ANNUAL STATEMENT

OF THE

LIBERTY MUTUAL FIRE INSURANCE COMPANY

of WAUSAU

in the state of WISCONSIN

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2016

PROPERTY AND CASUALTY

2016

23035201620100100

ANNUAL STATEMENT

For the Year Ended December 31, 2016
OF THE CONDITION AND AFFAIRS OF THE

Liberty Mutual Fire Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 23035 **Employer's ID Number** 04-1924000

Organized under the Laws of Wisconsin **, State of Domicile or Port of Entry** Wisconsin

Country of Domicile United States of America

Incorporated/Organized October 31, 1908 **Commenced Business** November 5, 1908

Statutory Home Office 2000 Westwood Drive (Street and Number) , Wausau, WI, US 54401 (City or Town, State, Country and Zip Code)

Main Administrative Office 175 Berkeley Street (Street and Number)
Boston, MA, US 02116 (City or Town, State, Country and Zip Code) 617-357-9500 (Area Code) (Telephone Number)

Mail Address 175 Berkeley Street (Street and Number or P.O. Box) , Boston, MA, US 02116 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 175 Berkeley Street (Street and Number) Boston, MA, US 02116 (City or Town, State, Country and Zip Code) 617-357-9500 (Area Code) (Telephone Number)

Internet Web Site Address www.libertymutualgroup.com

Statutory Statement Contact Lindsey Pendergast (Name) 617-357-9500 x41177 (Area Code) (Telephone Number) (Extension)
Statutory.Compliance@LibertyMutual.com (E-Mail Address) 857-224-1430 (Fax Number)

OFFICERS

Chairman of the Board

David Henry Long

	Name	Title
1.	David Henry Long	President and Chief Executive Officer
2.	Mark Charles Touhey	Senior Vice President and Secretary
3.	Laurance Henry Soyer Yahia	Senior Vice President and Treasurer

VICE-PRESIDENTS

Name	Title	Name	Title
Neeti Bhalla #	EVP and Chief Investment Officer	John Eric Brosius	EVP and Corporate Actuary
James Paul Condrin, III	Executive Vice President	Alison Brooke Erbig	Senior Vice President and Comptroller
Melanie Marie Foley	EVP-Chief Talent & Enterprise Services Off.	James Francis Kelleher	EVP and Chief Legal Officer
Dennis James Langwell	EVP and Chief Financial Officer	James Martin McGlennon	EVP and Chief Information Officer
Christopher Locke Peirce	Executive Vice President	Timothy Michael Sweeney	Executive Vice President

DIRECTORS OR TRUSTEES

Neeti Bhalla #	James Paul Condrin, III	James Francis Kelleher	Dennis James Langwell
David Henry Long	Christopher Locke Peirce	Timothy Michael Sweeney	Mark Charles Touhey

State of Massachusetts

County of Suffolk ss

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

(Signature)	(Signature)	(Signature)
David Henry Long	Mark Charles Touhey	Laurance Henry Soyer Yahia
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President and Chief Executive Officer	Senior Vice President and Secretary	Senior Vice President and Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to (or affirmed) before me this on this
31st day of January , 2017, by

a. Is this an original filing? [X] Yes [ ] No
b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	3,595,478,460		3,595,478,460	3,527,679,878
2. Stocks (Schedule D):				
2.1 Preferred stocks	24,588,478		24,588,478	22,745,926
2.2 Common stocks	375,970,235		375,970,235	389,726,162
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	161,871,672		161,871,672	134,599,517
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)				
4.2 Properties held for the production of income (less $ 0 encumbrances)				
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ (51,596,627), Schedule E - Part 1), cash equivalents ($ 5,824,137, Schedule E - Part 2), and short-term investments ($ 43,725,373, Schedule DA)	(2,047,117)		(2,047,117)	62,585,459
6. Contract loans (including $ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	399,125,378		399,125,378	386,398,137
9. Receivables for securities	111,040		111,040	5,156,692
10. Securities lending reinvested collateral assets (Schedule DL)	79,627,173		79,627,173	34,020,778
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	4,634,725,319		4,634,725,319	4,562,912,549
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	29,824,535		29,824,535	30,269,520
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	116,965,285	7,983,412	108,981,873	109,978,131
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 2,988,744 earned but unbilled premiums)	527,524,157	298,875	527,225,282	495,548,741
15.3 Accrued retrospective premiums ($ 0) and contracts subject to redetermination ($ 0)	35,494,201	3,547,869	31,946,332	31,519,422
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	5,264	37	5,227	2,329
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	149,673,000		149,673,000	145,773,000
19. Guaranty funds receivable or on deposit	1,788,385		1,788,385	1,578,490
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets ($ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	66,876,137		66,876,137	3,790,663
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	108,094,036	8,408,380	99,685,656	96,399,281
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	5,670,970,319	20,238,573	5,650,731,746	5,477,772,126
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	5,670,970,319	20,238,573	5,650,731,746	5,477,772,126

DETAILS OF WRITE-IN LINES				
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. Cash Surrender Value Life Insurance	71,874,739		71,874,739	67,404,264
2502. Equities and deposits in pools and associations	13,492,718		13,492,718	14,109,383
2503. Amounts receivable under high deductible policies	13,030,364	2,230	13,028,134	13,043,853
2598. Summary of remaining write-ins for Line 25 from overflow page	9,696,215	8,406,150	1,290,065	1,841,781
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	108,094,036	8,408,380	99,685,656	96,399,281

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	2,285,275,090	2,238,134,366
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	2,212,204	2,133,621
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	472,145,281	468,607,823
4.	Commissions payable, contingent commissions and other similar charges	43,979,530	45,423,689
5.	Other expenses (excluding taxes, licenses and fees)	77,935,113	74,142,183
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	19,898,155	19,580,195
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	80,235,832	14,387,556
7.2	Net deferred tax liability		
8.	Borrowed money $ 150,000,000 and interest thereon $ 505,042	150,505,042	150,505,042
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $ 2,088,354,368 and including warranty reserves of $ 0 and accrued accident and health experience rating refunds including $ 0 for medical loss ratio rebate per the Public Health Service Act)	1,108,755,728	1,052,883,251
10.	Advance premium	6,947,798	7,674,646
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	151,185	57,285
12.	Ceded reinsurance premiums payable (net of ceding commissions)		
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14.	Amounts withheld or retained by company for account of others	3,159,676	2,285,803
15.	Remittances and items not allocated		
16.	Provision for reinsurance (including $ 0 certified) (Schedule F, Part 8)		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding		69,268,536
19.	Payable to parent, subsidiaries and affiliates	894,302	17,995,907
20.	Derivatives		
21.	Payable for securities		18,695,404
22.	Payable for securities lending	79,627,173	34,020,778
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	(155,571,376)	(137,014,922)
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	4,176,150,733	4,078,781,163
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	4,176,150,733	4,078,781,163
29.	Aggregate write-ins for special surplus funds	15,241,173	10,862,551
30.	Common capital stock	10,000,000	10,000,000
31.	Preferred capital stock		
32.	Aggregate write-ins for other-than-special surplus funds	1,250,000	1,250,000
33.	Surplus notes		
34.	Gross paid in and contributed surplus	510,000,000	510,000,000
35.	Unassigned funds (surplus)	938,089,840	866,878,413
36.	Less treasury stock, at cost:		
	36.1 0 shares common (value included in Line 30 $ 0)		
	36.2 0 shares preferred (value included in Line 31 $ 0)		
37.	Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	1,474,581,013	1,398,990,964
38.	Totals (Page 2, Line 28, Col. 3)	5,650,731,746	5,477,772,127

	DETAILS OF WRITE-IN LINES		
2501.	Other liabilities	46,902,543	49,018,523
2502.	Amounts held under uninsured plans	46,881,705	51,193,484
2503.	Retroactive reinsurance reserves	(249,355,624)	(237,226,929)
2598.	Summary of remaining write-ins for Line 25 from overflow page		
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(155,571,376)	(137,014,922)
2901.	Special surplus from retroactive reinsurance	15,241,173	10,862,551
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)	15,241,173	10,862,551
3201.	Guaranty funds	1,250,000	1,250,000
3202.			
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page		
3299.	Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	1,250,000	1,250,000

