INDIANA BASIC PROPERTY INSURANCE UNDERWRITING ASSOCIATION

Financial Statements

Years Ended December 31, 2017 and 2016

INDIANA BASIC PROPERTY INSURANCE UNDERWRITING ASSOCIATION

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Independent Auditors' Report

To the Governing Committee and Members
INDIANA BASIC PROPERTY INSURANCE
UNDERWRITING ASSOCIATION

We have audited the accompanying statements of admitted assets, liabilities and members' equity of INDIANA BASIC PROPERTY INSURANCE UNDERWRITING ASSOCIATION (the Fair Plan) as of December 31, 2017 and 2016, and the related statements of income and accumulated earnings, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a comprehensive basis of accounting other than U.S. generally accepted accounting principles described in Note A; this includes determining that the basis of accounting permitted by the Indiana Department of Insurance is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the admitted assets, liabilities and members' equity of INDIANA BASIC PROPERTY INSURANCE UNDERWRITING ASSOCIATION as of December 31, 2017 and 2016, and the results of its income and accumulated earnings and its cash flows for the years then ended, on the basis of accounting described in Note A.

Basis of Accounting

We draw attention to Note A to the financial statements, which describe the basis of accounting. The financial statements are prepared on a basis of accounting permitted by the Indiana Department of Insurance, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. The accounting practices used by the Fair Plan vary from accounting principles generally accepted in the United States of America, and the Fair Plan has not determined the effect of those variances. The variances include; assets are reported under statutory accounting practices at "admitted-asset" value and "non-admitted" assets are excluded through a charge against the members' equity and loss and loss adjustment expense reserves are based on case-basis estimates for losses reported, adjusted in the aggregate for ultimate loss expectations. Accordingly, we were not engaged to audit, and we did not audit, the effects of those variances. Since the accompanying financial statements do not purport to be a presentation in conformity with accounting principles generally accepted in the United States of America, we are not in a position to express, and we do not express, an opinion on the financial statements referred to above as to fair presentation of admitted assets, liabilities and members' equity, and the related statements of income and accumulated earnings, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Restrictions on Use

This report is intended solely for the use of the Governing Committee, Members and management of the INDIANA BASIC PROPERTY INSURANCE UNDERWRITING ASSOCIATION, and for filing with the Indiana Department of Insurance and is not intended to be and should not be used by anyone other than these specified parties.

Somerset CPAs, PC

June 5, 2018

INDIANA BASIC PROPERTY INSURANCE UNDERWRITING ASSOCIATION
Statements of Admitted Assets, Liabilities and Members' Equity
December 31, 2017 and 2016

	2017	2016
Admitted Assets		
Cash and cash equivalents	$ 1,967,455	$ 2,055,935
Premiums receivable	14,172	8,130
Prepaid insurance and commissions	28,299	31,006
Advances to Quad Assoc, LLC	0	36,125
Total Admitted Assets	$ 2,009,926	$ 2,131,196
Liabilities and Members' Equity		
Accounts payable and accrued expenses	$ 174,993	$ 29,722
Advances from Quad Assoc, LLC	89,638	0
Reserve for unpaid losses	5,383	224,433
Reserve for unpaid loss adjustment expenses	1,000	18,584
Reserve for unearned premiums	747,378	890,907
Advance premiums and remittances not allocated	24,139	28,065
Total Liabilities	1,042,531	1,191,711
Member contributions on open years	923,756	389,165
Reserve for nonadmitted assets	(15,000)	(15,000)
Accumulated earnings	58,639	565,320
Total Members' Equity	967,395	939,485
Total Liabilities & Members' Equity	$ 2,009,926	$ 2,131,196

See accompanying notes.

