-owned subsidiary of Heritage Insurance Holdings, Inc. (Parent), a Delaware corporation and affiliated with Heritage MGA, LLC (MGA), Contractors' Alliance Network, LLC, First Access Insurance Group, LLC, Skye Lane Properties, LLC, and Osprey Re LTD, who are also wholly-owned subsidiaries of our Parent.

The Company has an exclusive Managing General Agency Agreement with Heritage MGA, LLC. MGA serves as managing general agent and provides underwriting, policy administration, claims administration services and executive management services under the terms of the agreement approved by the Florida Office of Insurance Regulation. During the year 2015 and 2014 the

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Company paid MGA fees of \$117.8 million and \$61.4 million, respectively, under the terms of the Agreement. The Company paid \$5.4 million and \$3.8 million in 2015 and 2014, respectively, in policy fees to MGA.

The Company entered into a reinsurance contract with its reinsurance affiliate, Osprey Re LTD, a Bermuda based reinsurer. On June 1, 2015 and June 1, 2014 the Company ceded premium in the amount of \$8.45 million and \$6.0 million for the respective contract year.

The Company has an agreement with an affiliate, Contractors' Alliance Network that manages the group's claims vendor network. During 2015 and 2014 the Company paid \$20.7 million and \$12.6 million, respectively, for water mitigation, mold remediation, fire restoration, repair, and management services under the terms of the agreement.

On April 2, 2013, Heritage Insurance Holding, Inc. acquired a commercial building complex at 2600 McCormick Drive, Ste. 300, Clearwater, Florida consisting of 13 acres of land and two buildings with a gross area of 148,000 square feet. The Company occupies a portion of these facilities under the terms of a lease that runs through February 28, 2024, with the remaining space leased to non-affiliates. The Company paid \$437,376 and \$357,334 in rent under the terms of this lease during 2015 and 2014, respectively.

During 2015 and 2014 the Company paid interest on its surplus note to its Parent in the amount of \$1,702,795 and \$1,445,479, respectively. Interest is payable quarterly, out of surplus and is subject to prior approval by the Florida Office of Insurance Regulation. All payments of interest received prior approval.

The Company's Parent awarded share-based payments attributable to the Company's employees in 2015 and 2014. These transactions were accounted for under the provisions of SSAP-No. 104R Share Based Payments. The Company recognized compensation expense and a capital contribution by our parent of \$1,074,197 and \$1,105,553 during 2015 and 2014 respectively. The 2015 contributions were recognized as follows: \$558,512 in 1st quarter, \$141,185 in 2nd quarter, and \$374,500 during 4th quarter.

D. Amounts Due to or from Related Parties

Receivable / (Payable)	12/31/2015	12/31/2014	
Due (to) from Heritage Insurance Holdings	\$ 591,093	\$ 30,000	
Due (to) from Heritage MGA	(10,888,977)	(10,037,853)	
Due (to) from Osprey Re	(125)	0	
Due (to) from Contractors Alliance	297,406	559,111	
Net total due (to) from parent & affiliates	<u>\$ (10,000,603)</u>	<u>\$ (9,448,742)</u>	

E. Guarantees or Contingencies for Related Parties

The Company has made no guarantees for the benefit of an affiliate or related party.

F. Management, Service Contracts, Cost Sharing Agreement

In addition to the agreements previously discussed in footnote 10, items A, B and C, the Company participates in a Cost Allocation Agreement with Parent, MGA and Heritage Insurance Claims. The agreement evidences acknowledgement among the parties that the companies will from time to time incur expenses that are properly allocable among the participants to this agreement. The agreement defines allocable expenses and the allocation methods used to distribute them among the agreement's participants.

G. Nature of Relationships that Could Affect Operations

Relationships with the Parent and other affiliates are fully disclosed in schedule Y of this Annual Statement.

H. Amount Deducted for Investment in Upstream Company

No amount was deducted for the value of an upstream intermediate entity or ultimate parent.

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

The Company has no investment in Subsidiary, Controlled or Affiliated Companies that exceed 10% of admitted assets.

J. Write-down for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies

The Company did not recognize any impairment write down for it has no investment in Subsidiary, Controlled or Affiliated Companies during the reporting period.

K. Investment in foreign insurance subsidiary

The Company has no investment in foreign insurance subsidiaries.

L. Investment in a downstream noninsurance holding company

The Company has no investments in a downstream non-insurance holding company.

Note 11. Debt

The Company has no capital note or other debt obligations nor does it have any Federal Home Loan Bank obligations.

Note 12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans.

A. Defined Benefit Plan: NONE

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- B. Investment Strategies for Plan Assets: NONE
- C. Fair Value of Plan Assets at Reporting Date: NONE
- D. Basis of Long Term Rate of Return on Plan Assets: NONE
- E. Defined Contribution Plans

The Company sponsors a 401(k) plan for substantially all of its employees under which it contributes 3% of pay regardless of the employee level of participation in the plan. For the years ended December 31, 2015 and 2014, contributions to the plan totaled \$276,300 and \$208,797, respectively.