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	2,064,977,741	1,997,025,453
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	1,169,463,952	1,111,328,489
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	272,887,232	254,174,130
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	684,267,158	622,454,710
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	2,126,618,342	1,987,957,329
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(61,640,601)	9,068,124
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	123,398,948	151,261,240
10. Net realized capital gains (losses) less capital gains tax of $ (1,205,945) (Exhibit of Capital Gains (Losses))	(2,239,613)	86,489,071
11. Net investment gain (loss) (Lines 9 + 10)	121,159,335	237,750,311
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 439,531 amount charged off $ 7,652,231)	(7,212,700)	(6,785,879)
13. Finance and service charges not included in premiums	12,777,653	11,323,919
14. Aggregate write-ins for miscellaneous income	1,261,154	(1,361,665)
15. Total other income (Lines 12 through 14)	6,826,107	3,176,375
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	66,344,841	249,994,810
17. Dividends to policyholders	1,421,581	1,548,430
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)	64,923,260	248,446,380
19. Federal and foreign income taxes incurred	28,717,945	(3,637,038)
20. Net income (Line 18 minus Line 19) (to Line 22)	36,205,315	252,083,418
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,398,990,964	1,302,113,488
22. Net income (from Line 20)	36,205,315	252,083,418
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of $ 12,573,109	37,159,281	(87,818,913)
25. Change in net unrealized foreign exchange capital gain (loss)	1,263,458	(13,041,409)
26. Change in net deferred income tax	16,473,145	(39,682,700)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(511,150)	337,080
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
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	(15,000,000)	(15,000,000)
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus		
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	75,590,049	96,877,476
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	1,474,581,013	1,398,990,964

DETAILS OF WRITE-IN LINES		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		
1401. Retroactive reinsurance gain/(loss)	8,196,133	1,599,467
1402. Other income/(expense)	(6,934,979)	(2,961,132)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	1,261,154	(1,361,665)
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)		

CASH FLOW

		1	2
	Cash from Operations	Current Year	Prior Year
1.	Premiums collected net of reinsurance	2,088,878,264	2,022,943,674
2.	Net investment income	135,365,939	161,201,704
3.	Miscellaneous income	5,086,425	(6,403,057)
4.	Total (Lines 1 through 3)	2,229,330,628	2,177,742,321
5.	Benefit and loss related payments	1,121,465,270	1,086,583,797
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	951,528,805	875,525,837
8.	Dividends paid to policyholders	1,327,681	1,690,592
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	(38,336,276)	45,014,737
10.	Total (Lines 5 through 9)	2,035,985,480	2,008,814,963
11.	Net cash from operations (Line 4 minus Line 10)	193,345,148	168,927,358
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	663,910,359	741,857,364
	12.2 Stocks	77,981,752	231,882,245
	12.3 Mortgage loans	17,873,578	16,317,866
	12.4 Real estate		
	12.5 Other invested assets	277,139,035	289,766,913
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		4,126
	12.7 Miscellaneous proceeds	5,045,529	18,452,458
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,041,950,253	1,298,280,972
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	729,770,014	970,480,358
	13.2 Stocks	50,356,192	212,058,884
	13.3 Mortgage loans	45,322,807	22,606,244
	13.4 Real estate		
	13.5 Other invested assets	317,758,778	254,233,891
	13.6 Miscellaneous applications	18,695,405	(18,655,981)
	13.7 Total investments acquired (Lines 13.1 to 13.6)	1,161,903,196	1,440,723,396
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(119,952,943)	(142,442,424)
	Cash from Financing and Miscellaneous Sources		
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	15,000,000	15,000,000
	16.6 Other cash provided (applied)	(123,024,781)	4,683,228
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(138,024,781)	(10,316,772)
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(64,632,576)	16,168,162
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	62,585,459	46,417,297
	19.2 End of year (Line 18 plus Line 19.1)	(2,047,117)	62,585,459

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001	2 - Net investment income	688,139	1,291,113
20.0002	7 - Commissions, expenses paid and aggregate write-ins for deductions		976,815
20.0003	12.1 - Proceeds from investments sold, matured or repaid - Bonds	12,633,245	6,027,500
20.0004	12.2 - Proceeds from investments sold, matured or repaid - Stocks	800,458	2,662,702
20.0005	12.3 - Proceeds from investments sold, matured or repaid - Mortgage loans	27,234	6,219
20.0006	13.1 - Cost of Investment Acquired - Bonds	13,321,384	7,318,613
20.0007	13.2 - Cost of Investment Acquired - Stocks	800,458	1,685,887
20.0008	13.5 - Cost of Investment Acquired - Other invested assets	27,234	6,219

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums Dec. 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire	47,557,959	21,403,402	21,835,650	47,125,711
2. Allied lines	30,505,784	15,674,826	16,115,412	30,065,198
3. Farmowners multiple peril	8,199,533	4,023,866	4,052,384	8,171,015
4. Homeowners multiple peril	463,810,878	241,702,807	248,793,084	456,720,601
5. Commercial multiple peril	177,449,000	89,637,953	90,000,127	177,086,826
6. Mortgage guaranty				
8. Ocean marine	6,845,573	5,533,145	4,542,223	7,836,495
9. Inland marine	63,807,195	13,380,314	14,295,996	62,891,513
10. Financial guaranty				
11.1 Medical professional liability—occurrence	6,211,017	2,716,394	2,844,642	6,082,769
11.2 Medical professional liability—claims-made	1,233,952	589,210	582,107	1,241,055
12. Earthquake	5,547,247	2,983,116	2,698,958	5,831,405
13. Group accident and health	259,870	251,000	(10,107)	520,977
14. Credit accident and health (group and individual)				
15. Other accident and health	138,841	15,537	17,768	136,610
16. Workers' compensation	157,919,334	6,731,092	11,633,608	153,016,818
17.1 Other liability—occurrence	139,594,010	59,978,096	69,457,383	130,114,723
17.2 Other liability—claims-made	50,413,088	27,522,048	31,332,613	46,602,523
17.3 Excess workers' compensation	3,257,054	2,044,237	1,759,991	3,541,300
18.1 Products liability—occurrence	14,277,632	8,160,266	7,952,615	14,485,283
18.2 Products liability—claims-made	693,461	322,110	326,609	688,962
19.1,19.2 Private passenger auto liability	494,113,710	232,169,256	247,711,540	478,571,426
19.3,19.4 Commercial auto liability	101,925,280	45,385,579	49,361,792	97,949,067
21. Auto physical damage	250,837,158	185,216,084	192,924,628	243,128,614
22. Aircraft (all perils)	4,586,612	1,245,314	1,867,516	3,964,410
23. Fidelity	3,503,301	1,969,552	1,517,385	3,955,468
24. Surety	60,082,152	40,420,362	41,304,790	59,197,724
26. Burglary and theft	54,339	31,788	30,220	55,907
27. Boiler and machinery	3,319,846	1,336,247	1,404,458	3,251,635
28. Credit	92,311	195,029	210,503	76,837
29. International				
30. Warranty	(13,058)	178,719	39,546	126,115
31. Reinsurance-nonproportional assumed property	14,331,888	3,047,839	2,455,618	14,924,109
32. Reinsurance-nonproportional assumed liability	8,611,815	2,051,013	2,984,874	7,677,954
33. Reinsurance-nonproportional assumed financial lines	742,444		680,929	61,515
34. Aggregate write-ins for other lines of business				
35. TOTALS	2,119,909,226	1,015,916,201	1,070,724,862	2,065,100,565

DETAILS OF WRITE-IN LINES				
3401.				
3402.				
3403.				
3498. Sum of remaining write-ins for Line 34 from overflow page				
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)				

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1A – RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One 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 Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	20,937,588	898,062			21,835,650
2. Allied lines	15,548,974	566,438			16,115,412
3. Farmowners multiple peril	4,028,349	24,035			4,052,384
4. Homeowners multiple peril	248,311,688	481,396			248,793,084
5. Commercial multiple peril	87,482,646	3,709,588	(1,192,107)		90,000,127
6. Mortgage guaranty					
8. Ocean marine	2,328,463	2,213,760			4,542,223
9. Inland marine	12,675,021	1,620,975			14,295,996
10. Financial guaranty					
11.1 Medical professional liability—occurrence	2,716,315	128,327			2,844,642
11.2 Medical professional liablity—claims-made	316,537	265,570			582,107
12. Earthquake	2,634,954	64,004			2,698,958
13. Group accident and health	(1,244)	(8,863)			(10,107)
14. Credit accident and health (group and individual)					
15. Other accident and health	13,530	4,238			17,768
16. Workers' compensation	45,891,388	3,589,596	(1,236,544)	(36,610,833)	11,633,607
17.1 Other liability—occurrence	61,602,883	7,655,762	(75,619)	274,355	69,457,381
17.2 Other liability—claims-made	23,944,226	7,403,974	(3,672)	(11,915)	31,332,613
17.3 Excess workers' compensation	1,658,663	101,328			1,759,991
18.1 Products liability—occurrence	4,482,809	3,301,719	(28,723)	196,810	7,952,615
18.2 Products liability—claims-made	306,480	20,129			326,609
19.1,19.2 Private passenger auto liability	244,813,590	2,897,950			247,711,540
19.3,19.4 Commercial auto liability	47,770,763	933,648		657,381	49,361,792
21. Auto physical damage	192,872,077	52,551			192,924,628
22. Aircraft (all perils)	1,867,516				1,867,516
23. Fidelity	1,597,899	(80,514)			1,517,385
24. Surety	40,143,722	1,161,068			41,304,790
26. Burglary and theft	30,192	28			30,220
27. Boiler and machinery	1,320,613	83,845			1,404,458
28. Credit	51,619	158,884			210,503
29. International					
30. Warranty		39,546			39,546
31. Reinsurance-nonproportional assumed property	2,097,520	358,098			2,455,618
32. Reinsurance-nonproportional assumed liability	2,573,540	411,334			2,984,874
33. Reinsurance-nonproportional assumed financial lines	680,929				680,929
34. Aggregate write-ins for other lines of business					
35. TOTALS	1,070,699,250	38,056,476	(2,536,665)	(35,494,202)	1,070,724,859
36. Accrued retrospective premiums based on experience					35,494,201
37. Earned but unbilled premiums					2,536,664
38. Balance (Sum of Lines 35 through 37)					1,108,755,724

