Michigan Catastrophic Claims Association

Financial Report - Statutory Basis
with Additional Information
(000s omitted)
June 30, 2015

Michigan Catastrophic Claims Association

Contents

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Independent Auditor's Report

To the Board of Directors
Michigan Catastrophic Claims Association

We have audited the accompanying statutory financial statements of the Michigan Catastrophic Claims Association (the "Association"), which comprise the statutory statement of admitted assets, liabilities, and accumulated deficit as of June 30, 2015 and the related statutory statements of operations, changes in capital and surplus, and cash flows for the year then ended and the related notes to the statutory financial statements.

Management's Responsibility for the Statutory Financial Statements

Management is responsible for the preparation and fair presentation of these statutory financial statements in accordance with the accounting practices prescribed or permitted by the Michigan Department of Insurance and Financial Services. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the statutory 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 statutory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statutory financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statutory financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statutory financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the statutory 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 entity's internal control. Accordingly, we express no such opinion. 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 statutory financial statements.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described more fully in Note 1 to the statutory financial statements, the Association prepared these statutory financial statements using accounting practices prescribed or permitted by the Michigan Department of Insurance and Financial Services, whose practices differ from accounting principles generally accepted in the United States of America. The effects on the statutory financial statements of the variances between such practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

To the Board of Directors
Michigan Catastrophic Claims Association

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the statutory financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Association at June 30, 2015 or the results of its operations or its cash flows for the year then ended.

Opinion on Statutory Basis of Accounting

In our opinion, the statutory financial statements referred to above present fairly, in all material respects, the financial position of the Michigan Catastrophic Claims Association as of June 30, 2015 and the results of its operations, change in capital and surplus, and its cash flows for the year then ended in accordance with the basis of accounting described in Note 1.

Emphasis of Matter

As discussed in Note 1 to the statutory financial statements, the Association received permission from the Michigan Department of Insurance and Financial Services to discount its liabilities for loss and loss adjustment expenses on a nontabular basis. This practice differs from prescribed statutory accounting practices. As of June 30, 2015 and 2014, this permitted practice reduced the Association's accumulated deficit by $50,639,881,000 and $51,236,141,000, respectively, and decreased the Association's net income by $596,260,000 and $246,879,000, respectively, as compared to what it would have been had the prescribed statutory accounting practice been followed. The assumptions made related to future inflation and investment return percentages are significant estimates that are disclosed in Note 1 to the statutory financial statements. While management of the Association believes the estimates are reasonable, it is at least reasonably possible, based on past patterns, the estimates may be revised in the future.

As also discussed in Note 1 to the statutory financial statements, the Association is a private unincorporated nonprofit association formed by the Michigan Legislature of which every insurer that sells automobile or motorcycle coverage in Michigan is required to be a member. Under the applicable statute, the Association is able to assess its member companies for all losses and deficits through adjustments to future assessments.

Report on Prior Year Statutory Financial Statements

The statutory financial statements of the Michigan Catastrophic Claims Association as of and for the year ended June 30, 2014 were audited by other auditors, whose report dated November 21, 2014 expressed an unmodified opinion on those statements in accordance with the accounting practices prescribed or permitted by the Michigan Department of Financial and Insurance Services.

Plante & Moran, PLLC

November 12, 2015

Michigan Catastrophic Claims Association

Statutory Statement of Admitted Assets, Liabilities, and Accumulated Deficit (000s omitted)

	June 30, 2015	June 30, 2014
Admitted Assets		
Cash and Invested Assets		
Bonds, at amortized cost (Note 2)	$ 2,050,090	$ 2,255,655
Common stocks, at fair value:		
Equity securities	5,288,000	6,045,836
Fixed-income funds	8,523,397	7,719,244
Cash and short-term investments	346,953	506,131
Other invested assets (Note 2)	1,336,063	387,908
Securities lending reinvested collateral assets (Note 3)	489,800	686,434
Total cash and invested assets	18,034,303	17,601,208
Other Assets		
Accrued investment income	21,692	18,814
Premiums and other receivables	581	13,218
Other	154	859
Total admitted assets	**$ 18,056,730**	**$ 17,634,099**
Liabilities and Accumulated Deficit		
Liabilities		
Loss and loss adjustment expense reserves, less discount of $50,639,881 in 2015 and $51,236,141 in 2014 (Note 6)	$ 17,923,460	$ 17,014,639
Accrued expenses	4,768	4,186
Unearned premium assessments	327,981	325,614
Premium refunds payable	1,648	13,756
Payable for securities lending (Note 3)	489,800	686,434
Other	5	2
Total liabilities	18,747,662	18,044,631
Accumulated Deficit (Note 9)	(690,932)	(410,532)
Total liabilities and accumulated deficit	**$ 18,056,730**	**$ 17,634,099**

See Notes to Statutory Financial Statements.

Michigan Catastrophic Claims Association

Statutory Statement of Operations
(000s omitted)

	Year Ended June 30, 2015	Year Ended June 30, 2014
Underwriting Income		
Premiums assessments earned	$ 1,320,004	$ 1,280,988
Losses and loss adjustment expenses incurred, net of discount	(1,990,299)	(1,531,135)
Other underwriting expenses incurred	(1,862)	(2,200)
Net underwriting loss	(672,157)	(252,347)
Investment Income		
Investment income, net of expenses (Note 5)	376,828	352,683
Net realized gains on sales of investments	1,021,591	426,138
Total investment income	1,398,419	778,821
Other Income (Loss) - Net	2,404	(341)
Net Income	**$ 728,666**	**$ 526,133**

See Notes to Statutory Financial Statements.

Michigan Catastrophic Claims Association

Statutory Statement of Changes in Capital and Surplus
(000s omitted)

	Year Ended	
	June 30, 2015	June 30, 2014
Accumulated Deficit - Beginning of year	$ (410,532)	$ (1,872,322)
Net income	728,666	526,133
Change in nonadmitted assets	(1,851)	(44)
Change in net unrealized gains and losses	(1,007,215)	935,701
Accumulated Deficit - End of year	**$ (690,932)**	**$ (410,532)**

Michigan Catastrophic Claims Association

Statutory Statement of Cash Flows
(000s omitted)