- F. Multiemployer Plans: NONE
- G. Consolidated/Holding Company Plans: NONE
- H. Post-Employment Benefits and Compensated Absences

The Company accrued a liability for compensated absences in regard to vacation benefits totaling \$240,173 and \$366,470 in 2015 and 2014, respectively. Accrued vacation can be carried over to the next year with a maximum limit up to 40 hours.

Note 13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

1. Outstanding shares
The Company has 10,000,000 shares authorized of \$1 par value common stock authorized and 1,000,000 shares issued and outstanding. No preferred stock has been authorized, issued or outstanding.
2. The Company has no preferred stock outstanding.
3. Dividend Restrictions
Dividends on common stock are paid as declared by our Board of Directors. Stockholder dividends are subject to State of Florida statutory restrictions that are based on available and accumulated surplus funds which is derived from realized net operating profits and net realized capital gains. Florida domestic insurers may pay a dividend without prior approval if it is equal to or less than the greater of 1) 10% of surplus as regards to policyholders derived from realized operating profits and net realized capital gains or 2) net operating profits and realized net capital gains derived during the preceding calendar year. The Company agreed to refrain from making distributions to our equity holders through July 31, 2015, except for such distributions as are required to offset members' tax obligations or as may be approved by FLOIR in advance and in writing. Further, until July 31, 2017, the Company has agreed to pay only those dividends that have been approved in advance and in writing by FLOIR. No dividends were declared or paid for the years ended December 31, 2015 and 2014.
4. Dividends Paid
NONE
5. Profits available for dividend
For the year ended December 31, 2015, dividends to shareholders were limited to \$43,396,476.
6. Restrictions on Unassigned Funds (Surplus)
There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
7. The Company is a stock fire and casualty insurance company and not a mutual reciprocal.
8. Company Stock Held for Special Purposes
NONE
9. The Company has no special surplus funds.
10. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and (losses) is (\$3,687,960)
11. Surplus Notes

The Company issued the following surplus debentures or similar obligations to Heritage Insurance Holdings, Inc., in exchange for cash:

Date Issued	Interest Rate	Par Value Note Face	Carry Value	Interest &/or Principal Paid CY	Interest &/or Principal Paid Inception	Unapproved Int &/or Princ	Maturity Date
10/10/2012	8.0%	\$ 7,000,000	\$ 7,000,000	\$ 701,151	\$ 1,663,123	\$ -	None
05/23/2013	8.0%	\$ 10,000,000	\$ 10,000,000	\$ 1,001,644	\$ 1,887,123	\$ -	None
		\$ 17,000,000	\$ 17,000,000	\$ 1,702,795	\$ 3,550,246	\$ -	

The surplus note has certain repayment conditions and restrictions, whereby each payment of interest on and principal of the surplus notes may be made only with the prior approval of the Commissioner of Insurance of Florida and only to the extent the Company has sufficient surplus to make such payment. During 2015 and 2014 the Company paid interest on its surplus notes to its Parent in the amount of \$1,702,795 and \$1,445,479, respectively. All payments of interest received prior approval.

12. The Company did not participate in a quasi-reorganization.
13. The Company did not participate in a quasi-reorganization.

Note 14. Liabilities, Contingencies and Assessments

- A. Contingent Commitments
The Company has no contingent commitments.

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B. Assessments

All states in which the Company does business have laws requiring the solvent property and casualty insurance companies to pay assessments to state guarantee associations to protect the interests in policyholders of insolvent property and casualty insurance companies. There are no anticipated assessments as of the reporting date.

C. Gain Contingencies

The Company did not recognize any gain contingencies.

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits

Claims related extra contractual obligation and bad faith losses stemming from lawsuits, if any, are generally subject to confidentiality agreement(s) between the parties therein and may not be disclosed.

E. Product Warranties

The Company has no product warranties.

F. Joint and Severable Liabilities

The Company has no joint and several liabilities.

G. All Other Contingencies

In the normal course of business operations, the Company, like other insurers, is involved in litigation from time to time with claimants, beneficiaries, and others. Based upon information presently available, and in light of legal and other defenses available to it, matters arising from threatened and pending litigations are not considered to have a material adverse impact on the financial position, results of operations, or cash flows of the Company.

Note 15. Leases

A. Lessee Operating Lease

On April 2, 2013, the Company's Parent acquired a commercial building complex at 2600 McCormick Drive, Ste. 300, Clearwater, Florida consisting of 13 acres of land and two buildings with a gross area of 148,000 square feet. The Company occupies a portion of these facilities under the terms of a lease that runs through February 28, 2024, with the remaining space leased to non-affiliates. The Company paid \$437,376 and \$357,334 in rent under the terms of this lease during 2015 and 2014, respectively.

B. Lessor Leases

NONE

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

The Company has no financial instruments with off-balance sheet risk or with concentrations of credit risk.

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

The Company has no sales, transfers or servicing of financial assets and extinguishment of liabilities.

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 does not serve as an ASO plan administrator.

B. ASC Plans: The Company does not serve as an ASC plan administrator.

C. Medicare or Similarly Structured Cost Based Reimbursement Contract: The Company does not participate in Medicare or similarly structured cost based reimbursement contracts.