DETAILS OF WRITE-IN LINES					
3401.					
3402.					
3403.					
3498. Sum of remaining write-ins for Line 34 from overflow page					
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)					

(a) State here basis of computation used in each case

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	281,709,151	47,557,959		281,709,151		47,557,959
2. Allied lines	132,225,869	30,505,784		132,225,869		30,505,784
3. Farmowners multiple peril		8,199,533				8,199,533
4. Homeowners multiple peril	988,324,963	463,810,878		988,324,963		463,810,878
5. Commercial multiple peril	46,580,352	177,449,000		46,580,352		177,449,000
6. Mortgage guaranty						
8. Ocean marine	5,265,279	6,845,573		5,265,279		6,845,573
9. Inland marine	32,968,818	63,807,195		32,968,818		63,807,195
10. Financial guaranty						
11.1 Medical professional liability--occurrence		6,211,017				6,211,017
11.2 Medical professional liability--claims-made		1,233,952				1,233,952
12. Earthquake	29,380,219	5,547,247		29,380,219		5,547,247
13. Group accident and health		259,870				259,870
14. Credit accident and health (group and individual)						
15. Other accident and health		138,841				138,841
16. Workers' compensation	478,813,574	157,919,334		478,813,574		157,919,334
17.1 Other liability—occurrence	376,917,738	139,594,010		376,917,738		139,594,010
17.2 Other liability—claims-made	7,096,308	50,413,088		7,096,308		50,413,088
17.3 Excess workers' compensation		3,257,054				3,257,054
18.1 Products liability—occurrence	77,753,283	14,277,632		77,753,283		14,277,632
18.2 Products liability—claims-made	612,916	693,461		612,916		693,461
19.1,19.2 Private passenger auto liability	915,998,802	494,113,710		915,998,802		494,113,710
19.3,19.4 Commercial auto liability	307,758,260	101,925,280		307,758,260		101,925,280
21. Auto physical damage	670,111,644	250,837,158		670,111,644		250,837,158
22. Aircraft (all perils)		4,586,612				4,586,612
23. Fidelity	1,061,541	3,503,301		1,061,541		3,503,301
24. Surety	3,485,319	60,082,152		3,485,319		60,082,152
26. Burglary and theft	485,940	54,339		485,940		54,339
27. Boiler and machinery	38,088,446	3,319,846		38,088,446		3,319,846
28. Credit		92,311				92,311
29. International						
30. Warranty	(163,221)	(13,058)		(163,221)		(13,058)
31. Reinsurance-nonproportional assumed property	X X X	14,331,888				14,331,888
32. Reinsurance-nonproportional assumed liability	X X X	8,611,815				8,611,815
33. Reinsurance-nonproportional assumed financial lines	X X X	742,444				742,444
34. Aggregate write-ins for other lines of business						
35. TOTALS	4,394,475,201	2,119,909,226		4,394,475,201		2,119,909,226

DETAILS OF WRITE-IN LINES						
3401.						
3402.						
3403.						
3498. Sum of remaining write-ins for Line 34 from overflow page						
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)						

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

If yes: 1. The amount of such installment premiums $ 460,938,823

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 455,143,772

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

	Losses Paid Less Salvage				5	6	7	8
Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	186,918,779	24,483,778	186,918,779	24,483,778	29,490,787	19,794,032	34,180,533	72.531
2. Allied lines	153,372,817	17,650,036	153,372,817	17,650,036	7,747,874	7,957,747	17,440,163	58.008
3. Farmowners multiple peril		4,363,158		4,363,158	1,223,608	1,408,262	4,178,504	51.138
4. Homeowners multiple peril	369,569,548	235,785,629	369,569,548	235,785,629	94,783,915	88,777,559	241,791,985	52.941
5. Commercial multiple peril	13,405,737	77,872,747	13,405,737	77,872,747	156,461,236	153,759,508	80,574,475	45.500
6. Mortgage guaranty								
8. Ocean marine	2,265,029	2,222,526	2,265,029	2,222,526	8,223,342	6,102,142	4,343,726	55.429
9. Inland marine	25,293,618	38,485,956	25,293,618	38,485,956	7,546,314	7,841,373	38,190,897	60.725
10. Financial guaranty								
11.1 Medical professional liability—occurrence		599,553		599,553	8,043,179	7,982,851	659,881	10.848
11.2 Medical professional liability—claims-made		318,565		318,565	2,699,267	1,797,572	1,220,260	98.324
12. Earthquake		219,971		219,971	177,822	126,183	271,610	4.658
13. Group accident and health		333,680		333,680	291,119	292,436	332,363	63.796
14. Credit accident and health (group and individual)								
15. Other accident and health		198,762		198,762	1,188,466	1,575,714	(188,486)	(137.974)
16. Workers' compensation	327,504,402	105,490,622	327,504,402	105,490,622	963,587,586	982,244,594	86,833,614	56.748
17.1 Other liability—occurrence	180,327,945	69,478,494	180,327,945	69,478,494	276,110,098	281,505,692	64,082,900	49.251
17.2 Other liability—claims-made	4,388,268	12,454,424	4,388,268	12,454,424	79,040,818	68,163,978	23,331,264	50.064
17.3 Excess workers' compensation	38,634	2,350,833	38,634	2,350,833	45,426,192	45,686,427	2,090,598	59.035
18.1 Products liability—occurrence	37,185,413	4,754,094	37,185,413	4,754,094	29,144,867	26,488,317	7,410,644	51.160
18.2 Products liability—claims-made		61,752		61,752	1,270,950	1,801,935	(469,233)	(68.107)
19.1,19.2 Private passenger auto liability	664,432,757	303,716,753	664,432,757	303,716,753	388,946,363	364,654,338	328,008,778	68.539
19.3,19.4 Commercial auto liability	175,157,326	61,186,310	175,157,326	61,186,310	125,640,136	118,915,709	67,910,737	69.333
21. Auto physical damage	346,346,313	149,446,737	346,346,313	149,446,737	3,487,591	4,567,141	148,367,187	61.024
22. Aircraft (all perils)		1,806,530		1,806,530	2,840,914	2,833,532	1,813,912	45.755
23. Fidelity	260,196	344,678	260,196	344,678	4,754,186	3,875,928	1,222,936	30.918
24. Surety		533,013		533,013	16,419,632	6,863,958	10,088,687	17.042
26. Burglary and theft	92,117	9,863	92,117	9,863	16,607	12,217	14,253	25.494
27. Boiler and machinery	12,569,141	1,003,829	12,569,141	1,003,829	1,194,597	544,685	1,653,741	50.859
28. Credit		53,030		53,030	339,727	496,870	(104,113)	(135.499)
29. International								
30. Warranty					149,261	134,566	14,695	11.652
31. Reinsurance-nonproportional assumed property	XXX	3,487,938		3,487,938	12,361,581	13,094,712	2,754,807	18.459
32. Reinsurance-nonproportional assumed liability	XXX	2,650,198		2,650,198	16,305,364	18,528,020	427,542	5.568
33. Reinsurance-nonproportional assumed financial lines	XXX	180,394		180,394	361,691	306,367	235,718	383.188
34. Aggregate write-ins for other lines of business								
35. TOTALS	2,499,128,040	1,121,543,853	2,499,128,040	1,121,543,853	2,285,275,090	2,238,134,365	1,168,684,578	56.592

DETAILS OF WRITE-IN LINES								
3401.								
3402.								
3403.								
3498. Sum of remaining write-ins for Line 34 from overflow page								
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)								