INDIANA BASIC PROPERTY INSURANCE UNDERWRITING ASSOCIATION
Statements of Income and Accumulated Earnings
For the Years Ended December 31, 2017 and 2016

	2017	2016
Premiums Earned	$ 1,696,969	$ 1,957,942
Underwriting Expenses:		
Losses incurred	180,558	808,071
Loss adjustment expenses incurred	57,812	80,213
Commissions	154,961	186,569
Inspections	28,666	29,667
Total Underwriting Expenses	421,997	1,104,520
Underwriting Gain	1,274,972	853,422
Operating Expenses	(1,258,829)	(1,137,049)
Investment Income	11,767	4,958
Net Income (Loss)	27,910	(278,669)
Accumulated Earnings, Beginning of Period	565,320	933,148
Net Effect for Closing Out Accident Year	(534,591)	(89,159)
Accumulated Earnings, End of Period	$ 58,639	$ 565,320

See accompanying notes.

INDIANA BASIC PROPERTY INSURANCE UNDERWRITING ASSOCIATION
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Premiums received	$ 1,543,472	$ 1,807,120
Losses and loss expenses paid	(475,004)	(782,885)
Cash paid for services and employees	(1,294,478)	(1,404,977)
Investment income	11,767	4,958
Net cash used in operating activities	(214,243)	(375,784)
Cash Flows from Financing Activities:		
Advances from Quad Assoc, LLC	125,763	124,945
Net cash provided by financing activities	125,763	124,945
Net Decrease in Cash and Cash Equivalents	(88,480)	(250,839)
Beginning Cash and Cash Equivalents	2,055,935	2,306,774
Ending Cash and Cash Equivalents	$ 1,967,455	$ 2,055,935

Reconciliation of Net Income (Loss) to Net Cash Used in Operating Activities

	2017	2016
Net Income (Loss)	$ 27,910	$ (278,669)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
(Increase) decrease in premium receivables	(6,042)	23,235
(Increase) decrease in prepaid insurance and	2,707	(5,029)
Increase (decrease) in loss reserves	(236,634)	105,399
Decrease in reserve for unearned premiums	(147,455)	(174,060)
Increase (decrease) in other liabilities	145,271	(46,660)
Net cash used in operating activities	$ (214,243)	$ (375,784)

See accompanying notes.

Note A - Nature of Operations and Summary of Significant Accounting Policies:

Principal Activity

The Indiana Basic Property Insurance Underwriting Association (FAIR Plan) is a voluntary association of insurance companies writing habitational and commercial property insurance policies in Indiana. The purpose of the FAIR Plan is to make property insurance coverage available for qualifying property located in Indiana. Applicants must show they have been denied coverage by three different insurance companies in the sixty day period preceding the submission of their application to the FAIR Plan. The business of the FAIR Plan is managed by a Governing Committee representing various segments of property insurers.

Costs to provide the property insurance, including underwriting gains/losses and operating expenses, are funded by premiums paid by policyholders and assessments made against member insurance companies.

General

The FAIR Plan's financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Indiana Department of Insurance. Prescribed statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners (NAIC), as well as state laws, regulations, and general administrative rules. Permitted statutory accounting practices encompass all accounting practices not so prescribed.

Statutory accounting practices compromise a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The effects of the differences between GAAP and statutory basis accounting have not been quantified and are presumed to be material to the accompanying financial statements. The more significant differences are as follows:

- Assets are reported under statutory accounting practices at "admitted-asset" value and "non-admitted" assets are excluded through a charge against the members' equity, while, under GAAP, "non-admitted" assets are reinstated to the balance sheet, net of any valuation allowance.

- Loss and loss adjustment expense reserves are based on case-basis estimates for losses reported, adjusted in the aggregate for ultimate loss expectations, while, under GAAP, additional consideration is given to losses that have been incurred but not reported.

Cash and Invested Cash

FAIR Plan considers cash and cash equivalents to be deposits with financial institutions and deposits in highly liquid money market funds. The money market funds are not insured by the Federal Deposit Insurance Corporation (FDIC), but they contain only securities that are direct obligations of the United States Government, and are backed by the full faith and credit of the United States Government. The Association will from time to time invest excess funds in National Association of Insurance Commissioners (NAIC) approved brokerage certificates of deposit that are fully insured by the FDIC.