	Year Ended June 30, 2015	Year Ended June 30, 2014
Cash from Operations		
Premium assessments collected	$ 1,323,884	$ 1,297,391
Investment income received	390,775	365,941
Miscellaneous income (loss)	2,404	(341)
Total	1,717,063	1,662,991
Benefit and loss-related payments	(1,081,448)	(1,033,834)
Underwriting expenses paid	(1,881)	(2,097)
Total	(1,083,329)	(1,035,931)
Net cash from operations	633,734	627,060
Cash from Investments		
Proceeds from investments sold and maturities:		
Bonds	1,968,762	675,923
Common stocks	4,199,754	1,260,807
Other invested assets	73,511	40,464
Miscellaneous proceeds	-	(7)
Purchases of investments:		
Bonds	(1,740,130)	(1,024,476)
Common stocks	(4,328,283)	(1,224,549)
Other invested assets	(964,361)	(93,310)
Net cash used in investments	(790,747)	(365,148)
Cash from Financing and Miscellaneous Sources - Other applications	(2,165)	(761)
Net (Decrease) Increase in Cash and Short-term Investments	(159,178)	261,151
Cash and Short-term Investments - Beginning of year	506,131	244,980
Cash and Short-term Investments - End of year	**$ 346,953**	**$ 506,131**

Note 1 - Nature of Business and Significant Accounting Policies

Description of Business - The Michigan Catastrophic Claims Association (the "Association") was established by Public Act 136 of 1978, which amended the no-fault auto insurance law by adding Section 3104 to the Michigan Insurance Code effective July 1, 1978. The legislature created the Association because smaller insurance companies had difficulty obtaining reinsurance for Michigan's automobile no-fault policies, which provided for unlimited lifetime medical benefits for people who are catastrophically injured in auto accidents. The Association is a private unincorporated nonprofit association of which every insurer that sells automobile or motorcycle coverage in Michigan is required to be a member.

The Association is governed by a board of directors, which consists of five members appointed by the Director of the Michigan Department of Insurance and Financial Services. The Director, or his/her representative, serves as an ex-official member of the board. In addition, the following standing committees provide assistance in the operation of the Association: (1) actuarial, (2) audit, (3) claims, (4) communications, (5) information technology, (6) investment, and (7) personnel.

The Association assesses each member engaged in writing insurance coverages under policies of insurance issued to residents of the State of Michigan, which provide the coverages required (1) for motor vehicles under Section 3101 of the Michigan Insurance Code and (2) for motorcycles under Section 3103 of the Michigan Insurance Code. The Association is required to assess an amount each year that is sufficient to cover the lifetime claims of all persons catastrophically injured in that year and, in addition, may adjust future assessments for excesses or deficiencies in prior assessments. These assessments provide funds for the indemnification of those members against ultimate loss sustained under statutory required personal protection insurance coverages in excess of the applicable amount set forth in section 3104(2) of the Michigan Insurance Code.

Public Act 3 of 2001 provided for a gradual increase in the member company retention level from the original amount of $250,000 at July 1, 1978 to $500,000 on July 1, 2011, and thereafter increasing every two years by 6 percent or the increase in the consumer price index, whichever is less, and rounded to the nearest $5,000. Michigan statute requires this biennial adjustment to be calculated by the Association by January 1 of the year of its July 1 effective date. The calculation must be based on the two-year change in the United States Consumer Price Index for all Urban Consumers U.S. city average (CPI-U) for the 24 months prior to October 1 of the year prior to the July 1 effective date. As a result of these requirements, for a motor vehicle accident policy issued or renewed during the period from July 1, 2013 through June 30, 2015, the member retention level will total $530,000. The Association's future operations and form are dependent upon the continuation of its enabling state legislation.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Permitted Practice - The Michigan Department of Insurance and Financial Services (DIFS) has permitted the Association a certain practice which differs from those found in the National Association of Insurance Commissioners (NAIC), *Accounting Practices and Procedures Manual - Effective January 1, 2001* (NAIC SAP). Specifically, the Association is permitted to discount its losses and loss adjustment expense reserves on a nontabular basis. DIFS approved the use of this permitted practice for a three-year period expiring on June 30, 2016, at which time the Association will be required to seek approval from the DIFS if it wishes to continue to discount its losses and loss adjustment reserves.

A reconciliation of the Association's net income and accumulated deficit between NAIC SAP and practices permitted by DIFS is shown below (dollars in thousands):

	2015	2014
Net income, State of Michigan basis State-permitted practice	$ 728,666	$ 526,133
Change in discount on losses and loss adjustment reserves	596,260	246,879
Net income, NAIC SAP basis	$ 1,324,926	$ 773,012
Accumulated deficit, State of Michigan basis State-permitted practice	$ (690,932)	$ (410,531)
Discounting of losses and loss adjustment reserves	(50,639,881)	(51,236,141)
Accumulated deficit, NAIC SAP	$ (51,330,813)	$ (51,646,672)

Summary of Significant Accounting Policies - These statutory financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Michigan Department of Insurance and Financial Services, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Prescribed statutory accounting practices are those practices that are incorporated directly or by reference in state laws, regulations, and general administrative rules applicable to the state of domicile. A state may adopt the NAIC Accounting Practices and Procedures Manual in whole, or in part, as an element of prescribed statutory accounting practices. If, however, the state laws differ from the guidance provided in the NAIC Accounting Practices and Procedures Manual, the state laws will take precedence. Permitted statutory accounting practices encompass all accounting practices that are not prescribed but allowed by the state regulatory authority; such practices differ from state to state, may differ from company to company within a state, and may change in the future.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The more significant variances between statutory accounting principles and GAAP that affect the Association are as follows:

- Bonds are carried at values prescribed by the NAIC. Generally, bonds are stated at amortized cost (unless the NAIC requires fair value). Under GAAP, the Association's bonds would be reported at either fair value or amortized cost according to the Association's ability and intent to hold the securities.
- Nonadmitted assets are excluded through a charge against surplus; under GAAP, these assets are recorded as assets net of any valuation allowance.
- The statutory basis statement of cash flows has been prepared in accordance with the prescribed format and differ in certain respects from the presentation required by GAAP. In addition, a reconciliation of net income to net cash provided by operating activities is not provided as required by GAAP.
- Undistributed earnings and losses of equity method investments in limited partnerships and LLCs are charged directly to surplus through change in unrealized gains and losses under statutory accounting principles; under GAAP, undistributed earnings and losses of equity method investments are reflected in earnings in the statement of operations.
- Comprehensive income and its components are not presented in the statutory basis financial statements but are required under GAAP.

Investments - Short-term investments include all investments with maturities, at the time of acquisition, of one year or less and are stated at cost, which approximates fair value.

Bonds are generally stated at amortized cost using the scientific method. Common stocks are stated at fair value. Fair values were estimated on prices received from an independent pricing source and market comparables, or based on the Association's share of the net asset value for mutual funds which do not actively trade.