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

	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	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	143,102,272	17,872,594	143,102,272	17,872,594	81,271,201	11,618,193	81,271,201	29,490,787	1,621,707
2. Allied lines	68,493,651	5,358,619	68,493,651	5,358,619	9,072,843	2,389,256	9,072,843	7,747,875	834,826
3. Farmowners multiple peril		1,403,052		1,403,052		(179,444)		1,223,608	315,335
4. Homeowners multiple peril	96,613,719	52,189,693	96,613,719	52,189,693	96,724,769	42,594,222	96,724,769	94,783,915	19,161,041
5. Commercial multiple peril	31,630,110	72,304,635	31,630,110	72,304,635	9,593,714	84,156,601	9,593,714	156,461,236	54,131,068
6. Mortgage guaranty									
8. Ocean marine	187,891	3,538,145	187,891	3,538,145	2,117,814	4,685,198	2,117,814	8,223,343	1,127,858
9. Inland marine	9,941,829	3,704,385	9,941,829	3,704,385	(1,895,719)	3,841,929	(1,895,719)	7,546,314	1,306,916
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		927,712		927,712		7,115,468		8,043,180	737,117
11.2 Medical professional liablity—claims-made		1,052,517		1,052,517		1,646,751		2,699,268	303,138
12. Earthquake	5,000	82,244	5,000	82,244		95,578		177,822	23,460
13. Group accident and health		149,951		149,951	54,001	141,168	54,001	(a) 291,119	22,451
14. Credit accident and health (group and individual)									
15. Other accident and health		625,613		625,613		562,853		(a) 1,188,466	445,919
16. Workers' compensation	1,508,952,921	450,472,013	1,508,952,921	450,472,013	2,066,902,116	513,115,572	2,066,902,116	963,587,585	144,098,666
17.1 Other liability—occurrence	328,595,433	109,990,118	328,595,433	109,990,118	554,007,735	166,119,980	554,007,735	276,110,098	84,583,340
17.2 Other liability—claims-made	8,209,014	17,247,934	8,209,014	17,247,934	4,740,781	61,792,884	4,740,781	79,040,818	17,071,802
17.3 Excess workers' compensation	326,268	20,425,588	326,268	20,425,588	1,023,012	25,000,604	1,023,012	45,426,192	5,297,265
18.1 Products liability—occurrence	37,327,555	8,340,699	37,327,555	8,340,699	104,375,168	20,804,168	104,375,168	29,144,867	20,825,961
18.2 Products liability—claims-made	25,000	14,371	25,000	14,371	3,587,869	1,256,580	3,587,869	1,270,951	615,886
19.1,19.2 Private passenger auto liability	740,574,130	233,722,082	740,574,130	233,722,082	555,969,529	155,224,281	555,969,529	388,946,363	89,268,857
19.3,19.4 Commercial auto liability	202,991,699	68,562,088	202,991,699	68,562,088	191,329,437	57,078,047	191,329,437	125,640,135	14,853,036
21. Auto physical damage		956,647		956,647	(5,317,710)	2,530,943	(5,317,710)	3,487,590	7,494,358
22. Aircraft (all perils)		1,357,755		1,357,755		1,483,159		2,840,914	577,802
23. Fidelity	89,117	894,354	89,117	894,354	1,039,052	3,859,831	1,039,052	4,754,185	564,414
24. Surety	(34,509)	5,985,375	(34,509)	5,985,375	706,927	10,431,780	704,450	16,419,632	5,042,531
26. Burglary and theft	32,489	3,992	32,489	3,992	50,801	12,615	50,801	16,607	7,685
27. Boiler and machinery	14,062,405	1,037,964	14,062,405	1,037,964	1,141,667	156,633	1,141,667	1,194,597	36,534
28. Credit		92,748		92,748		246,979		339,727	500
29. International									
30. Warranty					1,824,374	149,261	1,824,374	149,261	60,397
31. Reinsurance-nonproportional assumed property	X X X	4,594,460		4,594,460	X X X	7,767,121		12,361,581	224,781
32. Reinsurance-nonproportional assumed liability	X X X	5,001,055		5,001,055	X X X	11,304,309		16,305,364	1,485,519
33. Reinsurance-nonproportional assumed financial lines	X X X	329,263		329,263	X X X	32,427		361,690	5,108
34. Aggregate write-ins for other lines of business									
35. TOTALS	3,191,125,994	1,088,237,666	3,191,125,994	1,088,237,666	3,678,319,381	1,197,034,947	3,678,316,904	2,285,275,090	472,145,278

DETAILS OF WRITE-IN LINES									
3401.									
3402.									
3403.									
3498. Sum of remaining write-ins for Line 34 from overflow page									
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)									

(a) Including $ 0 for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	255,728,194			255,728,194
1.2 Reinsurance assumed	119,979,594			119,979,594
1.3 Reinsurance ceded	255,728,194			255,728,194
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	119,979,594			119,979,594
2. Commission and brokerage:				
2.1 Direct, excluding contingent		200,544,395		200,544,395
2.2 Reinsurance assumed, excluding contingent		119,202,641		119,202,641
2.3 Reinsurance ceded, excluding contingent		200,544,395		200,544,395
2.4 Contingent—direct		287,306,362		287,306,362
2.5 Contingent—reinsurance assumed		31,778,070		31,778,070
2.6 Contingent—reinsurance ceded		287,306,362		287,306,362
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		150,980,711		150,980,711
3. Allowances to manager and agents		21,017,442		21,017,442
4. Advertising	224,545	39,749,802	8,289	39,982,636
5. Boards, bureaus and associations	678,547	3,610,035	3,864	4,292,446
6. Surveys and underwriting reports	8,491	10,633,402	2	10,641,895
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	89,070,463	192,753,498	5,956,817	287,780,778
8.2 Payroll taxes	3,686,671	16,449,060	226,091	20,361,822
9. Employee relations and welfare	18,995,831	80,639,794	1,109,260	100,744,885
10. Insurance	5,123,890	(338,277)	596,891	5,382,504
11. Directors' fees	1	(1,201)		(1,200)
12. Travel and travel items	5,250,995	11,897,796	160,433	17,309,224
13. Rent and rent items	4,377,504	19,965,807	260,818	24,604,129
14. Equipment	2,966,193	10,167,717	275,160	13,409,070
15. Cost or depreciation of EDP equipment and software	3,256,236	8,886,939	280,236	12,423,411
16. Printing and stationery	487,372	1,873,883	23,097	2,384,352
17. Postage, telephone and telegraph, exchange and express	2,469,935	11,922,213	177,642	14,569,790
18. Legal and auditing	729,139	2,660,949	153,744	3,543,832
19. Totals (Lines 3 to 18)	137,325,813	431,888,859	9,232,344	578,447,016
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 268,297		49,115,559		49,115,559
20.2 Insurance department licenses and fees		5,617,654		5,617,654
20.3 Gross guaranty association assessments		444,685		444,685
20.4 All other (excluding federal and foreign income and real estate)		6,941,938		6,941,938
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		62,119,836		62,119,836
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	15,581,827	39,277,755	1,433,845	56,293,427
25. Total expenses incurred	272,887,234	684,267,161	10,666,189	(a) 967,820,584
26. Less unpaid expenses—current year	472,145,281	141,812,798		613,958,079
27. Add unpaid expenses—prior year	468,607,823	139,146,067		607,753,890
28. Amounts receivable relating to uninsured plans, prior year		2,329		2,329
29. Amounts receivable relating to uninsured plans, current year		5,227		5,227
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	269,349,776	681,603,328	10,666,189	961,619,293

DETAILS OF WRITE-IN LINES				
2401. Other expenses	15,581,827	39,277,755	1,433,845	56,293,427
2402. Change in unallocated expense reserves				
2403. Summary of remaining write-ins for item 21 from overflow page				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	15,581,827	39,277,755	1,433,845	56,293,427

(a) Includes management fees of $ 320,825,023 to affiliates and $ 21,012,491 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 9,472,297	9,031,159
1.1	Bonds exempt from U.S. tax	(a) 32,319,851	32,320,652
1.2	Other bonds (unaffiliated)	(a) 80,428,923	80,400,277
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 1,092,433	1,092,433
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	2,729,351	2,723,087
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c) 7,470,275	7,500,537
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 143,501	143,501
7.	Derivative instruments	(f)	
8.	Other invested assets	6,247,470	6,247,470
9.	Aggregate write-ins for investment income	570,439	570,439
10.	Total gross investment income	140,474,540	140,029,555
11.	Investment expenses		(g) 10,666,190
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 5,964,417
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		16,630,607
17.	Net investment income (Line 10 minus Line 16)		123,398,948

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)	570,439	570,439
0902.	Investment Income/(Expense) – Pooling Restatement		
0903.			
0998.	Summary of remaining write-ins for Line 09 from overflow page		
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)	570,439	570,439
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		