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

The aggregate amount of direct written premiums written through managing general agents or third party administrators in excess of 5% of the Company's surplus is noted in the table below:

	Name & address of MGA or TPA	FEIN No.	Exclusive	Type of Business Written	Type of Authority Granted	Total Direct Written Prem
1900001	Heritage MGA, LLC 2600 McCormick Dr, Clearwater, FL 33759	46-0614061	YES	P&C	U, C, CA, P	\$ 492,947,546
1900002						
1999999	Total	XXX	XXX	XXX	XXX	\$492,947,546

Note 20. Fair Value Measurements

A. 1. Fair Value Measurements at Reporting Date

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	TOTAL
a. Assets at Fair Value				
Perpetual Preferred Stock				-
Industrial & Misc	\$ 7,292,189			\$ 7,292,189
Parent, Subs & Affiliates				-
Total Perpetual Preferred Stocks	7,292,189	-	-	7,292,189
Bonds				
US Governments				-
All Other Governments				-
Industrial & Misc				-
Hybrid Securities				-
Parent, Subs & Affiliates				-
Total Bonds	-	-	-	-
Common Stock				
Industrial & Misc	15,575,328			15,575,328
Parent, Subs & Affiliates				-
Total Common Stock	15,575,328	-	-	15,575,328
Derivative assets				
NONE	-	-	-	-
Separate account Assets				
NONE	-	-	-	-
TOTAL assets at Fair Value	\$ 22,867,517	\$ -	\$ -	\$ 22,867,517
b. Liabilities at Fair Value				
Derivative Liabilities	-	-	-	-
Total Liabilities at Fair Value	-	-	-	-

- For assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period, a reconciliation of the beginning and ending balances is as follows: NONE
- Transfers between levels, if any, are recognized at the beginning of the reporting period.
- As of the reporting period, the fair value of the Company's investments in Level 2 totaled \$0 and its investment in Level 3 totaled \$0. The market values of equity and debt securities are obtained by the Securities Valuation Office of the NAIC and/or various pricing services. There has been no change in the valuation techniques and related inputs.
- The fair value information for derivative assets is included in the above tables.

B. The Company has disclosed investments measured at fair value in item A of footnote 20.

C. Aggregate Fair Value of for all financial instruments

TYPE	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable Carry Value
2015						
Bonds	\$ 362,820,507	\$ 362,046,446	\$ 6,848,300	\$ 355,972,207		
Preferred Stock	16,173,145	15,995,379	16,173,145			
Common Stock	15,575,328	15,575,328	15,575,328			
Total	\$ 394,568,980	\$ 393,617,153	\$ 38,596,773	\$ 355,972,207	\$ -	\$ -
2014						
Bonds	\$ 284,070,397	\$ 281,989,970	\$ 6,158,247	\$ 277,912,150		
Preferred Stock	15,248,736	15,096,124	15,248,736			
Common Stock	19,546,878	19,546,878	19,546,878			
Total	\$ 318,866,011	\$ 316,632,972	\$ 40,953,861	\$ 277,912,150	\$ -	\$ -

D. The Company had no investments where it was not practicable to estimate the fair value.

Note 21. Other Items

A. Extraordinary Items

The Company reported no extraordinary items in the financial statements.

B. Troubled Debt Restructuring

The Company has no troubled debt restructuring.

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C. Other Disclosures and Unusual Items

Assets with a carrying value of \$736,894 at the reporting date, were on deposit with government authorities or trustees as required by insurance regulations.

At December 31, 2015 and 2014, the Company had admitted assets of \$29,313,614 and \$20,182,970, respectively, in uncollected premiums, agents' balances and installments booked but deferred and not yet due. The Company routinely assesses the collectability of these receivables. All amounts are considered to be collectible and pose no material potential loss to the Company's financial condition.

D. Business Interruption Insurance Recoveries

The Company incurred no business interruption losses.

E. State Transferable and Non-Transferable Tax Credits

The Company has no transferable or non-transferable state tax credits.

F. Subprime Mortgage Related Risk Exposure

The Company has no exposure to unrealized or realized losses regarding subprime mortgage related risk.

Note 22. Events Subsequent

No events occurred subsequent to the close of the books for this statement that may have a material effect on the financial condition of the Company.

Note 23. Reinsurance

A. The Company has no unsecured reinsurance recoverable for losses, paid and unpaid, including IBNR, LAE, and unearned premium with individual reinsurers, authorized and unauthorized, which exceeds 3% of the Company's policyholder surplus.

B. Reinsurance Recoverable in Dispute

The Company has no reinsurance recoverable in dispute.

C. Reinsurance Assumed and Ceded

	Description	Assumed Reinsurance		Ceded Reinsurance		Net	
		Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a.	Affiliates	\$ -		\$ 3,496,633		\$ (3,496,633)	
b.	All Other	43,739,039		81,595,604		(37,856,565)	
c.	Total	<u>\$ 43,739,039</u>	<u>\$ -</u>	<u>\$ 85,092,237</u>	<u>\$ -</u>	<u>\$ (41,353,198)</u>	<u>\$ -</u>
d.	Direct Unearned Premium Reserve			\$ 258,754,149			

In 2015 and 2014 the Company assumed, net of opt outs and cancellations, premiums totaling approximately \$98.5 million and \$153.1 million, respectively, through participation in the Citizens depopulation program. Citizens generally offers depopulations on a monthly basis.

