

State of Minnesota

District Court

County of Ramsey

Second Judicial District

62-CV-11-9400

In Re: The Matter of the Liquidation of  
Minnesota Surety and Trust Company

QUARTERLY REPORT  
MINN. STAT. § 60B.25

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**REPORT ON PROGRESS OF LIQUIDATION PROCEEDINGS**

**April 1, 2015**

NOW COMES Mike Rothman, Commissioner of Commerce of the State of Minnesota, in his capacity as the statutory and court-appointed liquidator of Minnesota Surety and Trust Company, ("MSTC") and for his summary of progress and current status of the MSTC liquidation proceedings, states as follows:

1. The court placed MSTC in liquidation on November 22, 2011.
2. The court appointed the Commissioner of the Minnesota Department of Commerce (hereinafter "Commerce") as liquidator of MSTC.
3. MSTC, a Minnesota insurance company, was also licensed as a trust company and actively administered a number of trusts.

**REPORT**

**I. Financial Statements**

4. The Liquidator attaches hereto as Exhibit A the financial statement for MTSC as of December 31, 2014.

**II. Notice and Claims**

5. The Liquidator is in the process of evaluating completed proof-of-claim forms submitted prior to the November 1, 2012 claims filing deadline.
6. The Liquidator is reviewing information submitted by some of the former agents of MSTC for the release of the agent's build-up-fund accounts.

### III. Operations

7. The Liquidator has identified additional documents that are no longer needed or useful for the liquidation of MSTC. In an effort to further reduce expenses of the liquidation, the Liquidator is submitting to the Court a Recommendation for Disposition of Records pursuant to Minn. Stat. § 60B.50.

Respectfully submitted,

MIKE ROTHMAN  
Commissioner  
Minnesota Department of Commerce

By his Special Deputy Liquidator



Rick Theisen

03/26/2015

Date

Property and Casualty Companies

**ANNUAL STATEMENT**FOR THE YEAR ENDED DECEMBER 31, 2014  
OF THE CONDITION AND AFFAIRS OF THE**MINNESOTA SURETY AND TRUST COMPANY**

NAIC Group Code NAIC Co. Code 30996 Employer's ID Number 41-0665921

Organized under the Laws of Minnesota State of Domicile MinnesotaCountry of domicile United States

Incorporated/Organized: August 28, 1945

Commenced Business: August 28, 1945

Statutory Home Office 85 7th Place East, Suite 500, St. Paul, MN 55101-2198

Main Administrative Office 85 7th Place East, Suite 500, St. Paul, MN 55101-2198

Mail Address P.O. Box 133, Farmington, CT 06034

Primary Location of Books and Records 85 7th Place East, Suite 500, St. Paul, MN 55101-2198

Internet Web Site Address <http://mn.gov/commerce/topics/enforcement/liquidations.jsp>

Statutory Statement Contact Rick Theisen (651) 297-4297

**OFFICERS**

None-Company in Liquidation

**OTHER OFFICERS**

None - Company in Liquidation

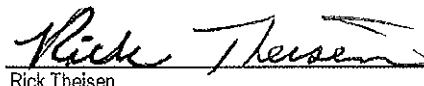
**DIRECTORS OR TRUSTEES**

None - Company in Liquidation

State of Minnesota  
County of Ramsey

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The officers of this reporting entity being duly sworn, each depose and say that they are the described officer of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the 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 there from 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.

February 16, 2015Rick Theisen  
Chief Examiner, Special Deputy Liquidator

## Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## ASSETS

	Current Year			December 31 Prior Year Net Admitted Assets
	Assets	Nonadmitted Assets	Net Admitted Assets (Column 1 minus Column 2)	
1 Bonds	705,745		705,745	844,686
2 Stocks:				
2.1 Preferred stocks				
2.2 Common Stocks				
3 Mortgage loans on real estate:				
3.1 First Liens				
3.2 Other than first liens				
4 Real estate				
4.1 Properties occupied by the company				
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5 Cash (\$449,438, Schedule E -Part 1), cash equivalents (\$, Schedule E- Part 2)	449,438		449,438	391,650
6 Contract loans				
7 Derivatives				
8 Other invested assets				
9 Receivable for securities				
10 Securities lending reinvested collateral assets (Schedule DL)				
11 Aggregate write-ins for invested assets				
12 Subtotals, cash and invested assets (Line 1 through Line 11)	1,155,183	-	1,155,183	1,236,336
13 Title plants less\$ charged off (for Title Insurers only)				
14 Investment income due and accrued	7,630		7,630	7,023
15 Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	88,133	88,133	-	-
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$ earned but unbilled premiums)				
16 Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Accrued retrospective premiums				
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				
21 Furniture and equipment, including health care delivery assets (\$ )				
22 Net adjustment in assets and liabilities due to foreign exchange rates				
23 Receivables from parent, subsidiaries and affiliates				
24 Health care (\$ ) and other amounts receivable				
25 Aggregate write-ins for other than invested assets	100		100	100
26 Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	1,251,046	88,133	1,162,913	1,243,459
27 From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28 Total (Line 26 and Line 27)	1,251,046	88,133	1,162,913	1,243,459
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 Assets reserved for the account of others	100		100	100
2502				
2503				
2598 Summary of remaining write-ins for Line 25 from overflow page				
2599 Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	100		100	100

## Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1 Losses	5,000	108,050
2 Reinsurance payable on paid losses and loss adjustment expenses		
3 Loss adjustment expenses	-	15,843
4 Commissions payable, contingent commissions and other similar charges	1,630	1,630
5 Other expenses (excluding taxes, licenses and fees)	130,139	208,707
6 Taxes, licenses and fees (excluding federal and foreign income taxes)	27,635	25,498
7 .1 Current federal and foreign income taxes (including \$ on realized capital gains (losses))		
7 .2 Net deferred tax liability		
8 Borrowed money	310,660	308,777
9 Unearned premiums	4,285	26,654
10 Advanced premium		
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		
14 Amounts withheld or retained by company for account of others	145,034	179,101
15 Remittances and items not allocated		
16 Provision for reinsurance		
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		
22 Payable for securities lending		
23 Liability for amounts held under uninsured plans		
24 Capital notes \$ and interest thereon \$		
25 Aggregate write-ins for liabilities		
26 Total liabilities excluding protected cell liabilities (Line 1 through Line 25)	624,393	674,280
27 Protected cell liabilities		
28 Total liabilities (Line 26 and Line 27)	624,393	674,280
29 Aggregate write-ins for special surplus funds		
30 Common capital stock	500,000	500,000
31 Preferred capital stock		
32 Aggregate write-ins for other than special surplus funds		
33 Surplus notes	1,212,000	1,212,000
34 Gross paid in and contributed surplus	100,000	100,000
35 Unassigned funds (surplus)	(1,273,480)	(1,442,801)
36 Less treasury stock, at cost:		
36.1 Shares common (value included in Line 30 \$ )		
36.2 Shares preferred (value included in Line 31 \$ )		
37 Surplus as regards policyholders (Line 29 to Line 35, less Line 36) Page 4, Line 39	538,520	389,199
38 Totals (Page 2, Line 28, Column 3)	1,162,013	1,243,459
DETAILS OF WRITE-INS		
2501		
2502		
2503		
2598 Summary of remaining write-ins for Line 25 from overflow page		
2599 Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)		
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 (Line 3201 through 3203 plus 3298) (Line 32 above)		

Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## STATEMENT OF INCOME

	1 Current Year to Date	Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>		
1 Premiums earned:		
1.1 Direct (Written \$ )	19	-
1.2 Assumed (Written \$ )		
1.3 Ceded (Written \$ )		
1.4 Net (Written \$ )	19	-
<b>DEDUCTIONS:</b>		
2 Losses Incurred (Current accident year \$ ):		
2.1 Direct	(81,150)	17,323
2.2 Assumed		
2.3 Ceded		
2.4 Net	(81,150)	17,323
3 Loss adjustment expenses incurred	(15,843)	-
4 Other underwriting expenses incurred	(8,658)	130,917
5 Aggregate write-ins for underwriting deductions		
6 Total underwriting deductions (Lines 2 through 5)	(105,651)	148,240
7 Net income of protected cells		
8 Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	105,670	(148,240)
<b>INVESTMENT INCOME</b>		
9 Net investment income earned	27,795	26,020
10 Net realized capital gains (losses) less capital gains tax of \$		-
11 Net investment gain (loss) (Lines 9 + 10)	27,795	26,020
<b>OTHER INCOME</b>		
12 Net gain or (loss) from agents' or premium balances charged off (amount received \$ amount charged off \$ )		
13 Finance and service charges not included in premiums		
14 Aggregate write-ins for miscellaneous income	1,000	38
15 Total other income (Lines 12 through 14)	1,000	38
16 Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 plus Line 15 + 15)	135,465	(122,182)
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)	135,465	(122,182)
19 Federal and foreign income taxes incurred		
20 Net income (Line 18 minus Line 19) (to Line 22)	135,465	(122,182)
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21 Surplus as regards policyholders, December 31 prior year	369,199	544,122
22 Net income (from Line 20)	135,465	(122,182)
23 Net transfers (to) from Protected Cell accounts		
24 Change in net unrealized capital gains or (losses) less capital gains tax of \$		
25 Change in net unrealized foreign exchange capital gain (loss)		
26 Change in net deferred income tax		
27 Change in nonadmitted assets		(52,741)
28 Change in provision for reinsurance		
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 Line 36.2, Column 2 minus Column 1)		
37 Aggregate write-ins for gains and losses in surplus	33,855	
38 Change in surplus as regards policyholders for the year (Line 22 through Line 37)	169,321	(174,923)
39 Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	538,520	369,199
<b>DETAILS OF WRITE-INS</b>		
501		
502		
503		
598 Summary of remaining write-ins for Line 5 from overflow page		
599 Totals (Line 501 through Line 503 plus Line 598) (Line 5 above)	-	-
1401 Other miscellaneous income - Wells Fargo	1,000	38
1402		
1402a		
1403		
1498 Summary of remaining write-ins for Line 14 from overflow page		
1499 Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)	1,000	38
3701 Adjustment to Company's Build Up Fund account established prior to liquidation	33,855	-
3702		
3703		
3798 Summary of remaining write-ins for Line 37 from overflow page		
3799 Totals (Line 3701 through Line 3703 plus Line 3798) (Line 37 above)	33,855	-

Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

**CASH FLOW**

	1 Current Year to Date	3 Prior Year Ended December 31
<b>Cash from Operations</b>		
1 Premiums collected net of reinsurance	-	-
2 Net investment income	27,796	26,958
3 Miscellaneous income	1,000	38
4 Total (Lines 1 to 3)	28,796	26,996
5 Benefit and loss related payments	-	-
6 Net transfers to Separate Account, Segregated Accounts and Protected Cell Accounts	-	-
7 Commissions, expenses paid and aggregate write-ins for deductions	145,863	148,057
8 Dividends paid to policyholders	-	-
9 Federal and foreign income taxes paid (recovered net of \$.....tax on capital gains (losses))	-	-
10 Total (Lines 5 through 9)	145,863	148,057
11 Net cash from operations (Line 4 minus Line 10)	(117,067)	(121,061)
<b>Cash from Investments</b>		
12 Proceeds from investments sold, matured or repaid:		
12.1 Bonds	141,000	265,000
12.2 Stocks	-	-
12.3 Mortgage loans	-	-
12.4 Real estate	-	-
12.5 Other invested assets	-	-
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	-	-
12.7 Miscellaneous proceeds	-	-
12.8 Total investment proceeds (Lines 12 to 12.7)	141,000	265,000
13 Cost of investment acquired (long-term only):		
13.1 Bonds	-	-
13.2 Stocks	-	-
13.3 Mortgage loans	-	-
13.4 Real estate	-	-
13.5 Other invested assets	-	-
13.6 Miscellaneous application	-	-
13.7 Total investments acquired (Lines 13.1 to 13.6)	-	-
14 Net increase (or decrease) in contract loans and premium notes	-	-
15 Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	141,000	265,000
<b>Cash from Financing and Miscellaneous Sources</b>		
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)	33,855	2,493
17 Net cash from financing and miscellaneous sources (Lines 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	33,855	2,493
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18 Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	57,788	146,432
19 Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	391,650	245,218
19.2 End of period (Line 18 plus Line 19.1)	449,438	391,650

## Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums 31-Dec Prior Year per Column 3, Last Year's Part 1	3 Unearned Premiums 31-Dec Current Year- per Column 5 Part 1A	4 Premiums Earned During Year (Columns 1 plus 2 minus 3)
1 Fire				
2 Allied lines				
3 Farmowners multiple peril				
4 Homeowners multiple peril				
5 Commercial multiple peril				
6 Mortgage guaranty				
8 Ocean Marine				
9 Inland marine				
10 Financial guaranty				
11.1 Medical professional liability - occurrence				
11.2 Medical professional liability - claims made				
12 Earthquake				
13 Group accident and health				
14 Credit accident and health (group and individual)				
15 Other accident and health				
16 Workers' compensation				
17.1 Other liability - occurrence				
17.2 Other liability - claims made				
17.3 Excess workers' compensation				
18.1 Products liability - occurrence				
18.2 Products liability - claims made				
19.1 19.2 Private passenger auto liability				
19.3 19.4 Commercial auto liability				
21 Auto physical damage				
22 Aircraft (all perils)				
23 Fidelity				
24 Surety	19	-	-	19
25 Burglary and theft				
27 Boiler and machinery				
28 Credit				
29 International				
30 Warranty				
31 Reinsurance-Nonproportional Assumed Property				
32 Reinsurance-Nonproportional Assumed Liability				
33 Reinsurance-Nonproportional Assumed Financial Lines				
34 Aggregate write-ins for other lines of business				
35 TOTALS	19	-	-	19
DETAILS OF WRITE-INS				
3401				
3402				
3403				
3498				
3499				



## Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1 A- RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running 1 year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premiums	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Columns 1+2+3+4
1 Fire					
2 Allied lines					
3 Farmowners multiple peril					
4 Homeowners multiple peril					
5 Commercial multiple peril					
6 Mortgage guaranty					
8 Ocean Marine					
9 Inland marine					
10 Financial guaranty					
11.1 Medical professional liability - occurrence					
11.2 Medical professional liability - claims made					
12 Earthquake					
13 Group accident and health					
14 Credit accident and health (group and individual)					
15 Other accident and health					
16 Workers' compensation					
17.1 Other liability - occurrence					
17.2 Other liability - claims made					
17.3 Excess workers' compensation					
18.1 Products liability - occurrence					
18.2 Products liability - claims made					
19.1 19.2 Pirate passenger auto liability					
19.3 19.4 Commercial auto liability					
21 Auto physical damage					
22 Aircraft (all perils)					
23 Fidelity					
24 Surety	-	4,295	-	-	4,295
25 Burglary and theft					
27 Boiler and machinery					
28 Credit					
29 International					
30 Warranty					
31 Reinsurance-Nonproportional Assumed Property					
32 Reinsurance-Nonproportional Assumed Liability					
33 Reinsurance-Nonproportional Assumed Financial Lines					
34 Aggregate write-ins for other lines of business					
35 TOTALS	-	4,295	-	-	4,295
DETAILS OF WRITE-INS					
3401					
3402					
3403					
3498 Summary of remaining write-ins for Line 34 from overflow page					
3499 Totals (Line 3401 through Line 3403 plus Line 3498)					

## Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1B-PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		5 Net Premiums Written Columns 1+2+3-4-5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1 Fire						
2 Allied lines						
3 Farmowners multiple peril						
4 Homeowners multiple peril						
5 Commercial multiple peril						
6 Mortgage guaranty						
8 Ocean Marine						
9 Inland marine						
10 Financial guaranty						
11.1 Medical professional liability - occurrence						
11.2 Medical professional liability - claims made						
12 Earthquake						
13 Group accident and health						
14 Credit accident and health (group and individual)						
15 Other accident and health						
16 Workers' compensation						
17.1 Other liability - occurrence						
17.2 Other liability - claims made						
17.3 Excess workers' compensation						
18.1 Products liability - occurrence						
18.2 Products liability - claims made						
19.1 19.2 Pirate passenger auto liability						
19.3 19.4 Commercial auto liability						
21 Auto physical damage						
22 Aircraft (all perils)						
23 Fidelity						
24 Surety	19	-	-	-	-	19
26 Burglary and theft						
27 Boiler and machinery						
28 Credit						
29 International						
30 Warranty						
31 Reinsurance-Nonproportional Assumed Property						
32 Reinsurance-Nonproportional Assumed Liability						
33 Reinsurance-Nonproportional Assumed Financial Lines						
34 Aggregate write-ins for other lines of business						
35 TOTALS	19	-	-	-	-	19
DETAILS OF WRITE-INS						
3401						
3402						
3403						
3498 Summary of remaining write-in for Line 34 from overflow page						
3499 Totals						

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes ( ) No (x)

## Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 2 - LOSSES PAID AND INCURRED

	Losses Paid Less Salvage				5	6	7	8
	1	2	3	4	Net Losses Unpaid Current year Part 2A	Net Losses Unpaid Prior Year	Losses Incurred Current Year Columns 4+5-6	% of Losses Incurred
	Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Columns 1 plus 2 minus 3)				
1 Fire								
2 Allied lines								
3 Farmowners multiple peril								
4 Homeowners multiple peril								
5 Commercial multiple peril								
6 Mortgage guaranty								
8 Ocean Marine								
9 Inland marine								
10 Financial guaranty								
11.1 Medical professional liability - occurrence								
11.2 Medical professional liability - claims made								
12 Earthquake								
13 Group accident and health								
14 Credit accident and health (group and individual)								
15 Other accident and health								
16 Workers' compensation								
17.1 Other liability - occurrence								
17.2 Other liability - claims made								
17.3 Excess workers' compensation								
18.1 Products liability - occurrence								
18.2 Products liability - claims made								
19.1 19.2 Pirate passenger auto liability								
19.3 19.4 Commercial auto liability								
21 Auto physical damage								
22 Aircraft (all perils)								
23 Fidelity								
24 Surety	21,900	-	-	21,900	5,000	108,050	(81,150)	(15,843)
25 Burglary and theft								
27 Boiler and machinery								
28 Credit								
29 International								
30 Warranty								
31 Reinsurance-Nonproportional Assumed Property								
32 Reinsurance-Nonproportional Assumed Liability								
33 Reinsurance-Nonproportional Assumed Financial Lines								
34 Aggregate write-ins for other lines of business								
35 TOTALS	21,900	-	-	21,900	5,000	108,050	(81,150)	(15,843)
DETAILS OF WRITE-INS								
3401								
3402								
3403								
3498 Summary of remaining write-in for Line 34 from overflow page								
3499 Totals								

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Line of Business		1	2	3	4	5	6	7	8	9
		Reported Losses			Incurred But Not Reported					
		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excl. Incurred But Not Reported (Cols. 1+2-3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4+5+6-7)	Net Unpaid Loss Adjustment Expenses
1	Fire									
2	Allied lines									
3	Farmowners multiple peril									
4	Homeowners multiple peril									
5	Commercial multiple peril									
6	Mortgage guaranty									
8	Ocean marine									
9	Inland marine									
10	Financial guaranty									
11.1	Medical professional liability - occurrence									
11.2	Medical professional liability - claims-made									
12	Earthquake									
13	Group accident and health									
14	Credit accident and health (group and individual)									
15	Other accident and health									
16	Workers' compensation									
17.1	Other liability - occurrence									
17.2	Other liability - claims-made									
17.3	Excess Workers' Compensation									
18.1	Products liability - occurrence									
18.2	Products liability - claims-made									
19.1, 19.2	Private passenger auto liability									
19.3, 19.4	Commercial auto liability									
21	Auto physical damage									
22	Aircraft (all perils)									
23	Fidelity									
24	Surety	5,000	-	-	5,000	-	-	-	5,000	-
26	Burglary and theft									
27	Boiler and machinery									
28	Credit									
29	International									
30	Warrenty									
31	Reinsurance - nonproportional assumed property	XXX				XXX				
32	Reinsurance - nonproportional assumed liability	XXX				XXX				
33	Reinsurance - nonproportional assumed financial lines	XXX				XXX				
34	Aggregate write-ins for other lines of business	-				-				
35	Totals	5,000	-	-	5,000	-	-	-	5,000	-

Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Accounting Practices

##### Organization

Minnesota Surety and Trust Company (the "Company") was incorporated and commenced operations on August 28, 1945, under the Statutes of the State of Minnesota. The Company was a licensed property and casualty insurer under Minnesota Statutes Section 60A.06. Effective November 17, 2011, the Company's Minnesota Certificate of Authority to operate as an insurer was revoked. Effective November 22, 2011, the Company was ordered into liquidation.

The Company is a majority owned subsidiary of First Heartland Surety and Casualty Services Company ("First Heartland"). The Company was engaged in underwriting surety and bail bonds in the states of Minnesota, North Dakota, Montana, Utah, South Dakota and Colorado. The coverage on the surety and bail bonds was marketed to customers through a network of independent insurance agents and brokers. The Company also provided trust services primarily to individuals in Minnesota.