Single class mortgage-backed/asset-backed and multi-class mortgage-backed/asset-backed securities are stated at amortized cost using the scientific method, including anticipated prepayments at the date of purchase. Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities are obtained from Interactive Data Pricing and Reference Data, Inc. Changes in estimated cash flows from the original purchase assumptions are accounted for using the retrospective adjustment method. There have been no changes from the retrospective to the perspective method of valuing loan-backed securities.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Realized gains and losses on sales of investments are determined on a specific identification basis and are credited or charged to income. Unrealized capital gains and losses resulting from the valuation of investments at fair value are credited or charged directly to the accumulated deficit. A decline in the market value of any investment security below cost that is deemed to be other than temporary results in a reduction in the carrying amount to fair value. The impairment is charged to earnings and a new cost basis is established.

Private equity investments consist nearly exclusively of limited partnership positions in a variety of fund-of-funds and are carried at the Association's equity interest in the partnership. These limited partnerships invest directly in underlying venture capital, buyout, and/or other related private equity partnerships that typically specialize within development stage, technological sector, and/or business size. The fund-of-funds provider acts as a limited partner within these partnership investments and acts to diversify the Association's underlying investments across vintage year, economic cycle, and geography relative to available investment opportunities. The fund-of-funds the Association invests in may purchase secondary fund offerings of, or co-invest directly in, private equity investments alongside underlying general partnerships on behalf of the limited partners in their fund, including the Association. Under the terms of various limited partnership agreements approved by the Association's board of directors, the Association is obligated to make periodic payments for advance commitments to limited partnerships. As of June 30, 2015, the Association had committed, but not paid, a total of $429 million in funding for these limited partnerships.

The bank loan investment funds consist of portions of loans originated and serviced by commercial or investment bank arrangers that are generally syndicated out to institutional investors or funds. The loans are typically floating rate over LIBOR with a LIBOR floor, or minimum, and reset on a periodic basis, such as quarterly. The majority of loans are secured first-lien obligations and denominated in U.S. dollars.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Loss and Loss Adjustment Expense Reserves - The Association actuarially computes loss and loss adjustment expense reserves using the present value of disbursements expected to be made for the ultimate settlement of the claims reported. The Association bases the provision for unpaid losses and loss adjustment expenses upon information reported to it by its member insurance companies with respect to reported claims, giving consideration with respect to each reported claim to past payments of the member insurance company and estimated future payments of personal injury protection insurance benefits, with the future payments (initially estimated at current cost levels) then being adjusted to their expected future levels in light of selected claim cost inflation projections; the resultant estimates are adjusted based upon actuarial tables that incorporate actual emerged association mortality and closure experience to reflect the probabilities of each claimant surviving to incur such costs. The Association also includes an estimate for incurred but not reported losses based upon the foregoing data. The methods of estimating losses and loss adjustment reserves are continually reviewed and updated, and any adjustments required are reflected in the current operations. Management believes that losses and loss adjustment reserves are adequate; however, inasmuch as these estimated amounts are based on member-reported information, present value, investment yield, and mortality assumptions (determined by actuarial tables that incorporate actual emerged association mortality and closure experience), the ultimate settlement of these liabilities may be significantly greater or less than such estimates.

The payment of losses and loss adjustment expenses is necessary over a long period of time; therefore, the Association has elected a permitted practice to discount its unpaid losses and loss adjustment expenses. A significant actuarial assumption is that the investment return rate is equal to the discount rate. At June 30, 2015, the actuarially-determined discount rate is 5.4 percent for the short term, gradually progressing to 7.1 percent in the long term. At June 30, 2014, the actuarially determined discount rate was 5.6 percent for the short term, gradually progressing to 7.3 percent in the long term.

Economic assumptions for claim cost inflation and investment returns are formulated based on forecasts utilizing both a short-term and long-term perspective. Using both current economic data and historical long-term Consumer Price Index (CPI) data, inflation assumptions are formulated for the general inflation rate and based on the general inflation rate assumption and the historical relationships between the CPI for all items and various CPI subcomponents for 15 different cost component categories. In formulating the discount rate, the Association's portfolio performance and asset mix as well as historical short-term and long-term investment returns are considered.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

In 2015 there was no change from 2014 in the methodology used to migrate the economic assumptions from the current environment to the long-term assumptions. However, the 2015 analysis developed starting points for fixed-income investments and inflation that were lower, which resulted in lower short-term assumptions for both investment return and inflation. In addition, the projected investment returns were adjusted to reflect changes in the Association's asset mix.

Inflation and investment assumptions used at June 30, 2015 are: (1) inflation assumptions: general inflation rate of 1.9 percent and an annual increase in claim costs for the 15 different cost component categories, other than for non-inflated costs, that range between 0.5 percent and 5.6 percent, for the period from July 1, 2015 to June 30, 2016; then gradually increasing until the long-term assumption for general inflation of 3.1 percent is reached beginning July 1, 2022 and thereafter; then gradually increasing long-term assumptions for the annual increase in the inflation for claim costs for the cost component categories, ranging from 1.8 percent to 7.0 percent, beginning July 1, 2027 and thereafter; and (2) investment return assumptions: rate of 5.4 percent for the period July 1, 2015 to June 30, 2016; then gradually increasing until a long-term rate of 7.1 percent is reached beginning July 1, 2023 and thereafter.

Inflation and investment assumptions used at June 30, 2014 are: (1) inflation assumptions: general inflation rate of 2.3 percent and an annual increase in claim costs for the 15 different cost component categories, other than for non-inflated costs, that range between 0.1 percent and 6.0 percent, for the period from July 1, 2014 to June 30, 2015; then gradually increasing until the long-term assumption for general inflation of 3.1 percent is reached beginning July 1, 2019 and thereafter; then gradually increasing long-term assumptions for the annual increase in the inflation for claim costs for the cost component categories, ranging from 1.9 percent to 7.1 percent, beginning July 1, 2024 and thereafter; and (2) investment return assumptions: rate of 5.6 percent for the period from July 1, 2014 to June 30, 2015; then gradually increasing until a long-term rate of 7.3 percent is reached beginning July 1, 2024 and thereafter.

At June 30, 2015, the amount of discounted liabilities for losses and loss adjustment expenses using the current inflation and investment assumptions, and excluding the current accident year, is $16,850,019,000. Had these discounted liabilities been completed based on the inflation and investment assumptions used at June 30, 2014, the discounted liabilities for losses and loss adjustment expenses would have been $16,723,419,000. The adoption of the new economic assumptions increased the estimated discounted reserves by approximately $126,600,000.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Revenue Recognition - Premium assessments are levied on a fiscal year June 30 basis (encompassing the period from July 1 through June 30) and the basis for calculating each member's annual premium assessment is the member's total written car years of insurance providing the security required by Sections 500.3101 and 500.3103 of the Michigan Insurance Code. Member companies have the option of paying premium assessments on a monthly or annual basis. For each assessment period, a preliminary premium assessment is levied based on a member's total written car years during the immediately preceding assessment period. The preliminary assessment is assessed at the end of each month for member companies electing to pay in equal monthly installments and at the end of August for member companies electing to pay in full. Subsequent to the Association's fiscal year, and as soon as is practicable after the end of each assessment period for which the premium is applicable, a final premium assessment is levied for the period just completed based on actual written car years. Adjustments to the estimated preliminary assessments are recognized in the year the assessment adjustment is billed, as the Association is unable to estimate members' individual or direct written car years.