(a) Includes $ 2,191,479 accrual of discount less $ 12,860,507 amortization of premium and less $ 0 paid for accrued interest on purchases.
(b) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued dividends on purchases.
(c) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 12,940 paid for accrued interest on purchases.
(d) Includes $ 0 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.
(e) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.
(f) Includes $ 0 accrual of discount less $ 0 amortization of premium.
(g) Includes $ 0 investment expenses and $ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ 0 interest on surplus notes and $ 0 interest on capital notes.
(i) Includes $ 0 depreciation on real estate and $ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds					
1.1	Bonds exempt from U.S. tax	650,438		650,438	(51,093)	
1.2	Other bonds (unaffiliated)	1,240,663	(178,483)	1,062,180	9,950,772	307,520
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)	31,405		31,405	1,896,997	
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	(3,624,605)	(5,636,187)	(9,260,792)	23,432,029	503,196
2.21	Common stocks of affiliates				(890,651)	
3.	Mortgage loans	(240,609)		(240,609)	90,768	
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets	4,719,067	(407,247)	4,311,820	15,303,569	(128,989)
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	2,776,359	(6,221,917)	(3,445,558)	49,732,391	681,727

	DETAILS OF WRITE-IN LINES					
0901.	Miscellaneous gains (losses)					
0902.	SOFTWARE IMPAIRMENT					
0903.	DEFERRED G/L-TRSFR OF ASSETS-INTERCO NON-CASH					
0998.	Summary of remaining write-ins for Line 09 from overflow page					
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)					

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First lines			
3.2 Other than first lines			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	7,983,412	6,970,199	(1,013,213)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	298,875	234,878	(63,997)
15.3 Accrued retrospective premiums and contracts subject to redetermination	3,547,869	3,494,440	(53,429)
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans	37	172	135
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	8,408,380	9,026,924	618,544
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	20,238,573	19,726,613	(511,960)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	20,238,573	19,726,613	(511,960)

DETAILS OF WRITE-IN LINES			
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. Other assets	8,406,150	9,008,195	602,045
2502. Amounts receivable under high deductible policies	2,230	18,729	16,499
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	8,408,380	9,026,924	618,544

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the State of Wisconsin, the accompanying financial statements of Liberty Mutual Fire Insurance Company (the "Company") have been prepared in conformity with the National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures Manual* ("APP Manual").

	SSAP #	F/S Page	F/S Line #	2016	2015
NET INCOME					
LMFIC state basis		4	20	$36,205,315	$252,083,418
State Prescribed Practices: NONE				-	-
State Permitted Practices: NONE				-	-
NAIC SAP				$36,205,315	$252,083,418

	SSAP #	F/S Page	F/S Line #	2016	2015
SURPLUS					
LMFIC state basis		3	37	$1,474,581,013	$1,398,990,964
State Prescribed Practices: NONE				-	-
State Permitted Practices: NONE				-	-
NAIC SAP				$1,474,581,013	$1,398,990,964

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. It also requires estimates in the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro-rata methods. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company applies the following accounting policies, where applicable:

1. Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the Purposes and Procedures Manual of the NAIC Investment Analysis Office (SVO Manual).

2. Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the SVO Manual.

3. Common stocks are carried at fair value, except that investments in stocks of subsidiaries, controlled and affiliated ("SCA") companies are carried according to Note 1C(7).

4. Preferred stocks are carried at cost or fair value as specified by the SVO Manual. Preferred stocks of SCA companies are carried according to Note 1C(7).

5. Mortgage loans are carried at unpaid principal balances, less impairments as specified by the SVO Manual.

6. Mortgage backed/asset backed securities are carried at amortized cost or fair value based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are based on market expectations. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.

7. Investments in SCA companies are carried in accordance with SSAP No. 97, *Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88*, and the SVO Manual.

8. Investments in joint ventures, partnerships, and limited liability companies are carried in accordance with SSAP No. 48, *Joint Ventures, Partnerships and Limited Liability Companies*, and the SVO Manual.

9. Derivative Securities, refer to Note 8.

10. Investment income is anticipated as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property Casualty Contracts - Premiums.* Refer to Note 30.

11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and an amount, based on past experience, for losses and loss adjustment expenses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods, for making

NOTES TO FINANCIAL STATEMENTS

such estimates and for establishing the resulting liability, are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.

12. The Company did not change its capitalization policy in 2016.

13. The Company has no pharmaceutical rebate receivables.

D. Going Concern

The Company is not aware of any conditions that would impact its ability to continue as a going concern.

Note 2 - Accounting Changes and Correction of Errors

There were no material changes in accounting principles and/or correction of errors.

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

On August 24, 2007, the Company and three affiliates (Liberty Mutual Insurance Company (“LMIC”), a Massachusetts insurance company; Peerless Insurance Company (“PIC”), a New Hampshire insurance company; and Employers Insurance Company of Wausau (“EICOW”), a Wisconsin insurance company) acquired all of the issued and outstanding voting shares of Ohio Casualty Corporation, a non-insurance holding company, which is the upstream parent of four property casualty insurance companies. The Company directly acquired a 6% ownership interest in Ohio Casualty Corporation, while the affiliates account for the remaining 94% (LMIC 78%, PIC 8%, and EICOW 8%). The transaction was accounted for as a statutory purchase and the cost was $166,800,420, resulting in goodwill in the amount of $88,284,180. Goodwill amortization relating to the purchase of Ohio Casualty Corporation was $8,828,420 for year ended December 31, 2016; goodwill is being amortized over ten years.

B. Statutory Mergers

The Company did not enter into any statutory mergers during the year.

C. Impairment Loss

The Company did not recognize an impairment loss during the period.

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5 – Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

1. The maximum and minimum lending rates for mortgage loans during 2016 were:

Farm mortgages	N/A
Residential mortgages	N/A
Commercial mortgages	3.140% and 6.000%
Mezzanine	N/A

2. The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was: 75%

3. Taxes, assessments and any amounts advanced and not included in the mortgage loan total:

2016	2015
$ 11,361	$ 13,462

4. Age Analysis of Mortgage Loans:

		Residential		Commercial			
	Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. Current Year							
1. Recorded Investment (All)							
(a) Current	$ -	$ -	$ -	$ -	$162,012,467	$ -	$162,012,467
(b) 30-59 Days Past Due	-	-	-	-	-	-	-
(c) 60-89 Days Past Due	-	-	-	-	-	-	-
(d) 90-179 Days Past Due	-	-	-	-	14,804	-	14,804
(e) 180+ Days Past Due	-	-	-	-	17,132	-	17,132
2. Accruing Interest 90-179 Days Past Due							

NOTES TO FINANCIAL STATEMENTS

(a) Recorded Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Interest Accrued	-	-	-	-	-	-	-
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Interest Accrued	-	-	-	-	-	-	-
4. Interest Reduced							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$4,818,097	$ -	$4,181,097
(b) Number of Loans	-	-	-	-	594	-	594
(c) Percent Reduced	-	-	-	-	1.682%	-	1.682%
b. Prior Year							
1. Recorded Investment (All)							
(a) Current	$ -	$ -	$ -	$ -	$134,634,805	$ -	$134,634,805
(b) 30-59 Days Past Due	-	-	-	-	-	-	-
(c) 60-89 Days Past Due	-	-	-	-	188,274	-	188,274
(d) 90-179 Days Past Due	-	-	-	-	17,992	-	17,992
(e) 180+ Days Past Due	-	-	-	-	21,945	-	21,945
2. Accruing Interest 90-179 Days Past Due							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Interest Accrued	-	-	-	-	-	-	-
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Interest Accrued	-	-	-	-	-	-	-
4. Interest Reduced							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$2,517,140	$ -	$2,517,140
(b) Number of Loans	-	-	-	-	500	-	500
(c) Percent Reduced	-	-	-	-	1.963%	-	1.963%

5. Investment in Impaired Loans With or Without Allowance for Credit Losses:

		Residential		Commercial			
	Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. Current Year							
1. With Allowance for Credit Losses	$ -	$ -	$ -	$ -	$39,134	$ -	$399,137
2. No Allowance for Credit Losses	-	-	-	-	550,361	-	550,361
b. Prior Year							
1. With Allowance for Credit Losses	$ -	$ -	$ -	$ -	$426,867	$ -	$426,867
2. No Allowance for Credit Losses	-	-	-	-	352,646	-	652,646

6. Investment in Impaired Loans - Average Recorded Investment, Interest Income Recognized, Recorded Investment on Nonaccrual Status and Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. Average Recorded Investment	$ -	$ -	$ -	$ -	$864,506	$ -	$864,506
2. Interest Income Recognized	-	-	-	-	55,648	-	55,648
3. Recorded Investments on Nonaccrual Status	-	-	-	-	17,132	-	17,132
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	51,542	-	51,542
b. Prior Year							
1. Average Recorded Investment	$ -	$ -	$ -	$ -	$838,300	$ -	$838,300
2. Interest Income Recognized	-	-	-	-	49,458	-	49,458
3. Recorded Investments on Nonaccrual Status	-	-	-	-	40,346	-	40,346
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	49,055	-	49,055

NOTES TO FINANCIAL STATEMENTS

7. Allowance for Credit Losses:

	2016	2015
a. Balance at beginning of period	$ 263,499	$ 331,667
b. Additions charged to operations	144,137	56,834
c. Direct write-downs charged against the allowances	(234,905)	(125,002)
d. Recoveries of amounts previously charged off	-	-
e. Balance at end of period	$ 172,731	$ 263,499

8. Mortgage Loans Derecognized as a Result of Foreclosure:

	2016	2015
a. Aggregate amount of mortgage loans derecognized	$44,051	$ 3,330
b. Real estate collateral recognized	27,234	3,694
c. Other collateral recognized	-	-
d. Receivables recognized from a government guarantee of the foreclosed mortgage loan	-	-

9. Interest income on impaired commercial mortgage loans is recognized until the loans are more than 90 days delinquent. Interest income and accrued interest receivable are reversed when a loan is put on non-accrual status. Interest income on loans more than 90 days delinquent is recognized in the period the cash is collected. Interest income recognition is continued when the loan becomes less than 90 days delinquent and management determines it is probably that the loan will continue to perform.