Note A - Nature of Operations and Summary of Significant Accounting Policies (Continued):

Premium and Other Receivables

Premiums are recorded as earned on a pro rata basis over the policy period. The portion of premiums not earned as of the end of the period are recorded as unearned premiums.

The FAIR Plan carries its premium receivable at invoiced amounts. On an annual basis, the FAIR Plan evaluates its premiums receivable and based on history of past write-offs and collections, the FAIR Plan deems unpaid premiums over one year old as uncollectible. Management has established an allowance for doubtful accounts of $0 as of December 31, 2017 and 2016, respectively.

The FAIR Plan's policy is to not accrue interest on past due premium receivables. Gross premium receivables amounted to $14,172 and $8,130 at December 31, 2017 and 2016, respectively.

Loss Reserves and Loss Adjustment Expense Reserves

The liabilities for losses and loss adjustment expenses include an amount determined from loss reports and individual cases for losses incurred and reported to the FAIR Plan. Such liabilities are necessarily based on estimates and, while management believes that the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed, and any adjustments are reflected in current earnings.

Non-admitted Assets

Statement of Statutory Accounting Principles requires that assets having economic value other than those which can be used to fulfill policyholder obligations, or those assets which are unavailable due to encumbrances or other third party interest should not be recognized on the Statement of Admitted Assets, Liabilities and Members' Equity, and are, therefore, considered non-admitted. The FAIR Plan's membership interest in Quad Assoc, LLC (QUAD) is designated as a non-admitted asset. The change in these assets is reflected directly in members' equity. The aggregate net book value of the non-admitted assets was $15,000 as of December 31, 2017 and 2016, respectively.

Note A - Nature of Operations and Summary of Significant Accounting Policies (Continued):

Income Taxes

The FAIR Plan is organized as a syndicate and has elected to report income tax information as a partnership. In lieu of corporation income taxes, the members of the syndicate are taxed on their proportionate share of FAIR Plan's taxable income. Therefore, no provision for income taxes has been included in the financial statements.

Accounting principles generally accepted in the United States of America require the FAIR Plan to examine its tax positions for uncertain positions. Management is not aware of any tax positions that are more likely than not to change in the next 12 months or that would not sustain an examination by applicable taxing authorities.

FAIR Plan's policy is to recognize penalties and interest as incurred in its Statements of Income and Accumulated Earnings.

The Company's federal and state income tax returns for 2015 through 2017 are subject to examination by the applicable tax authorities, generally for three years after the later of the original or extended due date.

Cash Flows

For purposes of the Statements of Cash Flows, the FAIR Plan considers all highly liquid instruments that are purchased within three months or less of the instruments' maturity date to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with another comprehensive basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note B - Long-term Investments

The FAIR Plan entered into a Subscription Agreement as well as an Operating Agreement with QUAD effective January 1, 2015. Per the terms of the Subscription Agreement, the FAIR Plan purchased 25 units of membership interest of QUAD, which represents a 25% interest in QUAD at a purchase price of $600 per unit for an aggregate purchase price of $15,000 funded from cash and transfer of the FAIR Plan's furniture and equipment. The FAIR Plan entered into a Management and Administrative Services Agreement with QUAD effective January 1, 2015. These activities include, but are not limited to, location and equipment leases, employee benefits and retirement plans, health insurance plans and employee management functions.

Note B - Long-term Investments (Continued)

The investment in QUAD is accounted for under the equity method, whereby the FAIR Plan recognizes its proportionate share of QUAD's income or loss.

As of December 31, 2017 and 2016, the cost basis of the investment in Quad remained at $15,000, as the FAIR Plan’s equity interest in the net income of QUAD was $0 for the years ended December 31, 2017 and 2016.