Assessments are earned and recognized as premium assessments ratably over the premium assessment period. Unearned premium assessments represent the portion of premiums written, which is applicable to the unexpired portion of the assessment, calculated by the application of monthly pro rata fractions.

Members are subject to a triennial premium audit program. The Association recognizes premium adjustments resulting from the audit program in the year the premium adjustment is identified.

The Association's revenue is dependent upon assessments, under applicable statute, to member companies operating in the State of Michigan.

Premium Deficiency Reserve - Management evaluates whether a premium deficiency reserve is necessary at each reporting period. A premium deficiency reserve is required to be recorded if the present value of expected future claim payments, including administrative expenses for the current accident year related to unearned assessable exposures, exceeds the recorded unearned premium reserve. Investment income is a factor in the premium deficiency calculation. No premium deficiency reserve was required at June 30, 2015 and 2014.

Income Tax - The Association has received a determination letter from the Internal Revenue Service indicating that the Association is exempt from income taxes under Internal Revenue Code Section 501(c)(6).

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Use of Estimates - The preparation of financial statements in conformity with prescribed or permitted statutory accounting practices 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 reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Assessment of Losses and Deficits - The Association is a nonprofit organization and, under the applicable statute, all losses and deficits are assessable to member companies. Furthermore, excesses or deficiencies from previous periods may be adjusted in subsequent premium assessments to member companies. Recognizing the difficulty and uncertainty in predicting the projected claim payments for long-term claims in which medical benefits are unlimited, any such excesses or deficiencies may be fully adjusted in a single assessment period or may be adjusted over several periods ratably or in such proportion as the Association's board of directors may deem advisable. The uncertainty in the estimates of the liabilities is primarily due to difficulty in predicting (a) life expectancies, (b) medical cost inflation, (c) investment returns, and (d) claim frequency.

Subsequent Events - The statutory financial statements and related disclosures include evaluation of events up through and including November 12, 2015, which is the date the statutory financial statements were available to be issued.

Note 2 - Investments

The estimated fair value of bonds is based on information published by the Investment Analysis Office (IAO), formerly known as the Securities Valuation Office (SVO), market quotations, and other sources. The amortized cost, gross unrealized gains and losses, estimated fair value of bonds, common stocks, and other invested assets are as follows at June 30, 2015 and 2014 (in thousands of dollars):

	June 30, 2015			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Bonds:				
U.S. government securities	$ 477,504	$ 3,948	$ (7,922)	$ 473,530
Obligations of state and local government	100,848	12,693	(1,671)	111,870
U.S. special revenue	578,663	17,491	(3,805)	592,349
Industrial and miscellaneous	893,075	56,870	(13,474)	936,471
Subtotal	2,050,090	91,002	(26,872)	2,114,220
Common stocks:				
Equity securities	3,768,497	1,548,122	(66,551)	5,288,000
Fixed-income funds	7,903,298	658,779	(748)	8,523,397
Subtotal	11,671,795	2,206,901	(67,299)	13,811,397
Other invested assets	1,228,807	108,705	(1,449)	1,336,063
Total Investments	$ 14,950,692	$ 2,406,608	$ (95,620)	$ 17,261,680

Note 2 - Investments (Continued)

	June 30, 2014			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Bonds:				
U.S. government securities	$ 511,926	$ 8,207	$ (2,040)	$ 518,093
Obligations of state and local government	90,430	17,688	(319)	107,799
U.S. special revenue	844,359	26,219	(2,897)	867,681
Industrial and miscellaneous	808,940	94,673	(624)	902,989
Subtotal	2,255,655	146,787	(5,880)	2,396,562
Common stocks:				
Equity securities	3,694,882	2,361,515	(10,561)	6,045,836
Fixed-income funds	6,895,322	823,922	-	7,719,244
Subtotal	10,590,204	3,185,437	(10,561)	13,765,080
Other invested assets	308,711	80,096	(899)	387,908
Total Investments	$ 13,154,570	$ 3,412,320	$ (17,340)	$ 16,549,550

The amortized cost and fair value of bonds at June 30, 2015 by contractual maturity are shown below (in thousands of dollars). Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 85,026	$ 87,216
Due after one year through five years	338,720	349,079
Due after five years through 10 years	325,100	331,136
Due after10 years	639,097	674,772
Asset-backed securities	466,777	472,200
Mortgage-backed securities	195,370	199,817
Total	$ 2,050,090	$ 2,114,220

Gross sales proceeds from the sales of bonds and common stocks and the related realized gains and losses are as follows (in thousands of dollars):

	2015	2014
Proceeds from sales	$ 6,168,516	$ 1,931,025
Gross realized gains	1,086,647	440,581
Gross realized losses	91,453	31,309

Note 2 - Investments (Continued)

The estimated fair value and gross unrealized losses, by length of time that individual securities have been in a continuous unrealized loss position, are as follows at June 30, 2015 and 2014 (in thousands of dollars):

	June 30, 2015					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Bonds:						
U.S. government securities	$ 189,800	$ (7,820)	$ 9,701	$ (102)	$ 199,501	$ (7,922)
Obligations of state and local government	29,044	(1,462)	12,250	(209)	41,294	(1,671)
U.S. special revenue	131,971	(1,733)	83,269	(2,072)	215,240	(3,805)
Industrial and miscellaneous	318,427	(13,022)	30,539	(452)	348,966	(13,474)
Subtotal	669,242	(24,037)	135,759	(2,835)	805,001	(26,872)
Common stocks	2,077,099	(66,708)	2,389	(591)	2,079,488	(67,299)
Other invested assets	429,531	(734)	41,960	(715)	471,491	(1,449)
Total investments	$ 3,175,872	$ (91,479)	$ 180,108	$ (4,141)	$ 3,355,980	$ (95,620)

	June 30, 2014					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Bonds:						
U.S. government securities	$ 11,165	$ (150)	$ 129,248	$ (1,890)	$ 140,413	$ (2,040)
Obligations of state and local government	14,867	(319)	-	-	14,867	(319)
U.S. special revenue	82,782	(675)	118,817	(2,222)	201,599	(2,897)
Industrial and miscellaneous	2,641	(2)	65,900	(622)	68,541	(624)
Subtotal	111,455	(1,146)	313,965	(4,734)	425,420	(5,880)
Common stocks	125,673	(8,035)	11,689	(2,526)	137,362	(10,561)
Other invested assets	9,427	(241)	14,040	(658)	23,467	(899)
Total investments	$ 246,555	$ (9,422)	$ 339,694	$ (7,918)	$ 586,249	$ (17,340)

Factors considered in evaluating whether a decline in value is other than temporary are: (1) whether the decline is substantial, (2) the Association's ability and intent to retain the investment for a period of time sufficient to allow for anticipated recovery in value, (3) the duration and extent to which market value has been less than cost, (4) the financial condition and near-term prospects of the issuer, (5) impact on market values due to the level of interest rates, (6) changes in rating quality, and (7) the NAIC designation. The amount of other-than-temporary losses that were recognized in operations for the year ended June 30, 2015 and 2014 was not significant.