1. No return commissions would have been due reinsurers if any of the Company's reinsurance was cancelled.
2. No additional or return commission was due as a result of existing contractual arrangements.
3. The Company has no risks attributed to protected cells.

D. Uncollectible Reinsurance

The Company has no uncollectible reinsurance.

E. Commutation of Ceded Reinsurance

The Company has no commutation of ceded reinsurance reflected in the financial statements.

F. Retroactive Reinsurance

During June, 2013, Heritage received authorization from FOIR to enter into a quota share reinsurance agreement with Citizens that was retroactive to January 1, 2013. All of the terms and conditions of those policies, including coverage and rates, remained unchanged for the initial policy term. The assumed Citizens policies that do not opt out or cancel, remain in effect until their respective expiration date and renewed by Heritage on its own policy forms thereafter. Based on certain facts, it was concluded that consideration received relating to the period January 1 through May 31, 2013 was retroactive reinsurance and the effects of this portion of the transaction was excluded from underwriting results. During 2015 and 2014, non-recurring other income or (loss) of \$8,844 and \$(546,000), respectively, related to loss development on this transaction.

G. Reinsurance Accounted for as a Deposit

The Company has no reinsurance agreements that have been accounted for as deposits.

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

The Company has no property and casualty run-off agreements.

I. Certified Reinsurer Rating Downgraded or Status Subject to Revocation

1. None
2. None

Note 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Company has no retrospectively rated contracts or contracts subject to redetermination.

Note 25. Changes in Incurred Losses and Loss Adjustment Expenses

(in thousands)	12/31/2015	12/31/2014
Loss and loss adjustment expense liability at January 1	\$ 51,468	\$ 18,561
Incurring related to current year	170,254	102,317
Incurring related to prior year	(5,447)	574
Total incurred	164,807	102,891
Paid related to current year	105,442	57,917
Paid related to prior year	27,110	12,067
Total paid	132,552	69,984
Loss and loss adjustment expense liability at December 31	\$ 83,723	\$ 51,468

Incurred losses and loss adjustment expenses attributable to insured events of prior years have decreased by \$5,447,000 in 2015. This change is the result of ongoing analysis of recent loss development trends. Original estimates are increased, or decreased, as additional information becomes known regarding individual claims and such adjustments are included in current operations.

Note 26. Intercompany Pooling Arrangements

The Company has no intercompany pooling arrangements.

Note 27. Structured Settlements

The Company has not entered into structured settlement agreements in which the Company is liable should the issuers of the annuities fail to perform.

Note 28. Health Care Receivables

The Company has no pharmaceutical rebate receivables.

Note 29. Participating Policies

The Company does not issue participating policies.

Note 30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves \$ NONE
2. Date of the most recent evaluation of this liability 12/31/2015
3. Was anticipated investment income utilized in the calculation? Yes ___ No X

Note 31. High Deductibles

The Company has no reserve credit recorded for high deductibles on unpaid claims.

Note 32. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

The Company does not discount the liability for unpaid losses or loss adjustment expenses.

Note 33. Asbestos/Environmental Reserves

The Company has no asbestos/environmental reserves for which there is no specific policy coverage.

Note 34. Subscriber Savings Accounts

The Company is a stock fire and casualty insurance company.

Note 35. Multiple Peril Crop Insurance

The Company does not issue multiple peril crop insurance.

Note 36. Financial Guaranty Insurance

The Company does not issue financial guaranty insurance.

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. 12/31/2013
- 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). 01/23/2015
- 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 [] No [] N/A [X]
- 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 [] No [X]
4.22 renewals? Yes [] No [X]
- 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 [] No [X]
- 7.2 If yes,
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 or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

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 below the names and location (city and state of the main office) of any affiliates regulated by a federal 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?
Grant Thornton
101 E. Kennedy Blvd
Tampa, FL 33602
- 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?
Paul Erickson
FCAS, MAAP, Principal at ISO
545 Washington Blvd
Jersey City, NJ 07310-1686
- 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 []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 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 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..... | \$ |
| | 20.12 To stockholders not officers..... | \$ |
| | 20.13 Trustees, supreme or grand (Fraternal Only) | \$ |
- 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..... | \$ |
| | 20.22 To stockholders not officers..... | \$ |
| | 20.23 Trustees, supreme or grand (Fraternal Only) | \$ |
- 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..... | \$ |
| | 21.22 Borrowed from others..... | \$ |
| | 21.23 Leased from others | \$ |
| | 21.24 Other | \$ |
- 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 \$ | |
| | 22.22 Amount paid as expenses | \$ |
| | 22.23 Other amounts paid | \$ |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$591,093

