

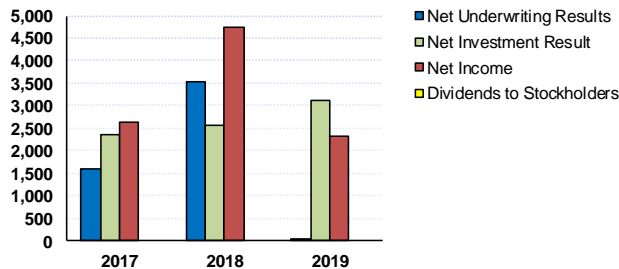


MERCHANTS NATIONAL INSURANCE COMPANY, NAIC #12775
MERCHANTS MUTUAL INSURANCE COMPANY

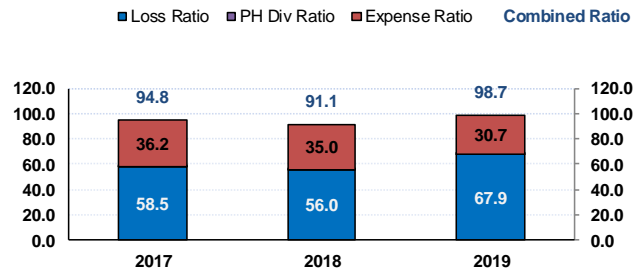
Dollars in 000

	2017	2018	2019		2017	2018	2019
Total Assets	136,016	149,483	165,911	RBC Ratio (%)	548.2	611.0	600.0
Total Liabilities	80,693	86,523	97,247	2yr Res Development	-455	-545	2,575
Policyholder Surplus	55,323	62,961	68,664	2yr Dev / Surplus	-1.1%	-1.0%	4.7%
Cash & Invested Assets	116,251	126,999	139,221	Affiliated Common Stock	30,088	32,821	35,210
Cash & Invested Assets/ Total Assets	85.5%	85.0%	83.9%	Affiliated CS / Surplus	54.4%	52.1%	51.3%
Net Cash from Operations	5,102	9,264	10,163	Net Reins Recoverable	10,240	20,022	37,190
Loss & LAE Reserves	53,681	54,499	59,682	Net Reins Rec / Surplus	18.5%	31.8%	54.2%
Loss & LAE Reserves/Surplus	97.0%	86.6%	86.9%	AMB / S&P Ratings	A- / NR	A- / NR	A- / NR

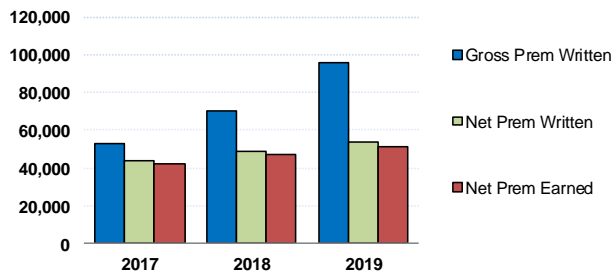
Income/Loss Trends (\$000)



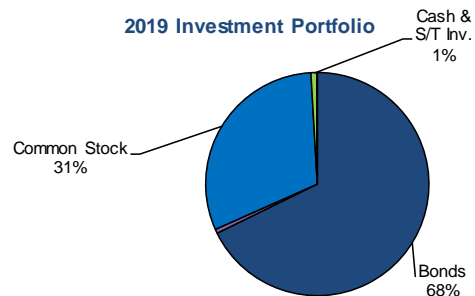
Combined Ratio (%) Trends



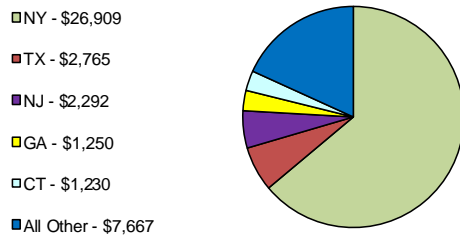
Premium Trends (\$000)



2019 Investment Portfolio

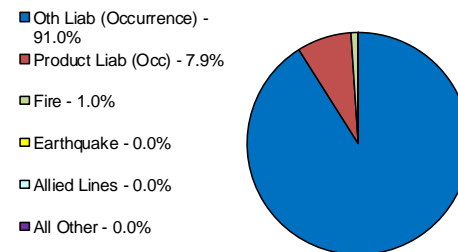


2019 Top 5 Geographies (DPW - \$000)



Total NY State DPW \$26,909
 Total US ex Terr DPW \$42,114

2019 Top 5 Lines of Business (DPW/Total DPW)



Total All Lines \$42,114

Top 5 Reinsurers for Merchants National Ins Co. by Gross Recoverables

Period: 2019Y

Dollars in 000

Reinsurer	Reinsurance Class	Reins Authorized Status	Gross Recov	Over 120 Days Overdue
1 - Swiss Reinsurance America Corporation	US Unaffiliated	Authorized	14,403	0
2 - Merchants Mutual Insurance Company	US Affiliated Pooling	Authorized	6,422	0
3 - General Reinsurance Corporation	US Unaffiliated	Authorized	5,166	0
4 - Transatlantic Reinsurance Company	US Unaffiliated	Authorized	5,092	0
5 - ACE Property and Casualty Insurance Company	US Unaffiliated	Authorized	3,109	0

HISTORY

Merchants National Insurance Company (Merchants National or the Company) was incorporated in the State of New Hampshire on January 1, 2007, as a subsidiary of Merchants Mutual Insurance Company (Merchants Mutual). Financial and operations control of the company remains with Merchants Mutual. The company became eligible to write surplus lines business in New York on May 17, 2016. As of December 31, 2019, Merchants National is a New Hampshire domestic surplus lines insurer and operated on a non-admitted basis in forty-three (43) states and the District of Columbia.