B. Debt Restructuring

	2016	2015
1. The total recorded investment in restructured loans, as of year end	$ 1,052,021	$ 968,960
2. The realized capital losses related to these loans	-	-
3. Total contractual commitments to extend credit to debtors owning receivables whose terms have been modified in troubled debt restructurings	-	-

4. The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continues to perform under its original or restructured contractual terms. Interest income on non-performing loans is generally recognized on a cash basis.

C. Reverse Mortgages

The company has no reverse mortgages.

D. Loan Backed Securities

1. Prepayment assumptions are based on market expectations.

2. All Loan Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2016 as of December 31, 2016: None

3. Each Loan Backed Security with a recognized other-than-temporary impairment held by the Company at December 31, 2016:

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other-than-temporary impairment	Amortized cost after other-than-temporary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Report
32056FAC6	1,237,087	1,233,903	3,184	1,233,903	1,237,194	3/31/2016
32052TAD8	3,323,191	3,308,247	14,944	3,308,247	3,217,426	3/31/2016
32056FAC6	1,148,940	1,139,260	9,680	1,139,260	1,136,741	6/30/2016
32052TAD8	2,971,431	2,936,230	35,201	2,936,230	2,926,548	9/30/2016
12544LAK7	1,741,534	1,692,011	49,523	1,692,011	1,688,473	9/30/2016
12544LAK7	1,634,597	1,614,549	20,048	1,614,549	1,612,126	12/31/2016
32056FAC6	1,008,038	1,000,968	7,070	1,000,968	996,763	12/31/2016

4. All impaired Loan Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2016:

a. The aggregate amount of unrealized losses:

1. Less than 12 Months	$	3,890,493
2. 12 Months or Longer	$	297,826

b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	$	353,857,364
2. 12 Months or Longer	$	22,035,440

5. The Company reviews fixed income securities for impairment on a quarterly basis. Securities are reviewed for both quantitative and qualitative considerations including, but not limited to: (a) the extent of the decline in fair value below book value, (b) the duration of the decline, (c) significant adverse changes in the financial condition or near term prospects of the investment or issuer, (d) significant change in the business climate or credit ratings of the issuer, (e) general market conditions and volatility, (f) industry factors, and (g) the past impairment of the security holding or the

NOTES TO FINANCIAL STATEMENTS

issuer. If the decline is believed to be "other-than-temporary," and the Company believes it will not be able to collect all cash flows due on its fixed income securities, then the carrying value of the investment is written down to the expected cash flow amount and a realized loss is recorded as a credit impairment.

E. Repurchase Agreements and Securities Lending

1. The Company has not entered into any repurchase agreements during the year. Refer to Note 17B for the policy on requiring collateral to security lending.

2. The Company has not pledged any of its assets as collateral as of December 31, 2016.

3. Aggregate Amount of Contractually open cash collateral positions:

a. Aggregate Amount Cash Collateral Received

	Fair Value
1. Repurchase Agreement	
(a) Open	
(b) 30 Days or Less	
(c) 31 to 60 Days	
(d) 61 to 90 Days	
(e) Greater Than 90 Days	
(f) Sub-Total	
(g) Securities Received	
(h) Total Collateral Received	
2. Securities Lending	
(a) Open	$79,627,173
(b) 30 Days or Less	
(c) 31 to 60 Days	
(d) 61 to 90 Days	
(e) Greater Than 90 Days	
(f) Sub-Total	$79,627,173
(g) Securities Received	$-
(h) Total Collateral Received	$79,627,173
3. Dollar Repurchase Agreement	
(a) Open	
(b) 30 Days or Less	
(c) 31 to 60 Days	
(d) 61 to 90 Days	
(e) Greater Than 90 Days	
(f) Sub-Total	
(g) Securities Received	
(h) Total Collateral Received	

b. The fair value of that collateral and of the portion of that collateral that it has sold or re-pledged $79,627,173

c. All collateral is received in the form of cash and/or securities equal to or in excess of 102% of the loaned value and are maintained in a separate custody account. Cash collateral is reinvested into short-term investments as outlined in the terms of the investment agreement. Per the terms of the investment agreement the company has the right and ability to redeem any eligible securities on short notice.

4. Securities Lending Transactions Administered by an Affiliated Agent

The Company's security lending transactions are not administered by an affiliate agent.

5. Collateral Reinvestment

a. Aggregate Amount Collateral Reinvested

	Amortized Cost	Fair Value
1. Repurchase Agreement		
(a) Open		
(b) 30 Days or Less		
(c) 31 to 60 Days		
(d) 61 to 90 Days		
(e) 91 to 120 Days		
(f) 121 to 180 Days		
(g) 181 to 365 Days		

NOTES TO FINANCIAL STATEMENTS

(h) 1 to 2 Years		
(i) 2 to 3 Years		
(j) Greater Than 3 Years		
(k) Sub-Total		
(l) Securities Received		
(m) Total Collateral Reinvested		

2. Securities Lending		
(a) Open		
(b) 30 Days or Less	$37,933,950	$37,933,950
(c) 31 to 60 Days	$32,821,022	$32,821,022
(d) 61 to 90 Days	$8,872,201	$8,872,201
(e) 91 to 120 Days		
(f) 121 to 180 Days		
(g) 181 to 365 Days		
(h) 1 to 2 Years		
(i) 2 to 3 Years		
(j) Greater Than 3 Years		
(k) Sub-Total	$79,627,173	$79,627,173
(l) Securities Received		
(m) Total Collateral Reinvested	$79,627,173	$79,627,173

3. Dollar Repurchase Agreement		
(a) Open		
(b) 30 Days or Less		
(c) 31 to 60 Days		
(d) 61 to 90 Days		
(e) 91 to 120 Days		
(f) 121 to 180 Days		
(g) 181 to 365 Days		
(h) 1 to 2 Years		
(i) 2 to 3 Years		
(j) Greater Than 3 Years		
(k) Sub-Total		
(l) Securities Received		
(m) Total Collateral Reinvested		

b. The reporting entity's sources of cash that it uses to return the cash collateral is dependent on the liquidity of the current market conditions. Under current conditions, the reporting entity could liquidate all or a portion of its cash collateral reinvestment securities in order to meet the collateral calls that could come due under a worst-case scenario.

6. Collateral that is not permitted by contract or custom to sell or re-pledge.

   The Company has not accepted collateral that it is not permitted by contract or custom to sell or re-pledge.

7. Securities lending collateral that extend beyond one year from reporting date.

   The Company has not accepted collateral that extends beyond one year from the reporting date for securities lending transactions.

F. Real Estate

The Company does not hold any investments in real estate.

G. Investments in Low-Income Housing Tax Credits (“LIHTC”)

1. There are eleven years remaining of unexpired tax credits. The required holding period for the LIHTC investment is fifteen years.
2. There were $5,520,619 of LIHTC and other tax benefits recognized during the year.
3. The balance of the investment recognized in the statement of financial position for the current year is $16,791,372.
4. The Company’s LIHTC property is required to meet regulatory benchmarks to comply with the LIHTC program which include the review of tenant files. Oversight of the projects is administered by the State Housing agencies.
5. The carrying value of the Company’s investment in LIHTC did not exceed 10% of its admitted assets.
6. The Company did not recognize any impairment loss on its LIHTC investment during the year.
7. The Company did not write-down its LIHTC investment or reclassify the LIHTC during the year due to the forfeiture or ineligibility of tax credits.