The financial statements have been prepared in conformity with the accounting practices prescribed or permitted by the National Association of Insurance Commissioners and the Minnesota Department of Commerce.

The financial statements are prepared by the Receiver from information available to, known or estimated by the Receiver as of the date of the Annual Statement. The Receiver makes no warranty as to the accuracy of the information or of the opinions or evaluations contained in the Annual Statement and expressly disclaims any liability arising from the statements of fact, evaluation or opinion contained in the Annual Statement. Assets reported in the Annual Statement do not include all possible recoveries that may result from various legal and/or collection efforts. Fidelity/surety loss reserves are the Receiver's best estimates of outstanding losses and loss adjustment expenses as of December 31, 2014. These estimates will continue to be updated from time to time.

#### B. Use of estimates in the Preparation of the Financial Statements & Accounting Policy

The Company records bail bond premiums on the net remittances method. As such, the difference between the fee, generally 10% of the bond, and the premium has not been recorded in these financial statements.

Premiums written are recorded on an annual basis to match the billing to the policyholder. Premiums on other than bail bonds are earned on a pro rata basis over the life of the insurance policy. Audit adjustments to premiums are recognized in the period that the adjustment becomes known. Unearned premium reserves are established for the portion of premiums billed applicable to the unexpired term of the premium.

Certain costs of acquiring new business, principally commissions, premium taxes and other variable policy issuance and underwriting expenses, are expensed when due.

Unpaid claim and settlement expenses are based on estimates of reported and unreported claims and related settlement expenses. The Company does not discount the reserve liability for future policy claims settlement expenses.

Investments in fixed maturity bonds are recorded at amortized cost under the valuation standards of the National Association of Insurance Commissioners. No provision is made for temporary declines in fair values below amortized cost, as the Company generally intends to hold these investments until maturity and does not expect to realize any significant losses. If, however, a permanent impairment occurs in a security, the Company writes the security down to the new value. Short-term investments are recorded at cost, which approximates fair value. Investments in common and preferred stocks are carried at estimated fair values based on published market quotations.

Realized gains and losses are computed based on specific identification of the cost of the securities sold. Unrealized gains and losses of common and preferred stock are included in surplus.

Cash and short-term investments include demand and savings deposits at several financial institutions. At times cash on deposit may exceed federally insured limits. For purposes of the Statement of Cash Flows, the Company considers all highly liquid investments with a maturity of one year or less, when purchased, to be cash equivalents.

Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## NOTES TO FINANCIAL STATEMENTS

### 2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

An adjustment was made to the Company's Build Up Fund account, which was established prior to liquidation, increasing the account by \$33,854. Line 5 on the Assets Page and Line 37 on the Capital and Surplus Account section of the Statement of Income have been adjusted.

### 3. BUSINESS COMBINATIONS AND GOODWILL

The Company was not involved in any business combinations during the period covered by these financial statements.

### 4. DISCONTINUED OPERATIONS

The Company was ordered into liquidation by the State of Minnesota on November 22, 2011.

### 5. INVESTMENTS

During the period covered by these financial statements, the Company had no mortgage loans, real estate loans, debt restructuring, reverse mortgages, loan backed securities or repurchase agreements.

### 6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

The Company had no investments in joint ventures, partnerships or limited liability companies that exceeded 10% of its admitted assets, during the period covered by these financial statements.

### 7. INVESTMENT INCOME

The Company did not exclude any investment income due and accrued as of December 31, 2014.

### 8. DERIVATIVE INSTRUMENTS

The Company had no derivative financial instruments during the period covered by these financial statements.

### 9. INCOME TAXES

There were no income taxes incurred and all deferred tax assets were nonadmitted as of December 31, 2014.

### 10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

First Heartland owns 380,099 of the 500,000 issued and outstanding shares of Company capital common stock. First Heartland also holds surplus notes in the Company in the amount of \$215,000. The Company had no written agreements for rental of office space or services provided. There were no intercompany transactions in 2014.

### 11. DEBT

As of December 31, 2014, the Company had the following secured and unsecured notes payable:

- 1) Promissory notes payable to First Heartland Surety & Casualty Insurance Service Company in the amount of \$193,516.
- 2) Demand note payable to Warren Plunkett in the amount of \$117,144.

### 12. RETIREMENT, DEFERRED COMPENSATION AND POST RETIREMENT BENEFIT PLANS

The Company was not a party to any retirement, deferred compensation or post retirement benefit plans at year end 2014.

### 13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUAL-REORGANIZATION

The Company had 500,000 issued and outstanding shares of \$1 par value capital common stock. The Company has no authorized capital preferred stock.

The Company has \$1,212,000 of outstanding surplus notes payable only with the written approval of the Minnesota Commissioner of Commerce.

### 14. CONTINGENCIES

The Company had no known contingent commitments, outside the normal course of business, as of year end 2013, except potential contingencies arising from the liquidation proceeding of the Company.

### 15. LEASES

The Company is not a party to any leases.

### 16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Company had no financial instruments with off-balance sheet risk as of December 31, 2014.

### 17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

None.

### 18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS

The Company has no interests in uninsured plans.

### 19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/ADMINISTRATORS

No premiums were written in 2013.

### 20. FAIR VALUE MEASUREMENTS

Bonds: Fair values for bonds are determined using quoted market prices from an orderly market at the reporting date for those or similar investments.

	<u>2014 Statement Value</u>	<u>2014 Fair Value</u>
Bonds:	\$705,745	\$808,599

Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## NOTES TO FINANCIAL STATEMENTS

### 21. OTHER ITEMS

#### C. Other Disclosures

Attached at the end of the Annual Statement is an exhibit titled "Restatement of Liabilities by Priority". This exhibit is for information purposes only and has been prepared by the Liquidator and has not been approved by the Court.

### 22. EVENTS SUBSEQUENT

None.

### 23. REINSURANCE

None.

### 24. RETROSPECTIVELY RATED CONTRACTS

Not applicable.

### 25. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Reported Loss Reserves as of December 31, 2013 were \$108,050. In 2014, there were loss payments of \$22,000. As of December 31, 2014, reported Loss Reserves were \$5,000, reflecting the remaining estimated value based on the proof-of-claim forms filed in the liquidation. Additional adjustments to Loss Reserves are possible prior to the closure of the liquidation.

Reported Loss Adjustment Expense (LAE) reserves as of December 31, 2013 were \$15,843. As of December 31, 2014, LAE reserves were reported as \$0, reflecting the payment of known loss claims during 2014. Additional adjustments to LAE Reserves are possible prior to the closure of the liquidation.

### 26. INTERCOMPANY POOLING ARRANGEMENTS

Not applicable.

### 27. STRUCTURED SETTLEMENTS

Not applicable.

### 28. HEALTH CARE RECEIVABLES

Not applicable.

### 29. PARTICIPATING POLICIES

Not applicable.

### 30. PREMIUM DEFICIENCY RESERVES

Not applicable.

### 31. HIGH DEDUCTIBLES

Not applicable.

### 32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES

Not applicable.

### 33. ASBESTOS/ENVIRONMENTAL RESERVE

Not applicable.

### 34. SUBSCRIBER SAVINGS ACCOUNTS

Not applicable.