Note 3 - Securities Lending Program

The Association participates in a custodian bank securities lending program, whereby securities have been lent to various brokers. The collateral provided as security is required, at the inception of the loan, to equal at least 102 percent of the fair value of the loaned securities plus accrued interest. The loaned securities and collateral are required to be marked to market on a daily basis; and if the fair value of the collateral is less than the required value, additional collateral must be posted subject to the custodian's deminimis rule for maintenance margins. The total amount of securities to be lent cannot exceed 10 percent of the Association's total portfolio. Securities loaned at June 30, 2015 and 2014 had fair values as follows (in thousands of dollars):

	2015	2014
U.S. government bonds	$ 334,399	$ 400,402
Corporate bonds	31,475	19,154
Common stocks	130,198	233,907
Fair values of securities loaned	$ 496,072	$ 653,463

Statement of Statutory Accounting Principles No. 103 defines *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities.* In accordance with this standard, the Association has reported the June 30, 2015 and 2014 security lending reinvested collateral as a separate line in the statutory statements of admitted assets, liabilities, and accumulated deficit as of June 30, 2015 and 2014 (securities lending reinvested collateral assets). In addition, the Association has reported a corresponding liability (payable for securities lending). The fair value of the reinvested collateral was $489,802,000 and $686,428,000 at June 30, 2015 and 2014, respectively. This collateral was reinvested in primarily U.S. government, corporate fixed income, and U.S. equity securities as of June 30, 2015. The Association did not recognize an impairment loss during 2015 and 2014. The Association also received noncash collateral with a fair value of approximately $16,996,000 as of June 30, 2015, which is not reflected on the statutory statement of admitted assets, liabilities, and accumulated deficit. To further minimize risks related to the lending program, the custodian bank monitors both the (1) borrower risk, which includes reviews of borrowers and exposure limits, and (2) credit risk, which includes risk reviews and oversight of cash pools and investments.

Note 3 - Securities Lending Program (Continued)

A breakdown of the reinvested collateral at June 30, 2015 by maturity is as follows (in thousands of dollars):

	Amortized Cost	Fair Value
30 days or less	$ 134,634	$ 134,636
31 to 60 days	63,592	63,591
61 to 90 days	89,587	89,593
91 to 120 days	113,384	113,385
121 to 180 days	13,619	13,617
181 to 365 days	37,333	37,315
1 to 2 years	27,975	27,989
2 to 3 years	905	905
Thereafter	8,771	8,771
Total reinvested collateral	489,800	489,802
Noncash collateral	-	16,996
Grand total	$ 489,800	$ 506,798

The securities lending reinvested collateral assets amortized cost included in the above schedule by NAIC designation is as follows as of June 30, 2015 (in thousands of dollars):

NAIC - 1	$ 469,800
NAIC - 2	20,000
Total	$ 489,800

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported or disclosed at fair value in the statutory financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Association has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Note 4 - Fair Value Measurements (Continued)

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Association's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following tables present fair value information about the Association's financial instruments at June 30, 2015 and 2014 and the valuation techniques used by the Association to determine fair values (in thousands of dollars).

	June 30, 2015				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value	Total Carrying Value
Common stocks:					
Publicly-traded common stocks	$ 319,968	$ -	$ -	$ 319,968	$ 319,968
Equity mutual funds	3,315,590	-	-	3,315,590	3,315,590
Equity index funds	-	1,652,442	-	1,652,442	1,652,442
Fixed-income funds	-	8,523,397	-	8,523,397	8,523,397
Subtotal	3,635,558	10,175,839	-	13,811,397	13,811,397
Debt securities:					
U.S. government securities	-	473,530	-	473,530	477,504
Obligations of state and local government	-	111,870	-	111,870	100,848
U.S. special revenue	-	592,349	-	592,349	578,663
Industrial and miscellaneous	-	936,471	-	936,471	893,075
Subtotal	-	2,114,220	-	2,114,220	2,050,090
Other invested assets:					
Private equity funds	-	-	475,484	475,484	475,484
High-yield bank loans	-	860,579	-	860,579	860,579
Subtotal	-	860,579	475,484	1,336,063	1,336,063
Cash and short-term investments	346,953	-	-	346,953	346,953
Total	$ 3,982,511	$ 13,150,638	$ 475,484	$ 17,608,633	$ 17,544,503

Note 4 - Fair Value Measurements (Continued)

	June 30, 2014				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value	Total Carrying Value
Common stocks:					
Publicly-traded common stocks	$ 967,783	$ -	$ -	$ 967,783	$ 967,783
Equity mutual funds	3,601,481	-	-	3,601,481	3,601,481
Equity index funds	-	1,476,573	-	1,476,573	1,476,573
Fixed-income funds	-	7,719,243	-	7,719,243	7,719,243
Subtotal	4,569,264	9,195,816	-	13,765,080	13,765,080
Debt securities:					
U.S. government securities	-	518,093	-	518,093	511,926
Obligations of state and local government	-	107,799	-	107,799	90,430
U.S. special revenue	-	867,681	-	867,681	844,359
Industrial and miscellaneous	-	902,989	-	902,989	808,940
Subtotal	-	2,396,562	-	2,396,562	2,255,655
Other invested assets - Private equity funds	-	-	387,908	387,908	387,908
Cash and short-term investments	506,131	-	-	506,131	506,131
Total	$ 5,075,395	$ 11,592,378	$ 387,908	$ 17,055,681	$ 16,914,774

The following summarizes the valuation methodology used in determining fair value measurements of the significant classes of the Association's financial instruments:

Level 1 Measurements

Cash and short-term investments - The fair values of cash balances are the Association's reported balances. Short-term investments are valued based on unadjusted quoted prices for the identical security in active markets that the Association can access.

Common stocks and equity mutual funds - The fair values are based upon the unadjusted quoted prices for the identical security in active markets that the Association can access.

