## MT. HAWLEY INSURANCE COMPANY, NAIC #37974
### RLI CORP

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Assets ($000)</th>
<th>Total Liabilities ($000)</th>
<th>Policyholder Surplus ($000)</th>
<th>Cash &amp; Invested Assets ($000)</th>
<th>Net Cash from Operations ($000)</th>
<th>Loss &amp; LAE Reserves ($000)</th>
<th>Loss &amp; LAE Reserves/Policyholder Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>945,763</td>
<td>504,536</td>
<td>441,227</td>
<td>903,188</td>
<td>83,510</td>
<td>372,303</td>
<td>84.4%</td>
</tr>
<tr>
<td>2018</td>
<td>1,036,027</td>
<td>566,383</td>
<td>469,645</td>
<td>986,010</td>
<td>97,247</td>
<td>434,090</td>
<td>95.2%</td>
</tr>
<tr>
<td>2019</td>
<td>1,170,798</td>
<td>623,450</td>
<td>547,348</td>
<td>1,126,742</td>
<td>111,786</td>
<td>471,602</td>
<td>96.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>RBC Ratio (%)</th>
<th>2yr Res Development</th>
<th>2yr Dev/ Surplus</th>
<th>Affiliated Common Stock</th>
<th>Affiliated CS / Surplus</th>
<th>Net Reins Recoverable</th>
<th>Net Reins Rec / Surplus</th>
<th>AMB / S&amp;P Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>666.2</td>
<td>-38,581</td>
<td>-8.6%</td>
<td>106,923</td>
<td>24.2%</td>
<td>106,032</td>
<td>24.0%</td>
<td>A+ / A+</td>
</tr>
<tr>
<td>2018</td>
<td>624.0</td>
<td>-27,052</td>
<td>-6.0%</td>
<td>132,845</td>
<td>28.3%</td>
<td>140,345</td>
<td>29.9%</td>
<td>A+ / A+</td>
</tr>
<tr>
<td>2019</td>
<td>636.6</td>
<td>-33,186</td>
<td>-7.5%</td>
<td>190,879</td>
<td>34.9%</td>
<td>124,323</td>
<td>22.7%</td>
<td>A+ / A+</td>
</tr>
</tbody>
</table>

### Income/Loss Trends ($000)

- Net Underwriting Results
- Net Investment Result
- Net Income
- Dividends to Stockholders

### Combined Ratio (%)

- Loss Ratio
- PH Div Ratio
- Expense Ratio
- Combined Ratio

### Premium Trends ($000)

- Gross Prem Written
- Net Prem Written
- Net Prem Earned

### 2019 Investment Portfolio

- Cash & S/T Inv. 1%
- Bonds 71%
- Common Stock 28%

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

- NY - $90,788
- CA - $74,709
- FL - $59,316
- TX - $48,978
- LA - $14,185
- All Other - $63,589

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

- Oth Liab (Occurrence) - 54.8%
- Allied Lines - 15.4%
- Fire - 9.4%
- Earthquake - 7.6%
- Inland Marine - 6.6%
- All Other - 6.1%

### Total NY State DPW

- $90,788

### Total All Lines

- $351,594

### Top 5 Reinsurers for Mt. Hawley Insurance Co. by Gross Recoverables

<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 - Munich Reinsurance America, Inc.</td>
<td>US Unaffiliated</td>
<td>Authorized</td>
<td>25,494</td>
<td>0</td>
</tr>
<tr>
<td>2 - Aspen Insurance UK Limited</td>
<td>Non-US Unaffiliated</td>
<td>Authorized</td>
<td>12,458</td>
<td>0</td>
</tr>
<tr>
<td>3 - Hannover Rück SE</td>
<td>US Unaffiliated</td>
<td>Authorized</td>
<td>12,374</td>
<td>0</td>
</tr>
<tr>
<td>4 - Toa Reinsurance Company of America</td>
<td>US Unaffiliated</td>
<td>Authorized</td>
<td>12,129</td>
<td>0</td>
</tr>
<tr>
<td>5 - Renaissance Reinsurance U.S. Inc.</td>
<td>US Unaffiliated</td>
<td>Authorized</td>
<td>10,585</td>
<td>0</td>
</tr>
</tbody>
</table>
HISTORY
Mt. Hawley Insurance Company (Mt. Hawley) was incorporated in the State of Delaware in October 1979, as a subsidiary of the RLI Corporation (RLI). In December 1995, the company was merged into an affiliate, Mt. Hawley Insurance Company (Kansas), with Mt. Hawley Insurance Company being the surviving name. The company re-domesticated to Illinois in April 1999. Financial and operations control of the company remains under RLI. The company has been eligible to write surplus lines business in New York at least since ELANY’s inception in 1989. As of December 31, 2019, Mt. Hawley is an Illinois domestic surplus lines insurer and operated on a non-admitted basis in forty-nine (49) states, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands.