Note C - Related Party Transactions

The FAIR Plan shares certain expenses with the Indiana Insurance Guaranty Association (IIGA), Indiana Life and Health Guaranty Association (ILHIGA), Indiana Automobile Insurance Plan (Auto Plan) and QUAD. The sole employer is QUAD, who provides employees to the Association. The Fair Plan pays QUAD costs of salaries, benefits and all shared expenses as set forth in the in the Management and Administrative Services Agreement.

Retirement Plans

As indicated above, the Association pays costs for employees (including contributions to the QUAD 401(k) Retirement Plan (“401(k) Plan”) based upon the time QUAD employees spend working for the Association as set forth in the Management and Administrative Services Agreement. The 401(k) Plan covers full-time employees who have attained age 21 and who have completed one year of service. The 401(k) Plan allows for employee elective deferrals of compensation and also provides for both a safe harbor contribution and a discretionary contribution by QUAD. During 2017 and 2016, QUAD’s discretionary contribution was an amount equal to 8% of compensation for each eligible participant. The Safe Harbor matching contribution for 2017 and 2016 was equal to the sum of 100% of the amount of the participant’s elective deferrals that do not exceed 3% of the participant’s compensation, plus 50% of the amount of the participant’s elective deferrals that exceed 3% of the participant’s compensation but do not exceed 5% of the participant’s compensation.

The amounts allocated to the Fair Plan reflecting contributions to the QUAD 401(k) Plan for 2017 and 2016 were $57,507 and $58,763, respectively. The portion of pension administrative expenses allocated to the Fair Plan for the QUAD 401(k) Plan for 2017 and 2016 were $1,243 and $1,207, respectively.

Lease Commitments

The FAIR Plan, IIGA, ILHIGA and QUAD have agreed to share office space and the rental of equipment. In 2012, IIGA entered into an equipment lease that terminated in July 2017. Effective October 1, 2010, IIGA signed an operating lease for rental space which terminated on December 31, 2015. QUAD continued to lease the original office space on a month to month agreement with the prior lessor through March 31, 2016. On January 1, 2015, IIGA transferred the rights, title, and interests, of the lease agreements to the QUAD Assoc. QUAD entered into a new lease agreement for a building with a commencement date of March 1, 2016, that shall expire March 1, 2021. The FAIR Plan’s allocated share of the rent expense was $43,532 for 2017 and $59,969 for 2016.

Note D - Concentration of Credit Risk:

Financial instruments which potentially subject the FAIR Plan to concentrations of credit risk consist primarily of cash and invested cash and premiums receivable. The FAIR Plan maintains its cash balances at several financial institutions. At times, amounts at the financial institutions may be in excess of the FDIC insured limit. The FAIR Plan has never experienced any losses related to these balances. Invested cash is invested consistent with the Investment Policy, see Note A - Cash and Invested Cash.

Note E - Member Assessments:

The FAIR Plan closed the 2014 accident year during the year ended December 31, 2017.

Note F - Liability for Unpaid Claims:

Activity in the liability for unpaid claims is summarized as follows for 2017 and 2016:

	2017	2016
Balance at Beginning of Year	$ 224,433	$ 123,680
Incurred Related to:		
Current year	205,851	794,403
Prior years	(25,293)	13,668
Total Incurred	180,558	808,071
Paid Related to:		
Current year	203,351	569,970
Prior years	196,257	137,348
Total Paid	399,608	707,318
Balance at End of Year	$ 5,383	$ 224,433

Note G - Purchase Commitment

In 2015, the FAIR Plan signed agreements to obtain a license for a policy and claims administration system which included software customization, data conversion and implementation costs and separate agreements for hosting of the system and consultants to assist with the project. The costs incurred associated with this project during the years ended December 31, 2017 and 2016, were $366,033 and $188,009, respectively. The total costs incurred associated with the project from the inception of the commitment are approximately $805,000, of which approximately $152,000 is accrued for at December 31, 2017 and is included in accounts payable and accrued expenses on the FAIR Plan's Statements of Admitted Assets, Liabilities and Members' Equity. Based on the contractual arrangements, the future commitments associated with the system license along with a four-year annual maintenance and hosting agreements is estimated at approximately $160,000 or $40,000 annually as of December 31, 2017.

