

BUILDERS INSURANCE (A MUTUAL CAPTIVE COMPANY) AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

December 31, 2016 and 2015

(in thousands)

Assets	2016	2015
Cash and invested assets	\$ 624,252	\$ 567,737
Reinsurance recoverables	63,222	46,805
Receivables	85,719	72,325
Tax assets	5,059	4,657
Other assets	22,140	19,807
Total assets	<u>\$ 800,392</u>	<u>\$ 711,331</u>
Liabilities		
Loss and loss adjustment expenses	\$ 368,253	\$ 329,459
Unearned premiums	85,341	78,659
Policyholder dividends payable	1,591	1,507
Other payables	37,972	36,094
Notes payable	47,386	40,878
Other liabilities	11,679	1,419
Total liabilities	<u>552,222</u>	<u>488,016</u>
Members' Equity		
Paid-in capital	200	200
Retained earnings	227,458	203,100
Accumulated other comprehensive income	20,512	20,015
Total members' equity	<u>248,170</u>	<u>223,315</u>
Total liabilities and members' equity	<u>\$ 800,392</u>	<u>\$ 711,331</u>

BUILDERS INSURANCE (A MUTUAL CAPTIVE COMPANY) AND SUBSIDIARIES

Condensed Consolidated Statements of Income

Years ended December 31, 2016 and 2015

(in thousands)

	2016	2015
Revenue:		
Premiums earned, net	\$ 191,048	\$ 177,157
Net investment income	16,881	15,614
Realized gains on investments, net	558	979
Impairment of investments	(916)	(255)
Other revenue	928	852
Total revenue	<u>208,499</u>	<u>194,347</u>
Expenses:		
Loss and loss adjustment expenses	113,757	96,670
Selling, general and administrative expenses	56,175	53,330
Interest expense	2,015	1,900
Policyholder dividends	1,452	1,481
Total expenses	<u>173,399</u>	<u>153,381</u>
Income before income taxes	35,100	40,966
Income tax expense	10,742	12,872
Net income	<u>\$ 24,358</u>	<u>\$ 28,094</u>