NOTES TO FINANCIAL STATEMENTS

H. Restricted Assets

1. Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmited) Restricted						
	Current Year					6	7
	1	2	3	4	5		
	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase / (Decrease) (5 minus 6)
a. Subject to contractual obligation for which liability is not shown	$-	$-	$-	$-	$-	$-	$-
b. Collateral held under security lending agreements	$79,627,173	$-	$-	$-	$79,627,173	$34,020,778	$45,606,395
c. Subject to repurchase agreements	$-	$-	$-	$-	$-	$-	$-
d. Subject to reverse repurchase agreements	$-	$-	$-	$-	$-	$-	$-
e. Subjects to dollar repurchase agreements	$-	$-	$-	$-	$-	$-	$-
f. Subject to dollar reverse repurchase agreements	$-	$-	$-	$-	$-	$-	$-
g. Placed under option contracts	$-	$-	$-	$-	$-	$-	$-
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	$-	$-	$-	$-	$-	$-	$-
i. FHLB capital stock	$6,750,000	$-	$-	$-	$6,750,000	$7,500,000	$(750,000)
j. On deposit with states	$208,960,800	$-	$-	$-	$208,960,800	$206,008,856	$2,951,944
k. On deposit with other regulatory bodies	$19,334,740	$-	$-	$-	$19,334,740	$19,618,253	$(283,513)
l. Pledged collateral to FHLB (including assets backing funding agreements)	$173,893,672	$-	$-	$-	$173,893,672	$176,682,932	$(2,789,260)
m. Pledged as collateral not captured in other categories	$-	$-	$-	$-	$-	$-	$-
n. Other restricted assets	$-	$-	$-	$-	$-	$-	$-
o. Total Restricted Assets	$488,566,385	$-	$-	$-	$488,566,385	$443,838,819	$44,735,566

(a) Subset of column 1
(b) Subset of column 3

NOTES TO FINANCIAL STATEMENTS

Restricted Asset Category	Current Year			
			Percentage	
	8	9	10	11
	Total Nonadmitted Restricted	Total Admitted Restricted	Gross Restricted to Total Assets(c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown	$-	$-	0%	0%
b. Collateral held under security lending agreements	$-	$79,627,173	1%	1%
c. Subject to repurchase agreements	$-	$-	0%	0%
d. Subject to reverse repurchase agreements	$-	$-	0%	0%
e. Subjects to dollar repurchase agreements	$-	$-	0%	0%
f. Subject to dollar reverse repurchase agreements	$-	$-	0%	0%
g. Placed under option contracts	$-	$-	0%	0%
h. Letter stock or securities restricted as to sale - excluding FHLB capital stock	$-	$-	0%	0%
i. FHLB capital stock	$-	$6,750,000	0%	0%
j. On deposit with states	$-	$208,960,800	4%	4%
k. On deposit with other regulatory bodies	$-	$19,334,740	0%	0%
l. Pledged collateral to FHLB (including assets backing funding agreements)	$-	$173,893,672	3%	3%
m. Pledged as collateral not captured in other categories	$-	$-	0%	0%
n. Other restricted assets	$-	$-	0%	0%
o. Total Restricted Assets	$-	$488,566,385	9%	9%

(c) Column 5 divided by Asset Page, Column 1, Line 28
(d) Column 9 divided by Asset Page, Column 3, Line 28

2. Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

   Not applicable

3. Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are Reported in the Aggregate)

   Not applicable

4. Collateral Received and Reflected as Assets within the Reporting Entity's Financial Statements

Collateral Assets	1 Book/Adjusted Carrying Value (BACV)	2 Fair Value	3 % of BACV to Total Assets (Admitted and Nonadmitted)*	4 % of BACV to Total Admitted Assets **
a. Cash	$-	$-	%	%
b. Schedule D, Part 1	-	-	%	%
c. Schedule D, Part 2, Section 1	-	-	%	%
d. Schedule D, Part 2, Section 2	-	-	%	%
e. Schedule B	-	-	%	%
f. Schedule A	-	-	%	%
g. Schedule BA, Part 1	-	-	%	%
h. Schedule DL, Part 1	$79,627,173	$79,627,173	1.40%	1.41%
i. Other	-	-	%	%
j. Total Collateral Assets (a+b+c+d+e+f+g+h+i)	$79,627,173	$79,627,173	1.40%	1.41%

* Column 1 divided by Asset Page, Line 26 (Column 1)
** Column 1 divided by Asset Page, Line 26 (Column 3)

NOTES TO FINANCIAL STATEMENTS

	1 Amount	2 % of Liability to Total Liabilities *
k. Recognized Obligation Return Collateral Asset	$79,627,173	1.41%

* Column 1 divided by Asset Page, Line 26 (Column 1)

I. Working Capital Finance Investments

The Company does not invest in Working Capital Finance Investments.

J. Offsetting and Netting of Assets and Liabilities

Not applicable

K. Structured Notes

Not applicable

L. 5* Securities

Not applicable

Note 6 - Joint Ventures, Partnerships & Limited Liability Companies

A. Investments in joint ventures, partnerships and limited liability companies

The Company has no investments in joint ventures, partnerships, or limited liability companies that exceed 10% of its admitted assets.

B. Impairments on joint ventures, partnerships or limited liability companies

The Company invests in limited partnerships that are reported in accordance with SSAP No. 48. These limited partnerships are valued by the equity method using traditional private equity valuation measures. Interim poor performance which indicates a probable inability to recover the carrying amount of the assets leads to impairment losses being recognized by management. Management may also engage to sell limited partnership interests which may also lead to impairment losses being recognized. The Company realized impairment losses of $23,356 during the year.

Note 7 - Investment Income

A. Accrued Investment Income

The Company does not admit investment income due and accrued if amounts are over 90 days past due.

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2016.

Note 8 - Derivative Instruments

The Company's investment activities do not include derivatives. However, the Company may acquire derivatives as additions to bond, common stock, or preferred stock investments. These derivatives are ancillary to the overall investment and are immaterial to the underlying investment portfolio.

Note 9 - Income Taxes

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

1.

	12/31/2016		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross Deferred Tax Assets	$ 192,165,924	$ 26,416,076	$ 218,582,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	192,165,924	26,416,076	218,582,000
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	192,165,924	26,416,076	218,582,000
(f) Deferred Tax Liabilities	31,811,000	37,098,000	68,909,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 160,354,924	$ (10,681,924)	$ 149,673,000

NOTES TO FINANCIAL STATEMENTS

	12/31/2015		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross Deferred Tax Assets	$ 178,848,000	$ 31,362,000	$ 210,210,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	178,848,000	31,362,000	210,210,000
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	178,848,000	31,362,000	210,210,000
(f) Deferred Tax Liabilities	34,280,000	30,157,000	64,437,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 144,568,000	$ 1,205,000	$ 145,773,000

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	$ 13,317,924	$ (4,945,924)	$ 8,372,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	13,317,924	(4,945,924)	8,372,000
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	13,317,924	(4,945,924)	8,372,000
(f) Deferred Tax Liabilities	(2,469,000)	6,941,000	4,472,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 15,786,924	$(11,886,924)	$ 3,900,000

2.

	12/31/2016		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	$ 57,828,290	$ 307,543	$ 58,135,833
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	108,742,346	-	108,742,346
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	108,742,346	-	108,742,346
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			199,997,255
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	25,595,288	26,108,533	51,703,821
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	$ 192,165,924	$ 26,416,076	$ 218,582,000

	12/31/2015		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	$ 33,978,297	$ 7,345,920	$ 41,324,217
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	106,024,568	-	106,024,568
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	106,024,568	-	106,024,568
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			190,018,225
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	34,280,000	28,581,215	62,861,215
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	$ 174,282,865	$ 35,927,135	$ 210,210,000

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	$ 23,849,993	$ (7,038,377)	$ 16,811,616
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	2,717,778	-	2,717,778
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	2,717,778	-	2,717,778
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			9,979,030
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	(8,684,712)	(2,472,682)	(11,157,394)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ 17,883,059	$ (9,511,059)	$ 8,372,000

3.

	2016	2015
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	451.6%	464.0%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	1,336,447,132	1,263,562,978

4.

	12/31/2016		12/31/2015		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col 1-3) Ordinary	(6) (Col 2-4) Capital
Impact of Tax-Planning Strategies						
(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.						
1. Adjusted Gross DTAs amount from Note 9A1 (c)	$ 192,165,924	$ 26,416,076	$ 178,848,000	$ 31,362,000	$ 13,317,924	$ (4,945,924)
2. Percentage of adjusted gross DTAs by tax character to the impact of tax planning strategies.	0%	0%	0%	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1 (e)	$ 192,165,924	$ 26,416,076	$ 178,848,000	$ 31,362,000	$ 13,317,924	$ (4,945,924)
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies.	0%	0%	0%	0%	0%	0%

(b) Does the Company's tax-planning strategies include the use of reinsurance: Yes ___ No _X_

B. The Company does not have any DTLs described in SSAP No. 101 Income Taxes, a Replacement of SSAP No. 10R and SSAP No. 10, paragraph 23.