### 35. MULTIPLE PERIL CROP INSURANCE

Not applicable.

### 36. FINANCIAL GUARANTEE INSURANCE

Not applicable.

Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

**GENERAL INTERROGATORIES****Part 1 - COMMON INTERROGATORIES****GENERAL**

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Minnesota, as required by the Model Act? Yes ( ) No (X)
- 1.2 If yes, has the report been filed with the domiciliary state? Yes ( ) No ( )
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes ( ) No (X)
- 2.2 If yes, date of change:
- 3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes (X) No ( )  
If yes, complete Schedule Y, Parts 1 and 1A.
- 3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes ( ) No (X)
- 3.3 If the response to 3.2 is yes, provide a brief description of those changes.  
.....
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes ( ) No (X)
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as result of the merger or consolidation.
- 5 If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement of principals involved? Yes ( ) No ( ) NA (X)
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009
- 6.2 State the as of date that the latest financial examination report becomes available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2009
- 6.3 State as of what date the latest financial examination report becomes available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 07/15/2010
- 6.4 By what department or departments?  
Minnesota Department of Commerce
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes ( ) No ( ) NA (X)
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes ( ) No ( ) NA (X)
- 7.1 Has the reporting entity had any Certificate of Authority, licenses or registration (including corporate registration, if applicable) suspended? Yes (X) No ( )
- 7.2 If yes, give full information: The Company ceased writing all business in 2011. See Note 1A.
- 8.1 Is the Company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes ( ) No (X)
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the Company affiliated with one or more banks, trusts or securities firms? Yes ( ) No (X)
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency (i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.
- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing:  
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental law, rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code.  
Yes (X) No ( )
- 9.11 If the response to 9.1 is No, please explain:
- 9.2 Has the code of ethics for senior management been amended? Yes ( ) No (X)
- 9.21 If the response to 9.2 is Yes, provide the nature of any waiver(s).
- FINANCIAL**
- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes ( ) No (X)
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:



## Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

**GENERAL INTERROGATORIES****INVESTMENT**

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements) Yes ☐ No ☒
- 11.2 If yes, give full and complete information relating thereto:
- 12 Amount of real estate and mortgages held in other invested assets in Schedule BA: \$0
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes ☐ No ☒
- 14.2 If Yes, please complete the following:
- 14.21 Bonds
- 14.22 Preferred Stock
- 14.23 Common Stock
- 14.24 Short-Term Investments
- 14.25 Mortgage Loans on Real Estate
- 14.26 All Other
- 14.27 Total Investment in Parent, Subsidiaries and Affiliates
- 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above
- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes ☐ No ☒
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes ☐ No ☐
- 16 Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds, and other securities owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1.III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes ☒ No ☐
- 16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- |                      |                   |
|----------------------|-------------------|
| Name of Custodian(s) | Custodian Address |
| Wells Fargo Bank NA  | Minneapolis, MN   |
- 16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- |                      |                   |
|----------------------|-------------------|
| Name of Custodian(s) | Custodian Address |
|----------------------|-------------------|
- 16.3 Has there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes ☐ No ☒
- 16.4 If yes, give full and complete information relating thereto:
- 16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:
- .....
- 17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes ☒ No ☐
- 17.2 If no, list exceptions:

## Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

**GENERAL INTERROGATORIES**

( Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise note.)

**Part 2****PROPERTY & CASUALTY INTERROGATORIES**

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes ( ) No ( ) NA (X)  
If yes, attach an explanation.
2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part from any loss that may occur on the risk, or portion thereof, reinsured? Yes ( ) No (X)  
If yes, attach an explanation.
- 3.1 Have any of the reporting entity's primary reinsurance contracts been cancelled? Yes ( ) No (X)
- 3.2 If yes, give full and complete information thereto
- 4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves") discounted at a rate of interest greater than zero? Yes ( ) No (X)

4.2 If yes complete the following schedule:

			Total Discount				Discount taken During Period			
1	2	3	4	5	6	7	8	9	10	11
Line of Business	Maximum Interest	Discount Rate	Unpaid Losses	Unpaid LAE	IBNR	TOTAL	Unpaid Losses	Unpaid LAE	IBNR	TOTAL

## 5. Operating Percentages

- 5.1 A&H loss percent %
- 5.2 A&H cost containment percent %
- 5.3 A&H expense percent excluding cost containment expense %

- 6.1 Do you act as a custodian for health savings accounts? Yes ( ) No (X)
- 6.2 If yes, please provide the amount of custodial funds held as of the reporting date \$
- 6.3 Do you act as an administrator for health savings accounts? Yes ( ) No (X)
- 6.4 If yes, please provide the balance of the funds administered as of the reporting date. \$

Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

SCHEDULE F-CEDED REINSURANCE

**NONE**

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

**NONE**

SCHEDULE A - VERIFICATION

**NONE**

SCHEDULE B - VERIFICATION

**NONE**

SCHEDULE BA - VERIFICATION

**NONE**

## Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	3			6	7	8		10	11	Change in Book/Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP	Description	Code	Foreign	Bond CHAR	NAIC	Cost	Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's Amortization	Other than Temporary Impairment	Total Foreign Exchange Change	Rate of Effective	When Paid	Admitted Amount Due and	Amount Received During	Year	Acquired	Maturity
912828DM9	US Treasury Note				1	2,882	100,813	3,024	3,000	3,000		15				3.60%	FA	40	120	09/23/2008	02/15/2015
912828HR4	US Treasury Note				1	5,033	107,922	5,398	5,000	5,000		-				3.07%	FA	58	175	10/24/2008	02/15/2016
912828KT6	US Treasury Note				1	122,461	102,887	128,584	125,000	125,000		-				2.21%	MS	742	2,969	09/11/2009	03/31/2016
912828KD1	US Treasury Note				1	115,703	105,773	132,216	125,000	120,523		1,019				2.51%	FA	1,145	3,438	09/04/2009	02/15/2019
912828QA9	US Treasury Note				1	60,140	111,797	79,978	71,000	62,949		373				3.11%	FA	828	2,485	12/14/2009	02/15/2019
912828KQ2	US Treasury Note				1	68,293	107,445	75,212	70,000	69,275		161				2.78%	MM	182	2,188	12/14/2009	05/15/2019
912828PW2	US Treasury Note				1	68,625	127,383	91,727	72,000	69,145		124				3.38%	FA	1,050	3,150	03/26/2010	02/15/2038
912828PW2	US Treasury Note				1	21,919	127,398	29,901	23,000	22,681		40				1.05%	FA	335	1,006	02/10/2011	02/15/2038
912819QB7	US Treasury Bond				1	26,316	125,489	33,877	27,000	26,414		24				3.34%	MM	95	1,148	01/04/2011	05/15/2039
912828RC6	US Treasury Note				1	100,188	101,503	101,508	100,000	100,124		(21)				2.07%	FA	708	2,125	10/13/2011	09/15/2021
912810ER4	US Treasury Bond				1	4,880.00	141,820	7,091	5,000	5,000		-				6.72%	MM	32	381	11/18/1992	11/15/2022
912816PW2	US Treasury Bond				1	24,701	127,398	31,849	25,000	24,752		11				3.39%	FA	365	1,094	03/02/2010	02/15/2038
912810CA9	US Treasury Bond				1	71,800	111,787	89,430	80,000	72,882		292				3.12%	FA	933	2,800	06/08/2010	02/15/2039
Grand Total Bonds						693,051	XXX	808,598	731,000	705,745		2,058			XXX	XXX	XXX	6,514	23,078	XXX	XXX

Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## SCHEDULE D - PART 4

Show All Long-Term Bonds and Stocks Held, REDEEMED or OTHERWISE DISPOSED OF by the Company During the Current Year																				
1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
CUSIP Identification	Description	File No.	Original Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase (Decrease)	Current Year's (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12+13)	Total Par Value Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Book Interest/Dividends Received During the Year	Stated Contractual Maturity Date
81262634	US Treasury Note		01/01/2014	US Treasury		18,000	18,000	16,016	16,000						18,000				117	01/01/2014
912826379	US Treasury Note		04/30/2014	US Treasury		125,000	125,000	125,185	125,000						125,000				381	04/30/2014
0000000	Bonds - U.S. Government					141,000	141,000	141,201	141,000						141,000				508	
0000000	Total - Bonds - U.S. Special Revenue and Special Assessment and all Non-Guaranteed Obligations of																			
0000000	Bonds - Industrial and Mass Transit																			
0000000	Total - Bonds - Part 4					141,000	141,000	141,201	141,000						141,000				508	
0000000	Total - Bonds					141,000	141,000	141,201	141,000						141,000				508	
0000000	Total - Preferred Stocks																			
0000000	Total - Common Stocks																			
0000000	Total - Preferred and Common Stocks																			
0000000	Total					141,000	141,000	141,201	141,000						141,000				508	

## Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in Annual Statement			
	1 Amount	2 Percentage	3 Amount	4 Securities Lending Reinvested Collateral Amount	5 Total Amount Col 3 + Col 4	6 Percentage
1 Bonds:						
1.1 US treasury securities	705,745	61%	705,745	-	705,745	61%
1.2 US government agency obligations(excluding mortgage-back securities):						
1.21 Issued by U.S. government agencies						
1.22 Issued by U.S. government sponsored agencies						
1.3 Non U.S. government (including Canada, excluding mortgage-back securities)						
1.4 Securities issued by states, territories, and possessions and political subdivisions in the US						
1.41 States, territories and possessions general obligations						
1.42 Political subdivisions of states, territories and possessions and political subdivision general obligation						
1.43 Revenue and assessment obligations						
1.44 Industrial development and similar obligations						
1.5 Mortgage-backed securities (includes residential and commercial MBS):						
1.51 Pass-through securities:						
1.521 Issued or guaranteed by GNMA, FNA, FHLMC or VA						
1.522 Issued or guaranteed by FMMA, FHLMC						
1.523 All other						
1.52 CDOs and REMIC						
1.521 Issued or guaranteed by GNMA, FMMA, FHLMC or VA						
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-back securities issued or guaranteed by agencies show in Line 1.521						
1.523 All other						
2 Other debt and other fixed income securities (excluding short term):						
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities)						
2.2 Unaffiliated non-U.S. securities (including Canada)						
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						
3.4 Other equity securities:						
3.41 Affiliated						
3.42 Unaffiliated						
3.5 Other equity interests including tangible personal property under leases:						
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 company						
5.2 Property held for production of income (including \$..... 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)						
10 Cash, cash equivalents and short-term investments	449,438	39%	449,438		449,438	39%
12 Total invested assets	1,155,183	100%	1,155,183	0	1,155,183	100%

## Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## SCHEDULE D - VERIFICATION BETWEEN YEARS

## Bonds &amp; Stocks

1 Book/adjusted carrying value, December 31 of prior year	844,686
2 Cost of bonds and stocks acquired Part 3, Column 7	-
3 Accrual of discount	2090
4 Unrealized valuation increase (decrease)	
4.1 Part 1 Column 12	
4.2 Part 2, Section 1 Column 15	
4.3 Part 2, Section 2 Column 13	
4.4 Part 4, Column 11	
5 Total gain (loss) on disposals, Part 4 Column 19	
6 Deduction consideration for bonds and stocks disposed of, Part 4, Column 7	141,000
7 Deduct amortization of premium	21
8 Total foreign exchange change in book/adjusted carrying value	
8.1 Part 1, Column 15	
8.2 Part 2, Section 1, Column 19	
8.3 Part 2, Section 2, Column 16	
8.4 Part 4 Column 13	
9 Deduct current year's other than temporary impairment recognized:	
9.1 Part 1, Column 14	
9.2 Part 2, Section 1, Column 17	
9.3 Part 2, Section 2, Column 14	
9.4 Part 4, Column 13	
10 Book/adjusted carrying value at end of current period (line 1 plus Line 2 plus Line 3 plus Line 4 plus Line 5 minus Line 6 minus Line 7 plus Line 8 minus Line 9)	705,745
11 Deduct total nonadmitted amounts	-
12 Statement value at end of current period (line 10 minus Line 11)	705,745

## Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

**SCHEDULE D - SUMMARY BY COUNTRY**

## Long-Term Bonds and Stocks OWNED December 31 of Current Year

		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
<b>BONDS</b>	1. United States	705,745	808,598	693,051	731,000
Governments	2. Canada				
(Including all obligations guaranteed by governments)	3 Other Countries				
	4 Totals	705,745	808,598	693,051	731,000
U.S. States, Territories and Possessions (Direct and guaranteed)	5. Totals				
U.S. Political subdivisions of States, Territories and Possessions (Direct and guaranteed)	6. Totals				
U.S. Special revenue and special assessment, obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	7. Totals				
Industrial and Miscellaneous and Hybrid Securities(unaffiliated)	8. United States				
	9. Canada				
	10. Other Countries				
	11. Totals				
Parent, Subsidiaries and Affiliates	12. Totals				
	13. Total Bonds				731,000
<b>PREFERRED STOCKS</b>	14. United States				
Industrial and Miscellaneous (unaffiliated)	15. Canada				
	16 Other Countries				
	17. Totals				
Parent, Subsidiaries and Affiliates	18 Totals				
	19. total Preferred Stocks				
<b>COMMON STOCKS</b>	20. United States				
Industrial and Miscellaneous (unaffiliated)	21. Canada				
	22. Other Countries				
	23. Totals				
Parent, Subsidiaries and Affiliates	24. Totals				
	25. Total Common Stocks				
	26. Total Stocks				
	27. Total Bonds and Stocks	705,745	808,598	693,051	



Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

**SCHEDULE D - PART 1A-SECTION 1**

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

During the Current Quarter for all Bonds and Preferred Stock by Rating Class

NAIC Designation	1 1 Year or less	2 Over one Year through 5 Years	3 Over 5 years through 10 Years	4 Over 10 Years through 20 years	5 Over 20 Years	6 Total Current Year	7 % of Total	8 Total Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
<b>BONDS</b>											
1.1 NAIC 1	3,000	320,198	105,124		277,423	705,745	100%	844,686	100%	705,745	0
1.2 NAIC 2											
1.3 NAIC 3											
1.4 NAIC 4											
1.5 NAIC 5											
1.6 NAIC 6											
1.7. Total Bonds	3,000	320,198	105,124	0	277,423	705,745	100%	844,686	100%	705,745	0

Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## SCHEDULE P - PART 1 SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premium Earned			Loss and Loss Expense Payments								12  Number of Claims Reported - Direct and Assumed
	1  Direct and Assumed	2  Ceded	3  Net	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10  Salvage and Subrogation Received	11  Total Net Paid	
				4  Direct and Assumed	5  Ceded	6  Direct and Assumed	7  Ceded	8  Direct and Assumed	9  Ceded			
1.Prior	xxx	xxx	xxx	22								xxx
2. 2005	423	27	396	8		9		(3)		9	14	xxx
3. 2006	619	27	592	54		16		45			115	xxx
4. 2007	652	53	699	357	111	72		133		11	451	xxx
5. 2008	602	45	557	83		31		16			130	xxx
6. 2009	522	22	500			6		28			34	xxx
7. 2010	663	13	650	2							2	xxx
8. 2011	464		464	5				10			15	xxx
9. 2012											0	xxx
10. 2013											0	xxx
11. 2014				22							22	xxx
12 Totals	xxx	xxx	xxx	531	111	134	0	229	0	20	783	xxx

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Subrogation Anticipated	24 Expenses Unpaid	25 # of Claims Outstanding - Direct & Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1. Prior													xxx
2. 2005													xxx
3. 2006													xxx
4. 2007													xxx
5. 2008													xxx
6. 2009													xxx
7. 2010													xxx
8. 2011													xxx
9. 2012	5		0				0		0		0	5	xxx
10. 2013													xxx
11. 2014													xxx
12 Totals	5	0	0	0	0	0	0	0	0	0	0	5	xxx

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1.Prior	xxx	xxx	xxx	xxx	xxx	xxx			xxx		
2. 2005	14		14	3.3		3.5					
3. 2006	115		115	18.6		19.4					
4. 2007	552	111	451	86.2	209.4	75.3					
5. 2008	130		130	21.5		23.3					
6. 2009	34		34	6.5		6.8					
7. 2010	2		2	0.3		0.3					
8. 2011	121		121	26.1		26.1				5	0
9. 2012											
10. 2013											
11. 2014											
12 Totals	xxx	xxx	xxx	xxx	xxx	xxx			xxx	5	

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1.

The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

## Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## SCHEDULE P - PART 2 - SUMMARY

Years In Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	One Year	Two Year
1. Prior	26	4	4	4	4	-1	-1				0	0
2. 2005	12	34	33	17	17	17	17				0	0
3. 2006	xxx	68	77	71	67	70	70				0	0
4. 2007	xxx	xxx	370	321	328	318	318				0	0
5. 2008	xxx	xxx	xxx	21	73	73	73				0	0
6. 2009	xxx	xxx	xxx	xxx	10	43	43				0	0
7. 2010	xxx	xxx	xxx	xxx	xxx	3	3				0	0
8. 2011	xxx	xxx	xxx	xxx	xxx	xxx	112				0	0
9. 2012	xxx	xxx	xxx	xxx	xxx	xxx	xxx				0	0
10. 2013	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx			0	xxx
11. 2014	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx		xxx	xxx
12. Totals											0	0

## SCHEDULE P - PART 3 - SUMMARY

Years In Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed with Loss Payment	Number of Claims Closed Without Loss Payment
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		
1. Prior	0	0	0	0	0	0	-1				xxx	xxx
2. 2005	4	21	22	14	17	17	17				xxx	xxx
3. 2006	xxx	45	63	64	55	70	70				xxx	xxx
4. 2007	xxx	xxx	192	232	328	318	318				xxx	xxx
5. 2008	xxx	xxx	xxx	4	59	114	114				xxx	xxx
6. 2009	xxx	xxx	xxx	xxx	5	6	6				xxx	xxx
7. 2010	xxx	xxx	xxx	xxx	xxx	2	2				xxx	xxx
8. 2011	xxx	xxx	xxx	xxx	xxx	xxx	15				xxx	xxx
9. 2012	xxx	xxx	xxx	xxx	xxx	xxx	xxx				xxx	xxx
10. 2013	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx			xxx	xxx
11. 2014	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx		xxx	xxx

## SCHEDULE P - PART 4 - SUMMARY

Years In Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
		1	2	3	4	5	6	7	8	9
		2005	2006	2007	2008	2009	2010	2011	2012	2013
1. Prior	xxx	xxx								
2. 2005	xxx	xxx	3	13	2					
3. 2006	xxx	xxx	xxx	23	9	2	2			
4. 2007	xxx	xxx	xxx	xxx	71	12	5			
5. 2008	xxx	xxx	xxx	xxx	xxx	25	26			
6. 2009	xxx	xxx	xxx	xxx	xxx	xxx	5	37		
7. 2010	xxx	xxx	xxx	xxx	xxx	xxx	xxx	1		
8. 2011	xxx	xxx	xxx	xxx	xxx	xxx	xxx	75		
9. 2012	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	
10. 2013	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
11. 2014	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

## Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## SCHEDULE P - PART 1K - FIDELITY / SURETY

	Premiums Earned			Loss and Loss Expense Payments								12
Years In Which Were Earned and Losses Were Incurred	1	2		Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported - Direct and Assumed
	Direct and Assumed	Ceded	Net	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid	
1. Prior	xxx	xxx	xxx	509	111	138	0	239	0	20	775	xxx
2. 2013												xxx
3. 2014												xxx
4. Totals	0	0	0	509	111	138	0	239	0	20	775	xxx

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13	14	15	16	17	18	19	20					
1. Prior	5		0				0		0		0	5	
2. 2013													
3. 2014													
4. Totals	5	0	0	0	0	0	0	0	0	0	0	5	

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Compar Pooling Participation Percentage xxx	35 Net Balance Sheet Reserve After Discount	
	26  Direct and Assumed	27  Ceded	28  Net	29  Direct and Assumed	30  Ceded	31  Net	32  Loss	33  Loss Experience		35  Losses Unpaid	36  Loss Expenses Unpaid
1. Prior	xxx	xxx	xxx	xxx	xxx	xxx				5	0
2. 2013											
3. 2014											
4. Totals	0	0	0	0	0	0				5	0

## Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## SCHEDULE P - PART 2K - FIDELITY, SURETY

INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)											DEVELOPMENT	
Year Losses	1	2	3	4	5	6	7	8	9	10	11	12
Incurred	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	One Year	Two Year
1. Prior						523	635				0	0
2. 2012												
3. 2013												
										4. Totals	0	0

Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

**SCHEDULE P INTERROGATORIES**

1. The following question relate to yet-to-be issued Extended Reporting Endorsements (EREs) arising from Death, Disability, or Retirement (DDR) protection in Medical Professional Liability Claims Made insurance policies. EREs provided for reasons other than DDR are not to be included.
- 1.1 Does the company issue Medical Professional Liability Claims Made insurance policies that provide tail (also known as an extended reporting endorsement, or "ERE") benefits in the event of Death, Disability, or Retirement (DDR) at a reduced charge or at no additional costs.
- 1.2 What is the total amount of the reserve for that provision (DDR Reserve), as reported, explicitly or not, elsewhere in this statement (in dollars)?
- 1.3 Does the company report and DDR reserve as Unearned Premium Reserve per SSAP#65?
- 1.4 Does the company report any DDR reserve as loss or loss adjustment expense reserve?
- 1.5 If the company report DDR reserve as Unearned Premium Reserve, does that amount match the figure on the Underwriting and Investment Exhibit, Part I - Recapitulation
- 1.6 If the company reports DDR reserve as loss or loss adjustment expense reserve, please complete the following table corresponding to where these reserves are reported in Schedule P.