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 [] No [X]
- 24.02 If no, give full and complete information relating thereto
All investments are held by the Custodian on behalf of the Company.
- 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 [] N/A [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 [] N/A [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [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 [] N/A [X]

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Heritage Property & Casualty Insurance Company
GENERAL INTERROGATORIES

24.10 For the reporting entity's security lending program state the amount of the following as December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$	0
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$	0
24.103 Total payable for securities lending reported on the liability page	\$	0

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
Bank of America, Merrill Lynch	135 S LaSalle St, Chicago, IL 60603

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

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/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
108928	BlackRock Investment Mgmt, LLC	1 University Square Dr, Princeton, NJ 08540-6455
167331	M.D. SASS, LLC	1185 Avenue of The Americas, 18th Floor, New York, NY 10017
123711	Tortoise Capital Advisors, LLC	11550 Ash St, Suite 300, Leawood, KS 66211
29258	Cohen & Steers Securities, LLC	280 Park Avenue, 10th Floor, New York, NY 10017
105323	Wasmer Schroeder & Co Inc.	600 Fifth Avenue South, Suite 210, Naples, FL 34102
145508	Hancock Capital Investment Mgmt, LLC	197 Clarendon Street, BCF-C02-03, Boston, MA 02116
105098	Weaver Barksdale & Assoc., Inc.	1 Burton Hills Blvd #100, Nashville, TN 37215

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Heritage Property & Casualty Insurance Company
GENERAL INTERROGATORIES

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	362,046,446	362,820,507	774,061
30.2 Preferred stocks	15,995,379	16,173,745	178,366
30.3 Totals	378,041,825	378,994,252	952,427

30.4 Describe the sources or methods utilized in determining the fair values:
 The Company uses NAIC AVS+ to determine fair values and broker prices for the securities not found in AVS+

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 [X] No []

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 [X] 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:

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Heritage Property & Casualty Insurance Company
GENERAL INTERROGATORIES

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$312,122

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.	249,347

34.1 Amount of payments for legal expenses, if any?\$7,262

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
Law Office of Scott D. Segal	6,037

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?\$148,329

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
Leath Consulting, LLC	48,000
Floridian Partners LLC	48,045
Lisa Miller & Associates	51,031

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND 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. \$ _____

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ _____
 1.31 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:	
1.61 Total premium earned	\$	0
1.62 Total incurred claims	\$	0
1.63 Number of covered lives		0
All years prior to most current three years		
1.64 Total premium earned	\$	0
1.65 Total incurred claims	\$	0
1.66 Number of covered lives		0

1.7 Group policies:

	Most current three years:	
1.71 Total premium earned	\$	0
1.72 Total incurred claims	\$	0
1.73 Number of covered lives		0
All years prior to most current three years		
1.74 Total premium earned	\$	0
1.75 Total incurred claims	\$	0
1.76 Number of covered lives		0

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator		
2.2 Premium Denominator	368,669,806	221,299,723
2.3 Premium Ratio (2.1/2.2)	0.000	0.000
2.4 Reserve Numerator	0	0
2.5 Reserve Denominator	301,299,104	245,855,355
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:

3.21 Participating policies	\$
3.22 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:

5.21 Out of Attorney's-in-fact compensation.....	Yes [] No [] N/A []
5.22 As a direct expense of the exchange.....	Yes [] No [] N/A []

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 AND 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
- 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.
 The reporting entity estimates its probable maximum loss through the completion of quality risk characteristic data that is modeled through AIR's Touchstone catastrophe loss modeling software. This loss estimation is completed in-house on the AIR platform. Additional loss runs are completed in RMS RiskLink through a reinsurance broker relationship. All loss exposure is personal residential or commercial residential and is contained within the state of Florida, with concentrations in coastal areas.
- 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 reporting entity protects itself from an excessive loss through the use of a comprehensive catastrophe reinsurance program. Our catastrophe reinsurance program is designed to provide protection for both the severity and frequency of catastrophic events. This risk transfer philosophy is oriented toward long term solvency and policyholder protection.
- 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 [X] 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 this 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 ratio cap, an aggregate limit or any similar provisions)? Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions:
- 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 [X]
- 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 [X]
- 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 [X]
- 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 32 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 [X]
- 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 [X]
 (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 [X]
 (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 [X]
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 [X] No [] N/A []

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND 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\$
- 12.12 Unpaid underwriting expenses (including loss adjustment expenses)\$
- 12.2 Of the amount on Line 15.3, Page 2, state the amount which is secured by letters of credit, collateral, and other funds\$
- 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 %
- 12.42 To %
- 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 the current year:
- 12.61 Letters of credit\$
- 12.62 Collateral and other funds\$
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):\$ 1,000,000
- 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.
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [] No [X]
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
.....
- 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 [] 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					
16.12 Products					
16.13 Automobile					
16.14 Other*					

* Disclose type of coverage:
.....