REINSURANCE

Merchants National is a participant in an intercompany pooling agreement including two (2) affiliates, with its parent Merchants Mutual pool lead, retaining 70%. Under the terms of the agreement the company cedes all business to the pool and receives 20% of the combined results, which may include business not written by the company. Another affiliate, Merchants Preferred Insurance Company participates with the balance of 10%. As such, the financial strength of the company is heavily dependent upon the underwriting performance of its fellow pool members, the credit risk of Merchants Mutual, as well as investment risk of its own investment portfolio, managed in common by Merchants Mutual. For the years 2017 through 2019, respectively, Merchants National net reinsurance recoverable was shown as \$10.2m, \$20m and \$37m, representing 19%, 32% and 54% of company surplus.

HOLDING COMPANY

Founded 1918 by local merchants in Buffalo, NY as Merchants Mutual Liability Company to insure their delivery vehicles, the company remains in Buffalo. Renamed Merchants Mutual Insurance Company in 1957, Merchants Mutual has expanded and now writes personal lines auto, homeowners and personal umbrella insurance, commercial lines business and surplus lines insurance for building owners, auto repair shops, golf courses, contractors, retail, restaurants, workers compensation and umbrella coverage. AM Best collectively rates three (3) insurance subsidiaries of the Merchants Mutual Insurance Group, including Merchants National Insurance Company. For the years 2017 through 2019 the group was rated 'A-' and assigned the financial size of VIII (\$100m - \$250m).

SUBSEQUENT EVENTS

In March 2020, the Covid-19 influenza was recognized as a global pandemic, severely disrupting economic activity. As of April, 2020, the results of this event upon year-ending 2020 insurance operations and those of its parent group are not known. For those companies exposed however, the potential for reduced premiums, return of premiums, and an increase in collections and operation expense may reduce cash flows. Losses and loss adjustment expenses may increase when losses become known and investments in affiliates and equity investments may suffer a decline in values. Also, the effect of future legislation, regulation and litigation could cause an adverse financial impact on those companies exposed.

Important Information Regarding Financial Summaries

This financial summary contains information helpful to New York excess lines brokers in meeting their non-delegable duty to use "due care" in the selection of a financially secure excess line insurer. Definitions of the financial terms used in the summaries appear as pop-up boxes when hovering your mouse over the corresponding text. For additional guidance on assessing insurance company financial statements, please reference "ELANY COMPLIANCE ADVISOR: FUNDAMENTALS OF INSURANCE COMPANY FINANCIAL ANALYSIS".

The Excess Line Association of New York has compiled the insurance company financial information from the Annual Statutory Financial Statements. All ratios, charts, and graphs are based on the compiled information. We have made every effort to ensure all information transcribed for these pages is correct. However, the Excess Line Association of New York cannot attest to the accuracy of data provided by its sources, nor do we make any warranties, either expressed or implied, regarding the accuracy or completeness of information presented in this document. We assume no responsibility for loss or damage resulting from the use of this information.

ULTIMATE PARENT – Merchants Mutual Insurance Company

Corporate Profile		Financial Strength Ratings	
Address:	Merchants Mutual Insurance Company 250 Main Street Buffalo, NY 14202	S&P Global:	-
Website:	https://www.merchantsgroup.com/	Moody's:	-
President :	-	Fitch:	-
Ticker Symbol:	-: -	AM Best - P&C:	-
2019 Form 10-K:	NA		

Highlights (\$000)	2016	2017	2018	2019
Total Assets	0	0	0	0
Total Policy Reserves	0	0	0	0
Total Debt	0	0	0	0
Total Other Liabilities	0	0	0	0
Sep Account Liabilities	0	0	0	0
Total Liabilities	0	0	0	0
Total Equity	0	0	0	0
Total Liab & Equity	0	0	0	0
Book Value / Share (\$)	0.00	0.00	0.00	0.00
Reserves / Investments & Cash (x)	NA	NA	NA	NA
Reserves / Liabilities (x)	NA	NA	NA	NA
Reserves / Equity (x)	0.00	0.00	0.00	0.00
Debt / Equity (x)	0.00	0.00	0.00	0.00
Dec. 31 Closing Price (\$)	0.00	0.00	0.00	0.00
Net Income (\$)	0	0	0	0
Basic EPS (\$)	0.00	0.00	0.00	0.00
Investment Yield (%)	0.00	0.00	0.00	0.00
Ratios (%)				
Loss Ratio	0.00	0.00	0.00	0.00
Expense Ratio	0.00	0.00	0.00	0.00
PH Dividend Ratio	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Combined Ratio	0.00	0.00	0.00	0.00

Company Description and Notes

Industries: Personal Lines Auto, Homeowners and Personal Umbrella Insurance, Commercial Lines Business and Excess and Surplus Lines Insurance for Building Owners, Auto Repair Shops, Golf Courses, Contractors, Retail, Restaurants, Workers Compensation and Umbrella Insurance Coverage

Geography: United States

Merchants Mutual Insurance Company does not file publically available financial data.

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