First Mercury Insurance Company, NAIC #10657
Fairfax Financial Holdings Limited

### Income/Loss Trends ($000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Underwriting Results</th>
<th>Net Investment Result</th>
<th>Net Income</th>
<th>Dividends to Stockholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2018</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2019</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Combined Ratio (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Loss Ratio</th>
<th>PH Div Ratio</th>
<th>Expense Ratio</th>
<th>Combined Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>2018</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>2019</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

### Premium Trends ($000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Prem Written</th>
<th>Net Prem Written</th>
<th>Net Prem Earned</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>50,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>100,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>150,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 2019 Investment Portfolio

- Cash & S/T Inv. 47%
- Bonds 41%
- Other 12%

### 2019 Top 5 Geographies (DPW - $000)

- TX - $33,200
- CA - $31,756
- NY - $25,743
- WA - $7,924
- FL - $5,628
- All Other - $65,010

### Total NY State DPW

- $25,743

### Total US ex Terr DPW

- $169,261

### Total All Lines

- $169,308

### Top 5 Reinsurers for First Mercury Insurance Co. by Gross Recoverables

**Period: 2019**

<table>
<thead>
<tr>
<th>Reinsurer</th>
<th>Reinsurance Class</th>
<th>Reins Authorized Status</th>
<th>Gross Recov</th>
<th>Over 120 Days Overdue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - United States Fire Insurance Company</td>
<td>US Affiliated Pooling</td>
<td>Authorized</td>
<td>712,246</td>
<td>0</td>
</tr>
<tr>
<td>2 -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**#DIV/0 error messages occur in instances where the denominator of the ratio are zero (i.e. zero premium or reserves due to a 100% quota share).**
HISTORY
First Mercury Insurance Company (First Mercury) was incorporated in the State of Illinois in June 1996, as a subsidiary of the First Mercury Syndicate, a member of the Illinois Insurance Exchange (IIE). The Syndicate transferred a $35 million loss portfolio transfer to First Mercury, withdrew from the IIE and was merged into First Mercury. In 1998 Fairfax Financial Holding Limited (Fairfax), Toronto, Canada, acquired the Crum & Forster Insurance Group (C&F) from Xerox. In February 2011, First Mercury was acquired by Fairfax and contributed to C&F. The company has been eligible to write surplus lines business in New York since November 8, 2004. On October 28, 2015, First Mercury re-domesticated to Delaware. As of December 31, 2019, First Mercury is a Delaware domestic surplus lines insurer and operated on a non-admitted basis in forty nine (49) states, the District of Columbia and the U.S. Virgin Islands.

REINSURANCE
First Mercury maintains a 100% quota share agreement with an affiliate, United States Fire Insurance Company, a subsidiary of C&F. As a result of the quota share agreement, no values are reported for net premiums written or earned, underwriting income, and the various combined ratio trends. As such, the financial strength of the company is heavily dependent on the credit risk of C&F/Fairfax, as well as investment risk of its own investment portfolio, managed in common by Fairfax. For the years 2017 through 2019, First Mercury net reinsurance recoverable totaled $874m, $605m and $708m, reflecting 1,657%, 947% and 1,069% of Co. surplus.

HOLDING COMPANY
Founded in 1951 as Markel Service Company of Canada, specializing in Canadian trucking insurance, the company was renamed Markel Financial Holdings, Ltd in 1976. In 1985, the investor Prem Watsa, with partner Tony Hamlin, of the investment firm, Hamblin Watsa Investment Counsel, Ltd, Toronto, Canada, acquired control of Markel Financial Holdings and renamed the group Fairfax Financial Holdings, Ltd (Fairfax) (short for “fair, friendly acquisitions” in 1987. Fairfax through its subsidiaries is engaged in property and casualty insurance, reinsurance, Lloyds, insurance services, claims management and associated investment management. Fairfax operates primarily through several subsidiaries, including Odyssey Re, Northbridge Financial, Crum & Forster, Allied World, Verassure Insurance, Onlia Agency Inc., and Zenith Insurance Company. For the years 2017 through 2019, AM Best and S&P rated thirty three (33) insurance subsidiaries of the Fairfax Group, including First Mercury Insurance Company as ‘A / A-’ and were assigned the financial size of XV ($2bn >).