Level 2 Measurements

U.S. government, obligations of state and local government, U.S. special revenue, and industrial and miscellaneous bonds - The primary inputs to the valuation include quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields, and credit spreads.

Equity index funds and fixed-income funds - A net asset value is provided by a pricing vendor based on observable data.

High-yield bank loans - High-yield bank loans are based on the net asset value of the funds.

Note 4 - Fair Value Measurements (Continued)

Investments whose fair value is estimated using the net asset value are described below (in thousands of dollars):

	June 30, 2015			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Federated Institutional Fixed Income Fund (1)	$ 2,148,690	None	On demand	1 day
Mondrian Intl Equity Fund LP (2)	1,418,940	None	Monthly	15 days
Prudential Institutional Core Conservative Bond Fund (3)	2,711,804	None	On demand	3 days
Prudential Institutional Long Gov't/Credit Bond Fund (4)	998,000	None	On demand	3 days
Aberdeen Emerging Markets Equity Fund (5)	233,502	None	On demand	T+4
Dimensional Fund Advisors Emerging Markets Equity Fund (6)	102,309	None	On demand	Same day
Northern Trust Common US Tips Index Fund (7)	2,562,594	None	On demand	Same day
Babson Bel-Air Loan Fund (8)	431,048	None	On demand	15 days
Invesco SSL Loan Fund (9)	429,531	None	On demand	15 days
Total	$ 11,036,418			

(1) The Association has a noncontrolling equity interest in the Federated Institutional Fixed Income Fund; the objective of the fund is to outperform the Barclays Aggregate Bond Index. The fair value has been determined using the net asset value of the holdings of the fund.

(2) The Association has a noncontrolling equity interest in the Mondrian International Equity Fund; the objective of the fund is to outperform the MSCI-EAFE Index. The fair value has been determined using the net asset value of the holdings of the fund.

(3) The Association has a noncontrolling equity interest in the Prudential Institutional Core Conservative Bond Fund; the objective of the fund is to outperform the Barclays Aggregate Bond Index. The fair value has been determined using the net asset value of the holdings of the fund.

(4) The Association has a noncontrolling equity interest in the Prudential Institutional Long Gov/Cr Bond Fund; the objective of the fund is to outperform the Barclays Long Gov't/Credit Bond Index. The fair value has been determined using the net asset value of the holdings of the fund.

(5) The Association has a noncontrolling equity interest in the Aberdeen Emerging Markets Equity Fund; the objective of the fund is to outperform the MSCI Emerging Markets Index. The fair value has been determined using the net asset value of the holdings of the fund.

(6) The Association has a noncontrolling equity interest in the Dimensional Fund Advisors Emerging Markets Equity Fund; the objective of the fund is to outperform the MSCI Emerging Markets Index. The fair value has been determined using the net asset value of the holdings of the fund.

Note 4 - Fair Value Measurements (Continued)

(7) The Association has a noncontrolling equity interest in the Northern Trust Common US TIPS Index Fund; the objective of the fund is to parallel the performance of the Barclays US TIPS Index. The fair value has been determined using the net asset value of the holdings of the fund.

(8) The Association has a controlling interest in the Babson Bel-Air Loan Fund; the objective of the fund is to parallel the performance of the Credit Suisse Leveraged Loan Index. The fair value has been determined using the net asset value of the holdings of the fund.

(9) The Association has a controlling interest in the Invesco SSL Loan Fund; the objective of the fund is to parallel the performance of the Credit Suisse Leveraged Loan Index. The fair value has been determined using the net asset value of the holdings of the fund.

Level 3 Measurements

Private equity limited partnerships - Valuations represent management's estimation of the price the assets would sell for in the open market.

The following is a summary of changes for the years ended June 30, 2015 and 2014, respectively, in the fair value of Level 3 assets, which are carried at fair value on a recurring basis (in thousands of dollars):

	2015	2014
Balance - Beginning of year	$ 387,908	$ 276,010
Total gains (losses) (realized/unrealized)	-	-
Included in net income	29,246	26,162
Included in surplus	26,278	33,876
Purchases, issuances, and settlements	32,052	51,860
Transfers in and/or out of Level 3	-	-
Balance - End of year	$ 475,484	$ 387,908

Note 5 - Investment Income

Investment income is composed of the following for the years ended June 30, 2015 and 2014 (in thousands of dollars):

	2015	2014
Interest income:		
Fixed maturities	$ 69,357	$ 77,095
Short-term investments	55	48
Dividend income - Common stock	324,701	290,138
Interest income	2,452	3,545
Investment expenses	(19,737)	(18,143)
Net interest income	$ 376,828	$ 352,683

Note 6 - Liability for Losses and Loss Adjustment Reserves

Activity in the discounted liability for losses and loss adjustment reserves is summarized as follows (in thousands of dollars):

	2015	2014
Net balances at beginning of year	$ 17,014,639	$ 16,518,117
Incurred related to:		
Current year	1,078,863	1,105,678
Prior years	911,436	425,457
Total incurred	1,990,299	1,531,135
Paid related to:		
Current year	5,422	10,469
Prior years	1,076,056	1,024,144
Total paid	1,081,478	1,034,613
Net balance - End of year	$ 17,923,460	$ 17,014,639

Each year a re-estimation of unpaid losses and loss adjustment expenses is made based on an ongoing analysis of many factors, including (1) recent loss development trends, (2) continued review of individual claims as additional information is received, (3) frequency and severity trends, and (4) economic assumptions for investment returns and claim cost inflation. In addition, refinements in (1) the underlying actuarial methodology and (2) the mortality and claim closure models are done as warranted.

Unfavorable development relating to prior years incurred in both 2015 and 2014.

For 2015, unfavorable development was primarily the result of the difference in timing of the underlying discounted reserves at different valuation dates (unwinding of the discount) and the change in the economic assumptions. This unfavorable development was offset by unanticipated downward development in reserve estimates. The unwinding of the discount and changes in the economic assumptions increased incurred losses and loss adjustment expenses related to prior years by approximately $922,636,000 and $126,600,000 respectively. The changes in the downward development in reserve estimates decreased incurred losses and loss adjustment expense related to prior years by approximately $137,800,000.

Note 6 - Liability for Losses and Loss Adjustment Reserves (Continued)

For 2014, unfavorable development was primarily the result of the difference in timing of the underlying discounted reserves at different valuation dates (unwinding the discount). This unfavorable development was offset by (1) the effects of the changes in the economic assumptions for claim cost inflation and investment returns, (2) unanticipated downward development in reserve estimates, and (3) changes in the mortality model which was updated to better match the actual results of the Association. The unwinding of the discount increased incurred losses and loss adjustment expense related to prior years by approximately $895,357,000. The changes in the economic assumptions, downward development in reserve estimates, and revisions to the mortality model decreased incurred losses and loss adjustment expense related to prior years by approximately $107,500,000, $112,900,000, and $249,500,000, respectively.