REINSURANCE
All reinsurance was provided by unaffiliated, known and authorized reinsurers. For the years 2017 through 2019, respectively, Mt. Hawley net reinsurance recoverable was shown as $106m, $140m and $191m, representing 24%, 30% and 23% of company surplus.

HOLDING COMPANY
Founded in 1965 as Replacement Lens, Inc., a manufacturer of contact lens, RLI Corp. has grown into a specialty property and casualty and surety company. Headquarters in Peoria, Illinois, the company provides underwriting expertise and superior to commercial and personal lines customers nationwide. RLI also offers clients support with Captive insurance arrangement in administration, fronting, claims management and actuarial support. RLI’s products are offered through its insurance subsidiaries – RLI Insurance Company, Mt. Hawley Insurance Company and Contractors Bonding and Insurance Company. AM Best collectively rates the five (5) insurance subsidiaries of the RLI group, including Mt. Hawley Insurance Company. For the years 2017 through 2019 the group was rated by AM Best and S&P as ‘A+/A+’ and assigned the financial size of XII ($1bn - $1.25bn).

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 – RLI Corp

Corporate Profile

Address: RLI Corp.
9025 North Lindbergh Drive
Peoria, IL, 61615

Website: https://www.rlicorp.com/
President : Craig William Kliethermes
Ticker Symbol: NYSE: RLI

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>2,777,633</td>
<td>2,947,244</td>
<td>3,105,065</td>
<td>3,545,721</td>
</tr>
<tr>
<td>Total Policy Reserves</td>
<td>1,573,114</td>
<td>1,722,952</td>
<td>1,957,853</td>
<td>2,114,565</td>
</tr>
<tr>
<td>Total Debt</td>
<td>148,741</td>
<td>148,928</td>
<td>149,115</td>
<td>173,777</td>
</tr>
<tr>
<td>Total Other Liabilities</td>
<td>149,784</td>
<td>146,374</td>
<td>144,426</td>
<td>179,573</td>
</tr>
<tr>
<td>Sep Account Liabilities</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>1,954,061</td>
<td>2,093,646</td>
<td>2,298,223</td>
<td>2,550,333</td>
</tr>
<tr>
<td>Total Equity</td>
<td>823,572</td>
<td>853,598</td>
<td>806,842</td>
<td>995,388</td>
</tr>
<tr>
<td>Total Liab &amp; Equity</td>
<td>2,777,633</td>
<td>2,947,244</td>
<td>3,105,065</td>
<td>3,545,721</td>
</tr>
</tbody>
</table>

Book Value / Share ($) | 18.74 | 19.33 | 18.13 | 22.18 |
Reserves / Investments & Cash (x) | 0.75 | 0.77 | 0.86 | 0.79 |
Reserves / Liabilities (x) | 0.81 | 0.82 | 0.85 | 0.83 |
Reserves / Equity (x) | 1.91 | 2.02 | 2.43 | 2.12 |
Debt / Equity (x) | 0.18 | 0.17 | 0.18 | 0.17 |
Dec. 31 Closing Price ($) | 63.13 | 60.66 | 68.99 | 90.02 |
Net Income ($) | 114,920 | 105,028 | 64,179 | 191,642 |
Basic EPS ($) | 2.63 | 2.39 | 1.45 | 4.28 |
Investment Yield (%) | 4.96 | 3.68 | 1.98 | 7.80 |
Ratios (%) | | | | |
Loss Ratio | 48.00 | 54.40 | 54.10 | 49.30 |
Expense Ratio | 41.50 | 42.00 | 40.60 | 42.60 |
PH Dividend Ratio | 0.00 | 0.00 | 0.00 | 0.00 |
Combined Ratio | 89.50 | 96.40 | 94.70 | 91.90 |

Company Description and Notes

Industries: Specialty Property and Casualty Insurance, Surety Insurance, Captive Companies Administration and Fronting, Insurance Services, Claims Management and Associated Investment Management

Geography: United States

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.