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.
ULTIMATE PARENT – Fairfax Financial Holdings Limited

Corporate Profile
Address: Fairfax Financial Holdings Limited
95 Wellington Street, West
Toronto, - , -
Website: https://www.fairfax.ca/
President :  
Ticker Symbol: TSX: FFH
2019 Form 10-K: NA

Financial Strength Ratings
S&P Global: -
Moody’s: -
Fitch: -
AM Best - P&C: -

Highlights ($000)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>43,384,400</td>
<td>64,090,100</td>
<td>64,372,100</td>
<td>70,508,500</td>
</tr>
<tr>
<td>Total Policy Reserves</td>
<td>23,222,200</td>
<td>34,562,500</td>
<td>35,353,900</td>
<td>35,722,600</td>
</tr>
<tr>
<td>Total Debt</td>
<td>4,767,600</td>
<td>6,414,100</td>
<td>6,480,400</td>
<td>8,729,000</td>
</tr>
<tr>
<td>Total Other Liabilities</td>
<td>2,660,000</td>
<td>3,423,100</td>
<td>3,921,900</td>
<td>8,149,700</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>31,564,300</td>
<td>45,678,100</td>
<td>47,006,900</td>
<td>52,601,300</td>
</tr>
<tr>
<td>Total Equity</td>
<td>11,820,100</td>
<td>18,412,000</td>
<td>17,365,200</td>
<td>17,907,200</td>
</tr>
<tr>
<td>Total Liab &amp; Equity</td>
<td>43,384,400</td>
<td>64,090,100</td>
<td>64,372,100</td>
<td>70,508,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book Value / Share ($)</td>
<td>367.40</td>
<td>449.55</td>
<td>432.46</td>
<td>486.10</td>
</tr>
<tr>
<td>Reserves / Investments &amp; Cash (x)</td>
<td>0.81</td>
<td>0.88</td>
<td>0.91</td>
<td>0.91</td>
</tr>
<tr>
<td>Reserves / Liabilities (x)</td>
<td>0.74</td>
<td>0.76</td>
<td>0.75</td>
<td>0.68</td>
</tr>
<tr>
<td>Reserves / Equity (x)</td>
<td>1.96</td>
<td>1.88</td>
<td>2.04</td>
<td>1.99</td>
</tr>
<tr>
<td>Debt / Equity (x)</td>
<td>0.40</td>
<td>0.35</td>
<td>0.37</td>
<td>0.49</td>
</tr>
<tr>
<td>Dec. 31 Closing Price ($)</td>
<td>483.45</td>
<td>533.73</td>
<td>440.43</td>
<td>470.10</td>
</tr>
<tr>
<td>Net Income ($)</td>
<td>-394,700</td>
<td>1,614,900</td>
<td>817,900</td>
<td>1,971,200</td>
</tr>
<tr>
<td>Basic EPS ($)</td>
<td>-24.18</td>
<td>66.74</td>
<td>12.03</td>
<td>72.80</td>
</tr>
<tr>
<td>Investment Yield (%)</td>
<td>-2.11</td>
<td>6.84</td>
<td>3.18</td>
<td>6.81</td>
</tr>
<tr>
<td>Ratios (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss Ratio</td>
<td>58.20</td>
<td>72.30</td>
<td>62.70</td>
<td>63.10</td>
</tr>
<tr>
<td>Expense Ratio</td>
<td>34.30</td>
<td>34.30</td>
<td>34.60</td>
<td>33.80</td>
</tr>
<tr>
<td>PH Dividend Ratio</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Combined Ratio</td>
<td>92.50</td>
<td>106.60</td>
<td>97.30</td>
<td>96.90</td>
</tr>
</tbody>
</table>

Company Description and Notes
Industries: Property and Casualty Insurance, Reinsurance, Lloyds, Insurance Services, Claims Management and Associated Investment Management

Geography: Americas, Caribbean, Britain, European Union, India

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.