Note 7 - Employee Retirement Plan

The Association, as an employer, participates in the Pension Plan for Insurance Organizations. Substantially all of the Association's employees are covered by this noncontributory qualified defined benefit pension plan. Benefits are based on years of service and the employee's compensation during the last 10 years of employment.

A summary of assets, obligations, and assumptions of the Association's pension plan are as follows at June 30, 2015 and 2014 (in thousands of dollars):

	2015	2014
Benefit obligation at year end	$ 5,361	$ 4,474
Fair value of plan assets at year end	3,640	3,397
Underfunded status of plan	$ (1,721)	$ (1,077)
Accrued benefit cost recognized in the statement of admitted assets, liabilities, and accumulated deficit	$ -	$ -

	2015	2014
Benefit cost	$ 956	$ 658
Employer contributions	224	236
Benefits paid	69	61

Note 7 - Employee Retirement Plan (Continued)

Breakdown of the percentage of plan assets by asset category as of June 30:

	2015	2014
Equity securities	41.00 %	56.00 %
Debt securities	57.40	43.60
Other	1.60	0.40
	100.00 %	100.00 %

Weighted-average assumptions as of June 30:

	2015	2014
Discount rate	4.50 %	4.50 %
Expected return on plan assets	6.25	6.50
Rate of compensation increase	4.00	4.00

The expected long-term rate of return on assets assumption for the year beginning July 1, 2014 is 6.25 percent. This assumption represents the rate of return on plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide the benefits included in the benefit obligation. The assumption has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class. The target asset allocation is 40.0 percent equity securities and 60.0 percent debt securities.

Note 8 - Litigation and Claims

Various legal actions and other claims are pending or may be instituted or asserted in the future against the Association. Some of these matters involve or may involve claims in large amounts or other relief which, if granted, would require very significant expenditures. Management believes that all liabilities on pending legal actions have been adequately included in its established loss reserves.

Litigation is subject to many uncertainties, the outcome of individual litigated matters is not predictable with assurance and it is reasonably possible that some of the foregoing matters could be decided unfavorably to the Association. Although the amount of liability at June 30, 2015, with respect to these matters, cannot be ascertained, management believes that any resulting liability would not materially affect the financial position or results of operations of the Association.

Note 9 - Accumulated Deficit

The portion of accumulated deficit represented by (or reduced by) each item is as follows as of June 30, 2015 and 2014 (in thousands of dollars):

	2015	2014
Net unrealized gains	$ 2,246,857	$ 3,259,748
Nonadmitted assets:		
EDP equipment and software	(2,854)	-
Premium receivable	(282)	(1,265)
Furniture and equipment	(72)	(92)
Prepaid expenses	(38)	(36)

Additional Information

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Independent Auditor's Report on Additional Information

To the Board of Directors
Michigan Catastrophic Claims Association

We have audited the statutory financial statements of Michigan Catastrophic Claims Association (the "Association") as of and for the year ended June 30, 2015 and have issued our report theron dated November 12, 2015, which contained an unmodified opinion on those statutory financial statements with respect to the statutory basis of accounting. Our audit was performed for the purpose of forming an opinion on the statutory financial statements as a whole. The supplemental summary investment schedule and supplemental investment risks interrogatories are presented for compliance with the National Association of Insurance Commissioners' instructions to annual audited financial reports and are not a required part of the statutory financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the statutory financial statements. The information has been subjected to the auditing procedures applied in the audit of the statutory statutory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory financial statements or to the statutory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the statutory financial statements as a whole.

Plante & Moran, PLLC

November 12, 2015

Michigan Catastrophic Claims Association

Supplemental Summary Investment Schedule
(dollars in thousands)
June 30, 2015

	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
Investment Categories	Amount	Percentage	Amount	Percentage
1. Bonds	$ -	- %	$ -	- %
1.1 U.S. treasury securities	446,625	2.477	446,625	2.477
1.2 U.S. government agency obligations (excluding mortgage-backed securities):	-	-	-	-
1.21 Issued by U.S. government agencies	18,945	0.105	18,945	0.105
1.22 Issued by U.S. government sponsored agencies	-	-	-	-
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities)	-	-	-	-
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:	-	-	-	-
1.41 States, territories, and possessions general obligations	61,593	0.342	61,593	0.342
1.42 Political subdivisions of states, territories, and possessions and political subdivisions general obligations	39,255	0.218	39,255	0.218
1.43 Revenue and assessment obligations	16,300	0.090	16,300	0.090
1.44 Industrial development and similar obligations	-	-	-	-
1.5 Mortgage-backed securities (includes residential and commercial MBS):	-	-	-	-
1.51 Pass-through securities:	-	-	-	-
1.511 Issued or guaranteed by GNMA	-	-	-	-
1.512 Issued or guaranteed by FNMA and FHLMC	466,777	2.588	466,777	2.588
1.513 All other	-	-	-	-
1.52 CMOs and REMICs:	-	-	-	-
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC, or VA	107,521	0.596	107,521	0.596
1.522 Issued by non-U.S. government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in line 1.521	-	-	-	-
1.523 All other	18,908	0.105	18,908	0.105
2. Other debt and other fixed-income securities (excluding short term):	-	-	-	-
2.1 Unaffiliated domestic securities (includes tenant loans and hybrid securities)	819,589	4.545	819,589	4.545
2.2 Unaffiliated non-U.S. securities (including Canada)	54,577	0.303	54,577	0.303
2.3 Affiliated securities	-	-	-	-
3. Equity interests:	-	-	-	-
3.1 Investments in mutual funds	-	-	-	-
3.2 Preferred stocks:	-	-	-	-
3.21 Affiliated	-	-	-	-
3.22 Unaffiliated	-	-	-	-
3.3 Publicly traded equity securities (excluding preferred stocks):	-	-	-	-
3.31 Affiliated	-	-	-	-
3.32 Unaffiliated	13,811,397	76.584	13,811,397	76.584
3.4 Other equity securities:	-	-	-	-
3.41 Affiliated	-	-	-	-
3.42 Unaffiliated	-	-	-	-
3.5 Other equity interests, including tangible personal property under lease:	-	-	-	-
3.51 Affiliated	-	-	-	-
3.52 Unaffiliated	-	-	-	-
4. Mortgage loans:	-	-	-	-
4.1 Construction and land development	-	-	-	-
4.2 Agricultural	-	-	-	-
4.3 Single family residential properties	-	-	-	-
4.4 Multifamily residential properties	-	-	-	-
4.5 Commercial loans	-	-	-	-
4.6 Mezzanine real estate loans	-	-	-	-
5. Real estate investments:	-	-	-	-
5.1 Property occupied by Association	-	-	-	-
5.2 Property held for production of income (includes $- of property acquired in satisfaction of debt)	-	-	-	-
5.3 Property held for sale ($- including property acquired in satisfaction of debt)	-	-	-	-
6. Contract loans	-	-	-	-
7. Derivatives	-	-	-	-
8. Receivables for securities	-	-	-	-
9. Securities lending (Line 10, asset page reinvested collateral)	489,800	2.716	489,800	2.716
10. Cash, cash equivalents, and short-term investments	346,953	1.924	346,953	1.924
11. Other invested assets	1,336,063	7.408	1,336,063	7.408
12. Total invested assets	$ 18,034,303	100.000 %	$ 18,034,303	100.000 %

