

## CONSOLIDATED BALANCE SHEETS

	December 31,	
	2017	2016
	<i>(dollars in thousands)</i>	
<b>ASSETS</b>		
Investments, available-for-sale, at estimated fair value:		
Fixed maturities (amortized cost of \$9,551,153 in 2017 and \$9,591,734 in 2016)	\$ 9,940,670	\$ 9,891,510
Equity securities (cost of \$2,667,661 in 2017 and \$2,481,448 in 2016)	5,967,847	4,745,841
Short-term investments (estimated fair value approximates cost)	2,160,974	2,336,151
Total Investments	18,069,491	16,973,502
Cash and cash equivalents	2,198,459	1,738,747
Restricted cash and cash equivalents	302,387	346,417
Receivables	1,567,453	1,282,997
Reinsurance recoverable on unpaid losses	4,619,336	2,006,945
Reinsurance recoverable on paid losses	126,054	64,892
Deferred policy acquisition costs	465,569	392,410
Prepaid reinsurance premiums	1,099,757	299,923
Goodwill	1,777,464	1,142,248
Intangible assets	1,355,681	722,542
Other assets	1,223,365	904,676
<b>TOTAL ASSETS</b>	<b>\$ 32,805,016</b>	<b>\$ 25,875,299</b>
<b>LIABILITIES AND EQUITY</b>		
Unpaid losses and loss adjustment expenses	\$ 13,584,281	\$ 10,115,662
Life and annuity benefits	1,072,112	1,049,654
Unearned premiums	3,308,779	2,263,838
Payables to insurance and reinsurance companies	324,304	231,327
Senior long-term debt and other debt (estimated fair value of \$3,351,000 in 2017 and \$2,721,000 in 2016)	3,099,230	2,574,529
Other liabilities	1,748,460	1,099,200
Total Liabilities	23,137,166	17,334,210
Redeemable noncontrolling interests	166,269	73,678
Commitments and contingencies		
Shareholders' equity:		
Common stock	3,381,834	3,368,666
Retained earnings	3,776,743	3,526,395
Accumulated other comprehensive income	2,345,571	1,565,866
Total Shareholders' Equity	9,504,148	8,460,927
Noncontrolling interests	(2,567)	6,484
Total Equity	9,501,581	8,467,411
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 32,805,016</b>	<b>\$ 25,875,299</b>

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Years Ended December 31,		
	2017	2016	2015
	<i>(dollars in thousands, except per share data)</i>		
<b>OPERATING REVENUES</b>			
Earned premiums	\$ 4,247,978	\$ 3,865,870	\$ 3,823,532
Net investment income	405,709	373,230	353,213
Net realized investment gains (losses):			
Other-than-temporary impairment losses	(7,589)	(18,355)	(44,481)
Net realized investment gains, excluding other-than-temporary impairment losses	2,286	83,502	150,961
Net realized investment gains (losses)	(5,303)	65,147	106,480
Other revenues	1,413,275	1,307,779	1,086,758
Total Operating Revenues	6,061,659	5,612,026	5,369,983
<b>OPERATING EXPENSES</b>			
Losses and loss adjustment expenses	2,865,761	2,050,744	1,938,745
Underwriting, acquisition and insurance expenses	1,587,414	1,498,590	1,455,080
Amortization of intangible assets	80,758	68,533	68,947
Other expenses	1,307,980	1,190,243	1,046,805
Total Operating Expenses	5,841,913	4,808,110	4,509,577
Operating Income	219,746	803,916	860,406
Interest expense	132,451	129,896	118,301
Loss on early extinguishment of debt	—	44,100	—
Income Before Income Taxes	87,295	629,920	742,105
Income tax expense (benefit)	(313,463)	169,477	152,963
<b>Net Income</b>	<b>\$ 400,758</b>	<b>\$ 460,443</b>	<b>\$ 589,142</b>
Net income attributable to noncontrolling interests	5,489	4,754	6,370
<b>NET INCOME TO SHAREHOLDERS</b>	<b>\$ 395,269</b>	<b>\$ 455,689</b>	<b>\$ 582,772</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Change in net unrealized gains on investments, net of taxes:			
Net holding gains (losses) arising during the period	\$ 787,339	\$ 275,661	\$ (240,170)
Change in unrealized other-than-temporary impairment losses on fixed maturities arising during the period	—	35	160
Reclassification adjustments for net gains included in net income	(24,296)	(33,528)	(80,482)
Change in net unrealized gains on investments, net of taxes	763,043	242,168	(320,492)
Change in foreign currency translation adjustments, net of taxes	10,449	(11,704)	(29,278)
Change in net actuarial pension loss, net of taxes	6,259	(19,100)	(352)
Total Other Comprehensive Income (Loss)	779,751	211,364	(350,122)
<b>Comprehensive Income</b>	<b>\$ 1,180,509</b>	<b>\$ 671,807</b>	<b>\$ 239,020</b>
Comprehensive income attributable to noncontrolling interests	5,535	4,760	6,297
<b>COMPREHENSIVE INCOME TO SHAREHOLDERS</b>	<b>\$ 1,174,974</b>	<b>\$ 667,047</b>	<b>\$ 232,723</b>
<b>NET INCOME PER SHARE</b>			
Basic	\$ 25.89	\$ 31.41	\$ 41.99
Diluted	\$ 25.81	\$ 31.27	\$ 41.74