Note H - Management Evaluation of Subsequent Events:

The FAIR Plan has evaluated subsequent events through June 5, 2018, the date on which the financial statements were available to be issued.

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Independent Auditors' Report on Supplementary Information

To the Governing Committee and Members
INDIANA BASIC PROPERTY INSURANCE
UNDERWRITING ASSOCIATION

The data included in the following schedules, although not considered necessary for fair presentation of financial position, results of operations and changes in financial position in accordance with accounting principles permitted by the Indiana Department of Insurance, are presented for supplementary analysis purposes.

Our report on our audits of the basic financial statements of INDIANA BASIC PROPERTY INSURANCE UNDERWRITING ASSOCIATION for December 31, 2017 and 2016 appears on page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Somerset CPAs, PC

June 5, 2018

INDIANA BASIC PROPERTY INSURANCE UNDERWRITING ASSOCIATION
Accident Period
For the Years Ended December 31, 2015, 2016 and 2017

	Fire	Extended Coverage	General Liability	Theft	Total
Habitational:					
Premiums written	$ 4,091,704	$ 1,256,874	$ (20,920)	$ 6,403	$ 5,334,061
Unearned premium - beginning	2,275,159	727,501	9,439	11,097	3,023,196
Unearned premium - ending	(1,690,672)	(900,139)	(452)	(4,663)	(2,595,926)
Premiums Earned	4,676,191	1,084,236	(11,933)	12,837	5,761,331
Losses paid	964,422	341,628	98,696	0	1,404,746
Reserve for unpaid losses December 31, 2017	2,500	2,883	0	0	5,383
Losses incurred	966,922	344,511	98,696	0	1,410,129
Loss adjustment expense	69,593	146,934	2,085	4,637	223,249
Other Underwriting Expenses:					
Commissions	342,472	91,521	(108)	1,431	435,316
Inspections and credit	221,561	32,139	(1,702)	(135)	251,863
	564,033	123,660	(1,810)	1,296	687,179
Total Underwriting Expenses	1,600,548	615,105	98,971	5,933	2,320,557
Underwriting gain (loss)	3,075,643	469,131	(110,904)	6,904	3,440,774
Operating expenses	(2,820,777)	(639,899)	7,551	(5,902)	(3,459,027)
Investment income	14,457	3,194	(44)	(1)	17,606
Income (loss) habitational	269,323	(167,574)	(103,397)	1,001	(647)
Commercial:					
Premiums written	98,128	40,493	0	0	138,621
Unearned premium - beginning	94,819	22,043	0	0	116,862
Unearned premium - ending	(58,778)	(26,417)	0	0	(85,195)
Premiums Earned	134,169	36,119	0	0	170,288
Losses paid	0	0	0	0	0
Reserve for unpaid losses December 31, 2017	0	0	0	0	0
Losses Incurred	0	0	0	0	0
Loss adjustment expense	0	0	0	0	0
Other Underwriting Expenses:					
Commissions	11,872	1,945	0	0	13,817
Inspections and credit	5,070	183	0	0	5,253
	16,942	2,128	0	0	19,070
Total Underwriting Expenses	16,942	2,128	0	0	19,070
Underwriting gain	117,227	33,991	0	0	151,218
Operating expenses	(77,143)	(15,284)	0	0	(92,427)
Investment income	346	149	0	0	495
Income commercial	40,430	18,856	0	0	59,286
Net Income (Loss)	$ 309,753	$ (148,718)	$ (103,397)	$ 1,001	$ 58,639

See auditors’ report on supplementary information.