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND 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 - P art 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 [X]

18.4 If yes, please provide the balance of funds administered as of the reporting date. \$

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Heritage 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)	1,725,113	477,353	126,117	0	0
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	65,182,700	9,641,569	1,715,857	0	0
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	524,554,328	430,100,977	215,703,056	45,947,516	0
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)	591,462,141	440,219,899	217,545,030	45,947,516	0
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)	1,725,113	477,353	126,117	0	0
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	42,713,833	9,641,569	1,715,857	0	0
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	347,288,680	321,582,958	137,709,364	45,234,016	0
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)	391,727,626	331,701,880	139,551,338	45,234,016	0
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	61,194,006	23,318,484	12,454,435	2,499,183	0
14. Net investment gain or (loss) (Line 11)	7,074,693	4,015,379	807,363	24,654	0
15. Total other income (Line 15)	210,743	231,525	26,039,991	2,014	0
16. Dividends to policyholders (Line 17)				0	0
17. Federal and foreign income taxes incurred (Line 19)	25,082,966	17,727,348	18,312,000	3,665,000	0
18. Net income (Line 20)	43,396,476	9,838,041	20,989,788	(1,139,149)	0
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	601,862,206	496,738,104	207,799,644	77,978,281	0
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	3,148,546	2,438,403	1,374,618	120,161	0
20.2 Deferred and not yet due (Line 15.2)	26,165,068	17,744,567	8,970,357	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)	385,438,885	324,026,239	144,744,675	51,472,009	0
22. Losses (Page 3, Line 1)	62,527,740	37,156,000	14,793,691	1,035,136	0
23. Loss adjustment expenses (Page 3, Line 3)	21,195,212	14,312,225	3,767,536	357,848	0
24. Unearned premiums (Page 3, Line 9)	217,400,950	194,343,130	83,940,973	39,294,561	0
25. Capital paid up (Page 3, Lines 30 & 31)	1,000,000	1,000,000	1,000,000	1,000,000	0
26. Surplus as regards policyholders (Page 3, Line 37)	216,423,321	172,711,865	63,054,969	26,506,272	0
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	125,966,891	146,591,691	97,711,291	43,921,317	0
Risk-Based Capital Analysis					
28. Total adjusted capital	216,423,321	172,711,865	63,054,969	26,506,272	0
29. Authorized control level risk-based capital	58,832,704	37,665,914	17,666,172	1,573,516	0
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line divided by Page 2, Line 12, Col. 3) x100.0					
30. Bonds (Line 1)	65.9	61.5	57.7	17.5	0.0
31. Stocks (Lines 2.1 & 2.2)	5.8	7.6	15.5	0.0	0.0
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	0.0	1.5	3.4	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)	28.2	29.4	23.2	81.9	0.0
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)	0.1	0.1	0.3	0.7	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 (Schedule D, Summary, Line 12, Col. 1)				0	0
43. Affiliated preferred stocks (Schedule D, Summary, Line 18, Col. 1)			0	0	0
44. Affiliated common stocks (Schedule D, Summary, Line 24, Col. 1)			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					
47. All other affiliated					
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					
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

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

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)	(4,842,009)	620,645	(43,622)	0	0
52. Dividends to stockholders (Line 35)				0	0
53. Change in surplus as regards policyholders for the year (Line 38)	43,711,456	109,656,896	36,548,693	26,506,275	0
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)	213,667	0	0	0	0
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	8,597,856	531,209	0	0	0
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	86,354,380	49,155,762	17,538,511	7,905	0
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)	95,165,903	49,686,971	17,538,511	7,905	0
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)	213,667	0	0	0	0
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	8,597,856	531,209	0	0	0
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	86,354,380	49,155,762	17,538,511	7,905	0
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)	95,165,903	49,686,971	17,538,511	7,905	0
Operating Percentages (Page 4) (Line 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)	32.7	32.6	33.0	17.6	0.0
68. Loss expenses incurred (Line 3)	12.0	13.9	11.4	9.7	0.0
69. Other underwriting expenses incurred (Line 4)	38.7	42.3	42.2	28.6	0.0
70. Net underwriting gain (loss) (Line 8)	16.6	10.5	13.1	42.1	0.0
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)	36.4	28.6	10.2	4.0	0.0
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	44.7	46.5	44.4	27.2	0.0
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)	181.0	192.1	221.3	170.7	0.0
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)	(4,817)	(197)	(467)	0	0
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)	(2.8)	(0.3)	(1.8)	0.0	0.0
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred two years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(247)	(508)	0	0	0
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)	(0.4)	(1.9)	0.0	0.0	0.0

