

ANNUAL STATEMENT
OF THE
MICHIGAN CATASTROPHIC
CLAIMS ASSOCIATION
of
LIVONIA
in the
STATE OF MICHIGAN
TO THE
INSURANCE DEPARTMENT
OF THE
STATE OF MICHIGAN

FOR THE YEAR ENDED
JUNE 30, 2016

JUNE 30, 2016

PROPERTY AND CASUALTY

JUNE 30, 2016



0000201620100100 (NAIC code not entered)

2016

Document Code: 201

ANNUAL STATEMENT
For the Fiscal Year Ending JUNE 30, 2016
OF THE CONDITION AND AFFAIRS OF THE
MICHIGAN CATASTROPHIC CLAIMS ASSOCIATION

NAIC Group Code	0000 (Current Period)	0000 (Prior Period)	NAIC Company Code	AA-9991159	Employer's ID Number	38-2227794
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Incorporated/Organized	07/01/1978		Commenced Business	07/01/1978		
Statutory Home Office	17584 Laurel Park Drive North (Street and Number)		Livonia, MI, 48152 (City or Town, State, Country and Zip Code)			
Main Administrative Office			17584 Laurel Park Drive North (Street and Number)			
	Livonia, MI, 48152 (City or Town, State, Country and Zip Code)				(734)953-2779 (Area Code) (Telephone Number)	
Mail Address	17584 Laurel Park Drive North (Street and Number or P.O. Box)		Livonia, MI, 48152 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records			17584 Laurel Park Drive North (Street and Number)			
	Livonia, MI, 48152 (City or Town, State, Country and Zip Code)				(734)953-2779 (Area Code) (Telephone Number)	
Internet Website Address	www.michigancatastrophic.com					
Statutory Statement Contact	James D. Lunsted (Name)		(734)953-2779-103 (Area Code)(Telephone Number)(Extension)			
	jlunsted@micatastrophic.com (E-Mail Address)		(734)953-9511 (Fax Number)			

OFFICERS

Name	Title
Gloria Freeland	Executive Director
James D. Lunsted	Controller

OTHERS

DIRECTORS OR TRUSTEES

Auto Club Insurance Association
Citizens Insurance Company of America
Farmers Insurance Exchange

Auto-Owners Insurance Company
State Farm Mutual Automobile Insurance
Director, Michigan Department of Insurance & Financial Services Ex-Officio Member

State of Michigan
County of Wayne ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Gloria Freeland
(Signature)
Gloria Freeland
(Printed Name)
1.
Executive Director
(Title)

James D. Lunsted
(Signature)
James D. Lunsted
(Printed Name)
2.
Controller
(Title)

(Signature)

(Printed Name)
3.

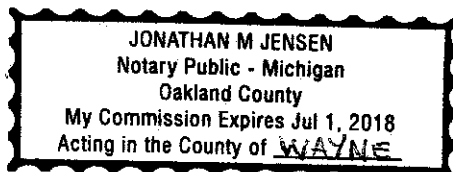
(Title)

Subscribed and sworn to before me this
29th day of SEPT, 2016

Jonathan M. Jensen
(Notary Public Signature)

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

Yes[X] No[]



ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	2,092,752,882		2,092,752,882	2,050,090,310
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks	14,335,325,972		14,335,325,972	13,811,396,756
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances)				
4.2	Properties held for the production of income (less \$.....0 encumbrances)				
4.3	Properties held for sale (less \$.....0 encumbrances)				
5.	Cash (\$.....(378,365), Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....341,292,203, Schedule DA)	340,913,838		340,913,838	346,952,919
6.	Contract loans (including \$.....0 premium notes)				
7.	Derivatives (Schedule DB)				
8.	Other invested assets (Schedule BA)	1,405,939,259		1,405,939,259	1,336,063,272
9.	Receivables for securities	5,938,927		5,938,927	
10.	Securities Lending Reinvested Collateral Assets (Schedule DL)	296,658,018		296,658,018	489,799,882
11.	Aggregate write-ins for invested assets				
12.	Subtotals, cash and invested assets (Lines 1 to 11)	18,477,528,896		18,477,528,896	18,034,303,139
13.	Title plants less \$.....0 charged off (for Title insurers only)				
14.	Investment income due and accrued	18,079,032		18,079,032	21,691,507
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection	10,037,856	24,727	10,013,129	580,706
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums)				
15.3	Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0)				
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers				
16.2	Funds held by or deposited with reinsured companies				
16.3	Other amounts receivable under reinsurance contracts				
17.	Amounts receivable relating to uninsured plans				
18.1	Current federal and foreign income tax recoverable and interest thereon				
18.2	Net deferred tax asset				
19.	Guaranty funds receivable or on deposit				
20.	Electronic data processing equipment and software	3,489,786	3,477,869	11,917	16,827
21.	Furniture and equipment, including health care delivery assets (\$.....0)	52,023	52,023		
22.	Net adjustment in assets and liabilities due to foreign exchange rates				
23.	Receivables from parent, subsidiaries and affiliates				
24.	Health care (\$.....0) and other amounts receivable				
25.	Aggregate write-ins for other than invested assets	187,071	39,010	148,061	137,086
26.	TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	18,509,374,664	3,593,629	18,505,781,035	18,056,729,265
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28.	TOTAL (Lines 26 and 27)	18,509,374,664	3,593,629	18,505,781,035	18,056,729,265
DETAILS OF WRITE-INS					
1101.	.....			
1102.	.....			
1103.	.....			
1198.	Summary of remaining write-ins for Line 11 from overflow page				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501.	Prepaid Expense	39,010	39,010		
2502.	Miscellaneous Receivable	148,061		148,061	137,086
2503.	.....			
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	187,071	39,010	148,061	137,086

LIABILITIES, SURPLUS AND OTHER FUNDS

		1	2
		Current Year	Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	19,465,364,000	17,755,489,000
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	181,514,000	167,971,000
4.	Commissions payable, contingent commissions and other similar charges		
5.	Other expenses (excluding taxes, licenses and fees)	4,756,567	4,767,812
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1	Current federal and foreign income taxes (including \$.....0 on realized capital gains (losses))		
7.2	Net deferred tax liability		
8.	Borrowed money \$.....0 and interest thereon \$.....0		
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....0 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act)	268,323,000	327,981,000
10.	Advance premiums		
11.	Dividends declared and unpaid:		
11.1	Stockholders		
11.2	Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)		
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14.	Amounts withheld or retained by company for account of others	3,414	4,320
15.	Remittances and items not allocated		
16.	Provision for reinsurance (including (\$.....0 certified)) (Schedule F, Part 8)		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding		
19.	Payable to parent, subsidiaries and affiliates		
20.	Derivatives		
21.	Payable for securities	24,811,160	
22.	Payable for securities lending	296,658,018	489,799,882
23.	Liability for amounts held under uninsured plans		
24.	Capital notes \$.....0 and interest thereon \$.....0		
25.	Aggregate write-ins for liabilities	5,781,037	1,648,291
26.	TOTAL Liabilities excluding protected cell liabilities (Lines 1 through 25)	20,247,211,196	18,747,661,305
27.	Protected cell liabilities		
28.	TOTAL Liabilities (Lines 26 and 27)	20,247,211,196	18,747,661,305
29.	Aggregate write-ins for special surplus funds		
30.	Common capital stock		
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds		
33.	Surplus notes		
34.	Gross paid in and contributed surplus		
35.	Unassigned funds (surplus)	(1,741,430,161)	(690,932,040)
36.	Less treasury stock, at cost:		
36.1	.....0 shares common (value included in Line 30 \$.....0)		
36.2	.....0 shares preferred (value included in Line 31 \$.....0)		
37.	Surplus as regards policyholders (Lines 29 to 35, minus 36) (Page 4, Line 39)	(1,741,430,161)	(690,932,040)
38.	TOTALS (Page 2, Line 28, Column 3)	18,505,781,035	18,056,729,265
DETAILS OF WRITE-INS			
2501.	Premium Refunds Payable	3,347,575	1,648,291
2502.	Unfunded Pension Liability	2,433,462	
2503.	.....	
2598.	Summary of remaining write-ins for Line 25 from overflow page		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	5,781,037	1,648,291
2901.	.....	
2902.	.....	
2903.	.....	
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201.	.....	
3202.	.....	
3203.	.....	
3298.	Summary of remaining write-ins for Line 32 from overflow page		
3299.	TOTALS (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