INDIANA BASIC PROPERTY INSURANCE UNDERWRITING ASSOCIATION
Accident Period
Year Ended December 31, 2017

	Fire	Extended Coverage	General Liability	Theft	Total
Habitational:					
Premiums written	$ 833,853	$ 655,960	$ 0	$ 0	$ 1,489,813
Unearned premium - beginning	697,872	179,605	0	0	877,477
Unearned premium - ending	(236,112)	(487,367)	0	0	(723,479)
Premiums Earned	1,295,613	348,198	0	0	1,643,811
Losses paid	186,139	17,212	0	0	203,351
Reserve for unpaid losses December 31, 2017	2,500	0	0	0	2,500
Losses incurred	188,639	17,212	0	0	205,851
Loss adjustment expense	25,736	20,536	6,903	4,637	57,812
Other Underwriting Expenses:					
Commissions	118,311	31,797	0	0	150,108
Inspections and credit	21,886	5,882	0	0	27,768
	140,197	37,679	0	0	177,876
Total Underwriting Expenses	354,572	75,427	6,903	4,637	441,539
Underwriting gain (loss)	941,041	272,771	(6,903)	(4,637)	1,202,272
Operating expenses	(961,098)	(258,297)	0	0	(1,219,395)
Investment income	8,984	2,414	0	0	11,398
Income (loss) habitational	(11,073)	16,888	(6,903)	(4,637)	(5,725)
Commercial:					
Premiums written	28,360	35,268	0	0	63,628
Unearned premium - beginning	11,418	2,012	0	0	13,430
Unearned premium - ending	(8,819)	(15,080)	0	0	(23,899)
Premiums Earned	30,959	22,200	0	0	53,159
Losses paid	0	0	0	0	0
Reserve for unpaid losses December 31, 2017	0	0	0	0	0
Losses Incurred	0	0	0	0	0
Loss adjustment expense	0	0	0	0	0
Other Underwriting Expenses:					
Commissions	2,827	2,027	0	0	4,854
Inspections and credit	523	375	0	0	898
	3,350	2,402	0	0	5,752
Total Underwriting Expenses	3,350	2,402	0	0	5,752
Underwriting gain	27,609	19,798	0	0	47,407
Operating expenses	(22,966)	(16,468)	0	0	(39,434)
Investment income	215	154	0	0	369
Income commercial	4,858	3,484	0	0	8,342
Net Income (Loss)	$ (6,215)	$ 20,372	$ (6,903)	$ (4,637)	$ 2,617

See auditors' report on supplementary information.

INDIANA BASIC PROPERTY INSURANCE UNDERWRITING ASSOCIATION
Accident Period
Year Ended December 31, 2016