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 (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	0	0	0	0	0	0	0	0	XXX
2. 2006	0	0	0	0	0	0	0	0	0	0	0	XXX
3. 2007	0	0	0	0	0	0	0	0	0	0	0	XXX
4. 2008	0	0	0	0	0	0	0	0	0	0	0	XXX
5. 2009	0	0	0	0	0	0	0	0	0	0	0	XXX
6. 2010	0	0	0	0	0	0	0	0	0	0	0	XXX
7. 2011	0	0	0	0	0	0	0	0	0	0	0	XXX
8. 2012	6,059	120	5,939	530	0	160	0	280	0	17	970	XXX
9. 2013	141,191	46,286	94,905	28,234	0	4,357	0	7,268	0	187	39,860	XXX
10. 2014	315,326	94,027	221,300	60,470	0	8,472	0	12,500	0	450	81,442	XXX
11. 2015	530,105	161,435	368,670	73,156	0	8,742	0	23,543	0	87	105,441	XXX
12. Totals	XXX	XXX	XXX	162,390	0	21,731	0	43,592	0	740	227,713	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. Prior	0	0	0	0	0	0	0	0	0	0	0	0	XXX
2. 2006	0	0	0	0	0	0	0	0	0	0	0	0	XXX
3. 2007	0	0	0	0	0	0	0	0	0	0	0	0	XXX
4. 2008	0	0	0	0	0	0	0	0	0	0	0	0	XXX
5. 2009	0	0	0	0	0	0	0	0	0	0	0	0	XXX
6. 2010	0	0	0	0	0	0	0	0	0	0	0	0	XXX
7. 2011	0	0	0	0	0	0	0	0	0	0	0	0	XXX
8. 2012	0	0	19	0	1	0	7	0	1	0	0	28	XXX
9. 2013	1,381	0	890	0	709	0	333	0	33	0	0	3,346	XXX
10. 2014	5,854	0	4,926	0	2,705	0	1,845	0	206	0	0	15,536	XXX
11. 2015	22,029	0	27,429	0	3,561	0	10,272	0	1,522	0	0	64,813	XXX
12. Totals	29,264	0	33,264	0	6,976	0	12,457	0	1,762	0	0	83,723	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
2. 2006	0	0	0	0.0	0.0	0.0	0	0		0	0
3. 2007	0	0	0	0.0	0.0	0.0	0	0		0	0
4. 2008	0	0	0	0.0	0.0	0.0	0	0		0	0
5. 2009	0	0	0	0.0	0.0	0.0	0	0		0	0
6. 2010	0	0	0	0.0	0.0	0.0	0	0		0	0
7. 2011	0	0	0	0.0	0.0	0.0	0	0		0	0
8. 2012	998	0	998	16.5	0.0	16.8	0	0		19	9
9. 2013	43,206	0	43,206	30.6	0.0	45.5	0	0		2,271	1,075
10. 2014	96,978	0	96,978	30.8	0.0	43.8	0	0		10,780	4,756
11. 2015	170,254	0	170,254	32.1	0.0	46.2	0	0		49,458	15,355
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	62,528	21,195

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 Heritage 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 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015	11 One Year	12 Two Year
1. Prior	0	0	0	0	0	0	0	0	0	0	0	0
2. 2006	0	0	0	0	0	0	0	0	0	0	0	0
3. 2007	XXX	0	0	0	0	0	0	0	0	0	0	0
4. 2008	XXX	XXX	0	0	0	0	0	0	0	0	0	0
5. 2009	XXX	XXX	XXX	0	0	0	0	0	0	0	0	0
6. 2010	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0	0
7. 2011	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX	1,251	784	743	716	(26)	(68)
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	36,084	35,929	35,904	(24)	(180)
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	89,039	84,272	(4,767)	XXX
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	145,189	XXX	XXX
12. Totals											(4,817)	(247)

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 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015		
1. Prior	000	0	0	0	0	0	0	0	0	0	XXX	XXX
2. 2006	0	0	0	0	0	0	0	0	0	0	XXX	XXX
3. 2007	XXX	0	0	0	0	0	0	0	0	0	XXX	XXX
4. 2008	XXX	XXX	0	0	0	0	0	0	0	0	XXX	XXX
5. 2009	XXX	XXX	XXX	0	0	0	0	0	0	0	XXX	XXX
6. 2010	XXX	XXX	XXX	XXX	0	0	0	0	0	0	XXX	XXX
7. 2011	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	XXX	XXX
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX	8	548	627	689	XXX	XXX
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	18,665	29,090	32,591	XXX	XXX
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	45,956	68,942	XXX	XXX
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	81,898	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 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015
1. Prior	0	0	0	0	0	0	0	0	0	0
2. 2006	0	0	0	0	0	0	0	0	0	0
3. 2007	XXX	0	0	0	0	0	0	0	0	0
4. 2008	XXX	XXX	0	0	0	0	0	0	0	0
5. 2009	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 2010	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 2011	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 2012	XXX	XXX	XXX	XXX	XXX	XXX	850	144	27	26
9. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,172	2,646	1,223
10. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	26,375	6,771
11. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	37,701