		1	2
		Current	Prior
		Year	Year
UNDERWRITING INCOME			
1.	Premiums earned (Part 1, Line 35, Column 4)	1,167,201,320	1,320,004,312
DEDUCTIONS			
2.	Losses incurred (Part 2, Line 35, Column 7)	2,821,708,157	1,970,498,577
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	25,668,421	19,799,525
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	2,365,088	1,861,977
5.	Aggregate write-ins for underwriting deductions		
6.	TOTAL Underwriting Deductions (Lines 2 through 5)	2,849,741,666	1,992,160,079
7.	Net income of protected cells		
8.	Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(1,682,540,346)	(672,155,767)
INVESTMENT INCOME			
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	351,613,055	376,827,867
10.	Net realized capital gains (losses) less capital gains tax of \$.....0 (Exhibit of Capital Gains (Losses))	1,302,672	1,021,591,114
11.	Net investment gain or (loss) (Lines 9 + 10)	352,915,727	1,398,418,981
OTHER INCOME			
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....0)		
13.	Finance and service charges not included in premiums		
14.	Aggregate write-ins for miscellaneous income	2,657	2,866,870
15.	TOTAL Other Income (Lines 12 through 14)	2,657	2,866,870
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(1,329,621,962)	729,130,084
17.	Dividends to policyholders		
18.	Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(1,329,621,962)	729,130,084
19.	Federal and foreign income taxes incurred	1,099,932	462,662
20.	Net income (Line 18 minus Line 19) (to Line 22)	(1,330,721,894)	728,667,422
CAPITAL AND SURPLUS ACCOUNT			
21.	Surplus as regards policyholders, June 30 prior year (Page 4, Line 39, Column 2)	(690,932,040)	(410,531,574)
22.	Net income (from Line 20)	(1,330,721,894)	728,667,422
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0	282,801,424	(1,007,215,120)
25.	Change in net unrealized foreign exchange capital gain (loss)		
26.	Change in net deferred income tax		
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets Line 28, Column 3)	(347,956)	(1,852,768)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles		
32.	Capital changes:		
32.1	Paid in		
32.2	Transferred from surplus (Stock Dividend)		
32.3	Transferred to surplus		
33.	Surplus adjustments:		
33.1	Paid in		
33.2	Transferred to capital (Stock Dividend)		
33.3	Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders		
36.	Change in treasury stock (Page 3, Line 36.1 and 36.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	(2,229,695)	
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	(1,050,498,121)	(280,400,466)
39.	Surplus as regards policyholders, June 30 current year (Line 21 plus Line 38) (Page 3, Line 37)	(1,741,430,161)	(690,932,040)
DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0598.	Summary of remaining write-ins for Line 5 from overflow page		
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)		
1401.	Late Charges	1,433	2,833,961
1402.	Miscellaneous Income	1,224	32,782
1403.	Miscellaneous Charge Off		127
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	2,657	2,866,870
3701.	Change in Unrecognized Pension Liability	(2,229,695)	
3702.			
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	TOTALS (Lines 3701 through 3703 plus 3798) (Lines 37 above)	(2,229,695)	

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	1,100,067,667	1,323,883,595
2.	Net investment income	364,233,076	390,775,499
3.	Miscellaneous income	2,657	2,866,870
4.	TOTAL (Lines 1 through 3)	1,464,303,400	1,717,525,964
5.	Benefit and loss related payments	1,111,833,157	1,070,239,577
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	14,498,911	13,089,055
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses)	1,099,932	462,662
10.	TOTAL (Lines 5 through 9)	1,127,432,000	1,083,791,294
11.	Net cash from operations (Line 4 minus Line 10)	336,871,400	633,734,670
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	629,015,556	1,968,762,479
12.2	Stocks	257,137,720	4,199,753,973
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets	70,767,800	73,511,432
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds	18,872,233	
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7)	975,793,309	6,242,027,884
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	673,387,954	1,740,130,199
13.2	Stocks	548,938,145	4,328,283,157
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets	95,932,362	964,361,409
13.6	Miscellaneous applications		
13.7	TOTAL Investments acquired (Lines 13.1 to 13.6)	1,318,258,461	7,032,774,765
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(342,465,152)	(790,746,881)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(445,329)	(2,165,364)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(445,329)	(2,165,364)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(6,039,081)	(159,177,575)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	346,952,919	506,130,494
19.2	End of year (Line 18 plus Line 19.1)	340,913,838	346,952,919

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

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