Yes ( ) No (X)

\$

Yes ( ) No ( )

Yes ( ) No ( )

Years in Which Premiums Were Earned and Losses Were Incurred	DDR Reserve Included in Schedule P, Part 1F, Medical Professional Liability Column 24: Total Net Losses and Expenses Unpaid	
	1 Section 1: Occurrence	2 Section 2: Claims Made
1,601 Prior		
1,602 2004		
1,603 2005		
1,604 2006		
1,605 2007		
1,606 2008		
1,607 2009		
1,608 2010		
1,609 2011		
1,610 2012		
1,611 2013		
1,612 Totals		

2. The definition of allocated loss adjustment expenses (ALAE) and, therefore, unallocated loss adjustment expenses (ULAE) was changed effective January 1, 1998. This change in definition applies to both paid and unpaid expenses. Are these expenses (now reported as "Defense and Cost Containment" and "Adjusting and Other") reported in compliance with these definitions in the statement?
3. The adjusting and Other expense payments and reserves should be allocated to the years in which the losses were incurred based on the number of claims reported, closed and outstanding in those years. When allocating Adjusting and Other expense between companies in a group or a pool, the Adjusting and Other expense should be allocated in the same percentage used for the loss amounts and the claims counts. For reinsurers, Adjusting and Other expense assumed should be reported according to the reinsurance contract. For Adjusting and Other expense incurred by reinsurer, or in those situations where suitable claim count information is not available, Adjusting and Other expenses should be allocated by a reasonable method determined by the company and described in Interrogatory 7, below. Are they so reported in this Statement?
4. Do any lines in Schedule P include reserves that are reported gross of any discount to present value of future payments, and that are reported net of such discounts on Page 10?
- If yes, proper disclosure must be made in the Notes to Financial Statements, as specified in the instructions. Also, the discounts must be reported in Schedule P Part 1. Schedule P must be completed gross of non-labour discounting. Work papers relating to discount calculations must be available for examination upon request. Discount is allowed only if expressly permitted by the state insurance departments to which the Annual Statement is to be filed.
5. What was the net premiums in force at the end of the year for:
- 5.1 Fidelity \$ 0
- 5.2 Surety \$ 0
6. Claim count information is reported per claim or per claimant. (Indicate which) per Claim
7. The information provided in Schedule P will be used by many persons to estimate the adequacy of the current loss and expense reserves, among other things. Are there any especially significant events, coverages, retention or accounting changes that have occurred that must be considered when making such analyses?
- 7.1 An extended statement may be attached:
- Note: No especially significant events, coverages, retention or accounting changes occurred in 2013. The Company is in liquidation effective November 22, 2011.

Yes (X) No ( )

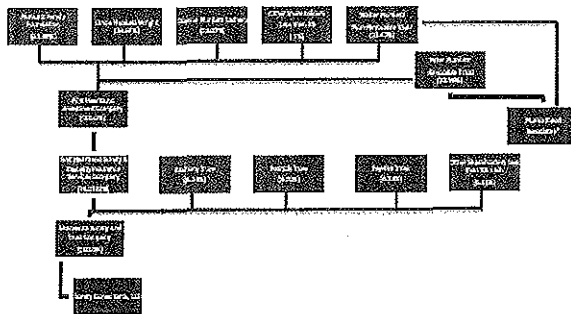
Yes (X) No ( )

Yes ( ) No (X)

Yes ( ) No (X)

## Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## Schedule Y



\* Plunkett and Associates is owned by Peter Plunkett (75%) and Walter Plunkett (25%)

## Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

Schedule DA - Part 1
NONE

Schedule DA - Verification
NONE

Schedule DB - Part A Verification
NONE

Schedule DB - Part B Verification
NONE

Schedule DB - Part C - Section 1
NONE

Schedule DB - Part C - Section 2
NONE

Schedule DB - Verification
NONE

Schedule E - Verification
NONE

Schedule A -Part 1, Part 2 & Part 3
NONE

Schedule B -Part 1, Part 2 & Part 3
NONE

Schedule BA - Part 1, Part 2, & Part 3
NONE



## Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

Schedule D - Part 3
<b>NONE</b>

Schedule DB - Part A - Section 1
<b>NONE</b>

Schedule DB - Pt. B - Section 1
<b>NONE</b>

Schedule DB - Part D
<b>NONE</b>

Schedule DL - Part 1
<b>NONE</b>

Schedule DL - Part 2
<b>NONE</b>

Schedule E - Part 2 - CASH EQUIVALENTS
<b>NONE</b>

Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

**SCHEDULE E - PART 1- CASH**

1	2	3	4	5	6	7
Depository	Code	Rate of Interest	Amount of Interest Received During Year	Amount of Interest Accrued December 31 of	Balance	*
<b>OPEN DEPOSITORIES</b>						
Sterling State Bank Austin, MN		-			161641	XXX
Sterling State Bank Austin, MN		-			177037	XXX
Wells Fargo Bank NA Minneapolis, MN		-			110607	XXX
US Bank Minneapolis, MN		-			-	XXX
0199999 Totals-open depositories	XXX	XXX	-	-	449,285	XXX
0399999 Total Cash on Deposit	XXX	XXX	-	-	-	XXX
0499999 Cash In Company's Office	XXX	XXX	XXX	XXX	153	XXX
0599999 Total Cash	XXX	XXX	-	-	449,438	XXX

Annual Statement for the year 2014 of the MINNESOTA SURETY AND TRUST COMPANY

## NOTE 21C Exhibit:

## Restatement of Liabilities by Priority

	Annual Statement Page 3	Build-Up Fund Accounts	Priority 2 Admin. Costs	Priority 4 Loss Claims	Priority 4a Unearned Premiums	Priority 4b Federal Gov't	Priority 4c Wages	Priority 6 Residual Classif.	Priority 7 Judgements	Priority 8 Interest on Claims Paid	Priority 9 Misc. Subordinated Claims	Priority 10 Preferred Ownership Claims
Losses	5,000			5,000								
Loss adjustment expenses	-			-								
Commissions payable, contingent commissions and other similar charges	1,630							1,630				
Other expenses (excluding taxes, licenses and fees)	130,139		13,100				3,176	113,863				
Taxes, licenses and fees (excluding federal and foreign income taxes)	27,635							27,187			448	
Borrowed money	310,660							310,660				
Unearned premiums	4,295				4,295							
Amounts withheld or retained by company for account of others	145,034	145,034										
Total Liabilities	624,393	145,034	13,100	5,000	4,295	-	3,176	453,340	-	-	448	-
Surplus Notes	1,212,000	-	-	-	-	-	-	-	-	-	-	1,212,000