Michigan Catastrophic Claims Association

Supplemental Schedule of Investment Risks Interrogatories
(dollars in thousands)
June 30, 2015

1. Reporting entity's admitted assets, as reported: $ 18,056,730

2. The 10 largest exposures to a single issuer/borrower/investment, by investment category, excluding (i) U.S. government securities, U.S. government agency securities, and those U.S. government money market funds listed in Part 6 of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* as exempt; (ii) property occupied by the Association; (iii) policy loans; and (iv) investment companies (mutual funds) and common trust funds that are diversified within the meaning of the Investment Company Act of 1940, at June 30, 2015 are as follows:

	Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
2.01	Prudential Institutional Core Conservative Bond Fund	Stock	$ 2,711,804	15.018 %
2.02	Vanguard Institutional Index Fund	Stock	2,267,719	12.559
2.03	Federated Institutional Fixed Income Fund	Stock	2,148,690	11.900
2.04	Mondrian Intl Equity Fund LP	Stock	1,418,940	7.858
2.05	Prudential Institutional Long Gov't/Credit Bond Fund	Stock	998,000	5.527
2.06	Vanguard DMIF Index Fund	Stock	446,604	2.473
2.07	Benchmark Diversified	Stock	366,436	2.029
2.08	Aberdeen Emerging Markets Equity Fund	Stock	233,502	1.293
2.09	Vanguard Small Cap Value Index Fund	Stock	232,469	1.287
2.10	Vanguard Mid Cap Index Fund	Stock	194,672	1.078

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC designation:

	Bonds				Preferred Stocks		
	Rating	Amount	Percent		Rating	Amount	Percent
3.01	NAIC-1	$ 1,656,720	9.175 %	3.07	P/RP-1	$ -	- %
3.02	NAIC-2	358,282	1.984	3.08	P/RP-2	-	-
3.03	NAIC-3	27,075	0.150	3.09	P/RP-3	-	-
3.04	NAIC-4	6,559	0.036	3.10	P/RP-4	-	-
3.05	NAIC-5	-	-	3.11	P/RP-5	-	-
3.06	NAIC-6	1,454	0.008	3.12	P/RP-6	-	-

4. Assets held in foreign investments:

4.01	Are assets held in foreign investments less than 2.5 percent of admitted assets?	Yes

5. Aggregate foreign investment exposure categorized by NAIC sovereign rating: Not Applicable

Supplemental Schedule of Investment Risks Interrogatories (dollars in thousands)(Continued) As of June 30, 2015

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign designation: Not Applicable

7. Aggregate unhedged foreign currency exposure: Not Applicable

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation: Not Applicable

9. Largest unhedged foreign investment exposures by country, categorized by the country's NAIC sovereign designation: Not Applicable

10. The 10 largest non-sovereign (i.e. non-governmental) foreign issues: Not Applicable

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:

11.01 Are assets held in Canadian investments less than 2.5 percent of total admitted assets? Yes

12. Aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions:

12.01 Are assets held in investments with contractual sales restrictions less than 2.5 percent of total admitted assets? Yes

13. Amounts and percentages of admitted assets held in the 10 largest equity interests:

13.01 Are assets held in equity interests less than 2.5 percent of the reporting entity's total admitted assets? No

	Name of Issuer	Amount	Percentage
13.02	Prudential Institutional Core Conservative Bond Fund	$ 2,711,804	15.018 %
13.03	Northern Trust Common US Tips Index Fund	2,562,594	14.192
13.04	Vanguard Institutional Index Fund	2,267,719	12.559
13.05	Federated Institutional Fixed Income Fund	2,148,690	11.900
13.06	Mondrian Intl Equity Fund LP	1,418,940	7.858
13.07	Prudential Institutional Long Gov't/Credit Bond Fund	998,000	5.527
13.08	Vanguard DMIF index fund	446,604	2.473
13.09	Benchmark Diversified	366,436	2.029
13.10	Aberdeen Emerging Markets Equity Fund	233,502	1.293
13.11	Vanguard small cap value index fund	232,469	1.287

Michigan Catastrophic Claims Association

Supplemental Schedule of Investment Risks Interrogatories
(dollars in thousands)(Continued)
As of June 30, 2015

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:

14.01	Are assets held in nonaffiliated, privately placed equities less than 2.5 percent of the reporting entity's total admitted assets?		Yes	
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities	$ -	-	%
	Largest three investments held in nonaffiliated, privately placed equities:			
14.03		-	-	
14.04		-	-	
14.05		-	-	

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:

15.01	Are assets held in general partnership interests less than 2.5 percent of total admitted assets?	Yes

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:

16.01	Are mortgage loans reported in Schedule B less than 2.5 percent of total admitted assets?	Yes

17. Aggregate mortgage loans having the following loan-to-value ratios as determined by the most current appraisal as of the annual statement date: Not Applicable

18. Amounts and percentages of the reporting entity's total admitted assets in each of the five largest investments in real estate:

18.01	Are assets held in real estate less than 2.5 percent of total admitted assets?	Yes

19. Aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans:

19.01	Are assets held in investments held in mezzanine real estate loans less than 2.5 percent of the reporting entity's total assets?	Yes

Supplemental Schedule of Investment Risks Interrogatories (dollars in thousands)(Continued) As of June 30, 2015

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

		At Year End		At End of Each Quarter		
				1st Qtr	2nd Qtr	3rd Qtr
20.01	Securities lending (do not include asset held as collateral for such transactions)	$ 496,072	2.747 %	$ 798,682	$ 699,472	$ 521,413
20.02	Repurchase agreements	-	-	-	-	-
20.03	Reverse repurchase agreements	-	-	-	-	-
20.04	Dollar repurchase agreements	-	-	-	-	-
20.05	Dollar reverse repurchase agreements	-	-	-	-	-

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:

The Association does not have any of these types of warrants.

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

The Association does not have collars, swaps, or forwards.

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

The Association does not have futures contracts.