

**SEC Filings or Consolidated GAAP  
Financial Statement**

Applicant Name: Contractors Bonding and Insurance Company

NAIC No. 37206

FEIN: 91-1082952

**Item 9. SEC Filings or Consolidated GAAP Financial Statement**

Contractors Bonding and Insurance Company's ultimate holding company is RLI Corp. RLI Corp is publicly traded on the NYSE under the trading symbol RLI. Any and all SEC filings can be obtained by visiting: <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000084246&owner=exclude&count=40&hidefilings=0>

## Debt to Equity Ratio Statement

## Item 10. Debt-to-Equity Ratio Statement

A. Provide the consolidated outside debt to consolidated equity ratio on a GAAP basis for the holding company. \*

As of December 31, 2013		
Debt Duration	Debt Amount (\$)	Debt to Consolidated Equity Ratio
Up to 5 years	\$0	0.00%
Up to 10 years	\$149,582,000	18.04%
Up to 20 years	\$0	0.00%
As of June 30, 2014		
Debt Duration	Debt Amount (\$)	Debt to Consolidated Equity Ratio
Up to 5 years	\$0	0.00%
Up to 10 years	\$149,604,000	16.27%
Up to 20 years	\$0	0.00%

B. Provide the most recent consolidated, holding company financial statement.

The most recent annual report for RLI Corp. can be found at:

[http://www.sec.gov/Archives/edgar/data/84246/000110465914014137/a13-27283\\_110k.htm](http://www.sec.gov/Archives/edgar/data/84246/000110465914014137/a13-27283_110k.htm)

The most recent financial statement for RLI Corp (10Q) was filed on July 28, 2014 and can be found at:

[http://www.sec.gov/Archives/edgar/data/84246/000110465914053940/a14-14034\\_110q.htm](http://www.sec.gov/Archives/edgar/data/84246/000110465914053940/a14-14034_110q.htm)

C. State if the holding company, on a consolidated basis, has a tangible net worth: a) for the past three years; b) at present and c) provide projections with assumptions for a three year period.

RLI Group currently has a tangible net worth and has been in such a position in each of the past three years. We do not have three year projections to provide.

D. Applicants must clearly substantiate the sources of repayment of any debt, including, but not limited to whether the source of repayment is independent from the future income of the insurers.

Sources for the repayment of debt include dividends from our insurance company subsidiaries and access to other outside capital markets.

E. Calculate the debt service (as reported in D above), required of each insurer as a percentage of the insurer's capital and surplus.

The debt is held at the holding company level. Therefore no insurance subsidiary is responsible for any portion of the debt service.

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F. List the assets of the holding company, if any, that are pledged to fund the debt service or debt repayment of an affiliate or parent (include the assets or stock of any insurer subsidiaries).

No assets are pledged.

G. List any guarantees (personal or otherwise) from the shareholders for repayment of the debt.

There are no guarantees for repayment of the debt.