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 Premiums Written for Federal Purchasing Groups (Included in Column 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	N							
2. Alaska	AK	N							
3. Arizona	AZ	N							
4. Arkansas	AR	N							
5. California	CA	N							
6. Colorado	CO	N							
7. Connecticut	CT	N							
8. Delaware	DE	N							
9. District of Columbia	DC	N							
10. Florida	FL	L	492,947,546	389,810,269	0	76,421,015	96,275,421	45,315,539	
11. Georgia	GA	N							
12. Hawaii	HI	N							
13. Idaho	ID	N							
14. Illinois	IL	N							
15. Indiana	IN	N							
16. Iowa	IA	N							
17. Kansas	KS	N							
18. Kentucky	KY	N							
19. Louisiana	LA	N							
20. Maine	ME	N							
21. Maryland	MD	N							
22. Massachusetts	MA	N							
23. Michigan	MI	N							
24. Minnesota	MN	N							
25. Mississippi	MS	N							
26. Missouri	MO	N							
27. Montana	MT	N							
28. Nebraska	NE	N							
29. Nevada	NV	N							
30. New Hampshire	NH	N							
31. New Jersey	NJ	N							
32. New Mexico	NM	N							
33. New York	NY	N							
34. North Carolina	NC	L	0	0	0	0	0	0	
35. North Dakota	ND	N							
36. Ohio	OH	N							
37. Oklahoma	OK	N							
38. Oregon	OR	N							
39. Pennsylvania	PA	N							
40. Rhode Island	RI	N							
41. South Carolina	SC	N							
42. South Dakota	SD	N							
43. Tennessee	TN	N							
44. Texas	TX	N							
45. Utah	UT	N							
46. Vermont	VT	N							
47. Virginia	VA	N							
48. Washington	WA	N							
49. West Virginia	WV	N							
50. Wisconsin	WI	N							
51. Wyoming	WY	N							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N							
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N							
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0
59. Totals	(a)	2	492,947,546	389,810,269	0	76,421,015	96,275,421	45,315,539	0
DETAILS OF WRITE-INS									
58001.		XXX							
58002.		XXX							
58003.		XXX							
58998. Summary of remaining write-ins for Line 58 from overflow page		XXX	0	0	0	0	0	0	0
58999. Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)		XXX	0	0	0	0	0	0	0

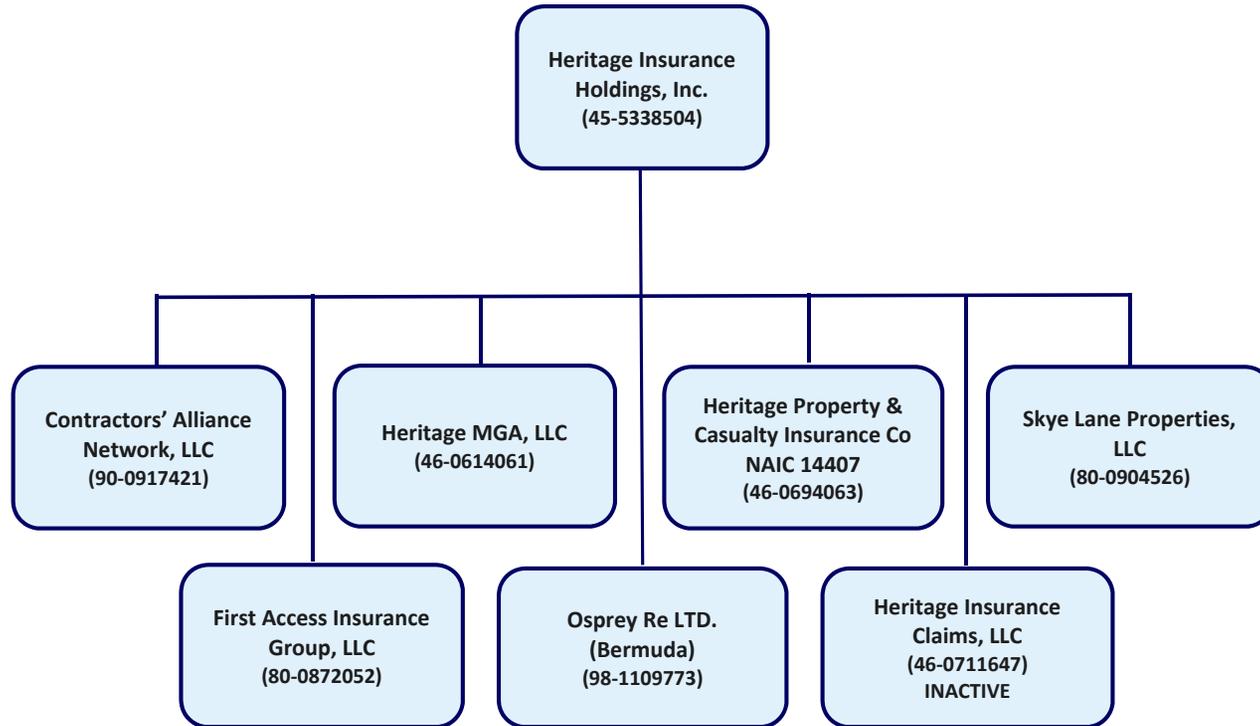
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

Premium is allocated to the state in which the risks are domiciled

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

STATEMENT AS OF DECEMBER 31, 2015 OF THE Heritage Property & Casualty Insurance Company



OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Underwriting and Investment Exhibit Part 3 Line 24

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
2404. Charitable Contributions		10,877		10,877
2405. Investment Expenses			1,426,540	1,426,540
2406. Miscellaneous Expenses		24,222		24,222
2497. Summary of remaining write-ins for Line 24 from overflow page	0	35,099	1,426,540	1,461,639

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