	Fire	Extended Coverage	General Liability	Theft	Total
Habitational:					
Premiums written	$ 1,725,043	$ 111,968	$ (19,708)	$ (9,422)	$ 1,807,881
Unearned premium - beginning	756,688	233,167	452	4,663	994,970
Unearned premium - ending	(697,872)	(179,605)	0	0	(877,477)
Premiums Earned	1,783,859	165,530	(19,256)	(4,759)	1,925,374
Losses paid	465,184	202,347	98,696	0	766,227
Reserve for unpaid losses December 31, 2017	0	2,883	0	0	2,883
Losses incurred	465,184	205,230	98,696	0	769,110
Loss adjustment expense	12,639	62,574	5,000	0	80,213
Other Underwriting Expenses:					
Commissions	73,081	6,781	(789)	(195)	78,878
Inspections and credit	169,981	15,773	(1,835)	(453)	183,466
	243,062	22,554	(2,624)	(648)	262,344
Total Underwriting Expenses	720,885	290,358	101,072	(648)	1,111,667
Underwriting gain (loss)	1,062,974	(124,828)	(120,328)	(4,111)	813,707
Operating expenses	(1,035,953)	(96,129)	11,183	2,764	(1,118,135)
Investment income	4,517	419	(49)	(12)	4,875
Income (loss) habitational	31,538	(220,538)	(109,194)	(1,359)	(299,553)
Commercial:					
Premiums written	7,457	(9,325)	0	0	(1,868)
Unearned premium - beginning	38,541	9,325	0	0	47,866
Unearned premium - ending	(11,418)	(2,012)	0	0	(13,430)
Premiums Earned	34,580	(2,012)	0	0	32,568
Losses paid	0	0	0	0	0
Reserve for unpaid losses December 31, 2017	0	0	0	0	0
Losses Incurred	0	0	0	0	0
Loss adjustment expense	0	0	0	0	0
Other Underwriting Expenses:					
Commissions	1,417	(82)	0	0	1,335
Inspections and credit	3,295	(192)	0	0	3,103
	4,712	(274)	0	0	4,438
Total Underwriting Expenses	4,712	(274)	0	0	4,438
Underwriting gain (loss)	29,868	(1,738)	0	0	28,130
Operating expenses	(20,082)	1,184	0	0	(18,898)
Investment income	88	(5)	0	0	83
Income (loss) commercial	9,874	(559)	0	0	9,315
Net Income (Loss)	$ 41,412	$ (221,097)	$ (109,194)	$ (1,359)	$ (290,238)

See auditors' report on supplementary information.

INDIANA BASIC PROPERTY INSURANCE UNDERWRITING ASSOCIATION
Accident Period
Year Ended December 31, 2015

	Fire	Extended Coverage	General Liability	Theft	Total
Habitational:					
Premiums written	$ 1,532,808	$ 488,946	$ (1,212)	$ 15,825	$ 2,036,367
Unearned premium - beginning	820,599	314,729	8,987	6,434	1,150,749
Unearned premium - ending	(756,688)	(233,167)	(452)	(4,663)	(994,970)
Premiums Earned	1,596,719	570,508	7,323	17,596	2,192,146
Losses paid	313,099	122,069	0	0	435,168
Reserve for unpaid losses December 31, 2017	0	0	0	0	0
Losses incurred	313,099	122,069	0	0	435,168
Loss adjustment expense	31,218	63,824	(9,818)	0	85,224
Other Underwriting Expenses:					
Commissions	151,080	52,943	681	1,626	206,330
Inspections and credit	29,694	10,484	133	318	40,629
	180,774	63,427	814	1,944	246,959
Total Underwriting Expenses	525,091	249,320	(9,004)	1,944	767,351
Underwriting gain	1,071,628	321,188	16,327	15,652	1,424,795
Operating expenses	(823,726)	(285,473)	(3,632)	(8,666)	(1,121,497)
Investment income	956	361	5	11	1,333
Income habitational	248,858	36,076	12,700	6,997	304,631
Commercial:					
Premiums written	62,311	14,550	0	0	76,861
Unearned premium - beginning	44,860	10,706	0	0	55,566
Unearned premium - ending	(38,541)	(9,325)	0	0	(47,866)
Premiums Earned	68,630	15,931	0	0	84,561
Losses paid	0	0	0	0	0
Reserve for unpaid losses December 31, 2017	0	0	0	0	0
Losses Incurred	0	0	0	0	0
Loss adjustment expense	0	0	0	0	0
Other Underwriting Expenses:					
Commissions	7,628	0	0	0	7,628
Inspections and credit	1,252	0	0	0	1,252
	8,880	0	0	0	8,880
Total Underwriting Expenses	8,880	0	0	0	8,880
Underwriting gain	59,750	15,931	0	0	75,681
Operating expenses	(34,095)	0	0	0	(34,095)
Investment income	43	0	0	0	43
Income commercial	25,698	15,931	0	0	41,629
Net Income	$ 274,556	$ 52,007	$ 12,700	$ 6,997	$ 346,260

See auditors' report on supplementary information.