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2017	2016	2015
	<i>(dollars in thousands)</i>		
<b>OPERATING ACTIVITIES</b>			
Net income	\$ 400,758	\$ 460,443	\$ 589,142
Adjustments to reconcile net income to net cash provided by operating activities:			
Deferred income tax expense (benefit)	(324,090)	63,358	(9,678)
Depreciation and amortization	203,871	194,147	200,987
Net realized investment (gains) losses	5,303	(65,147)	(106,480)
Loss on early extinguishment of debt	—	44,100	—
Decrease (increase) in receivables	(38,259)	(163,123)	5,604
Increase in deferred policy acquisition costs	(67,923)	(41,619)	(7,360)
Increase (decrease) in unpaid losses and loss adjustment expenses, net	619,305	(9,429)	(91,960)
Decrease in life and annuity benefits	(55,647)	(54,580)	(85,257)
Increase (decrease) in unearned premiums, net	197,706	134,593	(4,522)
Increase (decrease) in payables to insurance and reinsurance companies	(40,761)	11,582	(31,829)
Increase (decrease) in income taxes payable	(35,968)	(16,484)	27,817
Increase (decrease) in accrued expenses	(71,669)	67,994	97,273
Increase (decrease) in other liabilities	45,051	(90,571)	(5,793)
Other	20,852	(641)	73,207
Net Cash Provided By Operating Activities	858,529	534,623	651,151
<b>INVESTING ACTIVITIES</b>			
Proceeds from sales of fixed maturities and equity securities	577,650	365,822	538,978
Proceeds from maturities, calls and prepayments of fixed maturities	1,129,895	963,165	1,503,616
Cost of fixed maturities and equity securities purchased	(1,176,281)	(2,205,939)	(1,576,254)
Net change in short-term investments	234,743	(689,194)	(62,124)
Proceeds from sales of equity method investments	3,353	8,790	23,155
Cost of equity method investments	(13,023)	(8,576)	(21,849)
Additions to property and equipment	(74,652)	(63,674)	(79,755)
Acquisitions, net of cash acquired	(1,431,712)	(7,527)	(261,521)
Other	5,570	(1,348)	(797)
Net Cash Provided (Used) By Investing Activities	(744,457)	(1,638,481)	63,449
<b>FINANCING ACTIVITIES</b>			
Additions to senior long-term debt and other debt	664,657	559,300	69,797
Repayment of senior long-term debt and other debt	(259,972)	(278,363)	(88,020)
Premiums and fees related to early extinguishment of debt	—	(43,691)	—
Repurchases of common stock	(110,838)	(51,142)	(31,491)
Issuance of common stock	552	4,623	4,752
Payment of contingent consideration	(5,018)	(14,219)	(9,263)
Purchase of noncontrolling interests	(18,334)	(3,167)	(12,474)
Distributions to noncontrolling interests	(7,899)	(5,949)	(6,287)
Other	(6,833)	(15,373)	(1,225)
Net Cash Provided (Used) By Financing Activities	256,315	152,019	(74,211)
Effect of foreign currency rate changes on cash, cash equivalents, restricted cash and restricted cash equivalents	45,295	(33,138)	(52,642)
Increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents	415,682	(984,977)	587,747
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of year	2,085,164	3,070,141	2,482,394
<b>CASH, CASH EQUIVALENTS, RESTRICTED CASH AND RESTRICTED CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 2,500,846</b>	<b>\$ 2,085,164</b>	<b>\$ 3,070,141</b>

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