C. Current income taxes incurred consist of the following major components:

	(1) 12/31/2016	(2) 12/31/2015	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	$ 28,717,945	$ (3,637,038)	$ 32,354,983
(b) Foreign	-	-	-
(c) Subtotal	28,717,945	(3,637,038)	32,354,983
(d) Federal income tax on net capital gains	(1,205,945)	46,571,038	(47,776,983)
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	$ 27,512,000	$ 42,934,000	$ (15,422,000)
2. Deferred Tax Assets:			

NOTES TO FINANCIAL STATEMENTS

(a) Ordinary			
(1) Discounting of unpaid losses	$ 43,918,000	$ 46,384,000	$ (2,466,000)
(2) Unearned premium reserve	80,526,000	76,677,000	3,849,000
(3) Policyholder reserves	-	-	-
(4) Investments	5,798,924	3,351,000	2,447,924
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	-	-	-
(8) Compensation and benefits accrual	7,178,000	6,063,000	1,115,000
(9) Pension accrual	-	-	-
(10) Receivables – nonadmitted	7,084,000	6,904,000	180,000
(11) Net operating loss carry-forward	23,266,000	19,431,000	3,835,000
(12) Tax credit carry-forward	24,395,000	7,293,000	17,102,000
(13) Other (including items <5% of total ordinary tax assets)	-	12,745,000	(12,745,000)
(99) Subtotal	192,165,924	178,848,000	13,317,924
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	192,165,924	178,848,000	13,317,924
(e) Capital			
(1) Investments	26,416,076	31,362,000	(4,945,924)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	26,416,076	31,362,000	(4,945,924)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	26,416,076	31,362,000	(4,945,924)
(i) Admitted deferred tax assets (2d + 2h)	218,582,000	210,210,000	8,372,000
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	5,148,000	20,252,000	(15,104,000)
(2) Fixed assets	20,626,000	9,926,000	10,700,000
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total capital tax liabilities)	6,037,000	4,102,000	1,935,000
(99) Subtotal	31,811,000	34,280,000	(2,469,000)
(b) Capital:			
(1) Investments	37,098,000	30,157,000	6,941,000
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	37,098,000	30,157,000	6,941,000
(c) Deferred tax liabilities (3a99 + 3b99)	68,909,000	64,437,000	4,472,000
4. Net deferred tax assets/liabilities (2i – 3c)	$ 149,673,000	$ 145,773,000	$ 3,900,000

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of LP & LLC Income, tax exempt income, compensation adjustments, utilization of prior year net operating losses, limits on unearned premium reserve deductions, discounting of unpaid losses and loss adjustment expenses, partnership income, amortization, generation of AMT credit carry-forwards, general business credits, audit settlements, and revisions to prior year estimates

E. The Company has net operating loss carry-forwards which expire as follows:

Year Generated	Amount	Expiration
2012	$ 66,474,000	2032

NOTES TO FINANCIAL STATEMENTS

The Company has general business credit carry-forwards which expire as follows:

Year Generated	Amount	Expiration
2010	$ 2,000	2030
2011	$ 363,000	2031
2012	$ 61,000	2032
2013	$ 1,012,000	2033
2014	$ 3,056,000	2034
2015	$3,016,000	2035

The Company has alternative minimum tax credit carry-forwards of $16,885,000. The alternative minimum tax credit carry-forward does not expire.The amount of Federal income taxes incurred and available for recoupment in the event of future losses is $14,080,000 from the current year and $56,640,000 from the preceding year.

The Company does not have deposits admitted under Section 6603 of the Internal Revenue Code.

F. The Company's Federal income tax return is consolidated with the following entities:

All Set Works, Inc.
AMBCO Capital Corporation
America First Insurance Company
America First Lloyd's Insurance Company
American Economy Insurance Company
American Fire and Casualty Company
American States Insurance Company
American States Insurance Company of Texas
American States Lloyds Insurance Company
American States Preferred Insurance Company
Berkeley Holding Company Associates, Inc.
Berkeley Management Corporation
Capitol Court Corporation
Colorado Casualty Insurance Company
Consolidated Insurance Company
Copley Venture Capital, Inc.
Diversified Settlements, Inc.
Emerald City Insurance Agency, Inc.
Employers Insurance Company of Wausau
Excelsior Insurance Company
F.B. Beattie & Co., Inc.
First National Insurance Company of America
First State Agency Inc.
General America Corporation
General America Corporation of Texas
General Insurance Company of America
Golden Eagle Insurance Corporation
Gulf States AIF, Inc.
Hawkeye-Security Insurance Company
Indiana Insurance Company
Insurance Company of Illinois
LEXCO Limited
Liberty-USA Corporation
Liberty Assignment Corporation
Liberty Energy Canada, Inc.
Liberty Financial Services, Inc.
Liberty Hospitality Group, Inc.
Liberty Insurance Corporation
Liberty Insurance Holdings, Inc.
Liberty Insurance Underwriters Inc.
Liberty International Europe Inc.
Liberty International Holdings Inc.
Liberty Life Assurance Company of Boston
Liberty Life Holdings Inc.
Liberty Lloyds of Texas Insurance Company
Liberty Management Services, Inc.
Liberty Mexico Holdings Inc.
Liberty Mutual Agency Corporation
Liberty Mutual Fire Insurance Company
Liberty Mutual Group Asset Management Inc.
Liberty Mutual Group Inc.
Liberty Mutual Holding Company Inc.
Liberty Mutual Insurance Company
Liberty Mutual Personal Insurance Company
Liberty Mutual Technology Group, Inc.
Liberty Northwest Insurance Corporation
Liberty Personal Insurance Company
Liberty RE (Bermuda) Limited
Liberty Sponsored Insurance (Vermont), Inc.
Liberty Surplus Insurance Corporation
LIH-RE of America Corporation
LIU Specialty Insurance Agency Inc.
LM General Insurance Company
LM Insurance Corporation
LM Property and Casualty Insurance Company
LMHC Massachusetts Holdings Inc.
Mid-American Fire & Casualty Company
North Pacific Insurance Company
Ocasco Budget, Inc.
OCI Printing, Inc.
Ohio Casualty Corporation
Ohio Security Insurance Company
Open Seas Solutions, Inc.
Oregon Automobile Insurance Company
Peerless Indemnity Insurance Company
Peerless Insurance Company
Pilot Insurance Services, Inc.
Rianoc Research Corporation
S.C. Bellevue, Inc.
SAFECARE Company, Inc.
Safeco Corporation
Safeco General Agency, Inc.
Safeco Insurance Company of America
Safeco Insurance Company of Illinois
Safeco Insurance Company of Indiana
Safeco Insurance Company of Oregon
Safeco Lloyds Insurance Company
Safeco National Insurance Company
Safeco Properties, Inc.
Safeco Surplus Lines Insurance Company
San Diego Insurance Company
SCIT, Inc.
St. James Insurance Company Ltd.
The First Liberty Insurance Corporation
The Midwestern Indemnity Company
The National Corporation
The Netherlands Insurance Company
The Ohio Casualty Insurance Company
Wausau Business Insurance Company
Wausau General Insurance Company
Wausau Underwriters Insurance Company
West American Insurance Company
Winmar Company, Inc.
Winmar of the Desert, Inc.
Winmar Oregon, Inc.
Winmar-Metro, Inc.

The method of federal income tax allocation is subject to a written agreement. Allocation is based upon separate return calculations with credit applied for losses as appropriate. The Company has the enforceable right to recoup prior year payments in the event of future losses.

G. The Company does not expect the Federal and Foreign income tax loss contingencies, as determined in accordance with SSAP No. 5R, Liabilities, Contingencies and Impairments of Assets, with the modifications provided in SSAP No. 101, Income Taxes – A Replacement of SSAP No. 10R and SSAP No. 10, to significantly increase within twelve months of the reporting date.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

A. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual Group Inc. ("LMGI"), a Massachusetts company. The ultimate parent of LMGI is Liberty Mutual Holding Company Inc. ("LMHC"), a Massachusetts company.

B. Transactions between the Company and its affiliates are listed on Schedule Y Part 2.

C. As of December 31, 2016, the Company had the following capital transactions with its parent and subsidiaries:

1. Contributed capital in the amount of $16,500,000

2. Received dividends in the amount of $1,556,750

D. At December 31, 2016, the Company reported a net $65,981,835 due from affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.

E. The Company has not made any guarantees or initiated any undertakings, written or otherwise, for the benefit of affiliates or other related parties.

F. Refer to Note 26 for information regarding the Inter-Company Reinsurance Agreement.

The Company is a party to a management services agreement, (the "Agreement") with Liberty Mutual Insurance Company ("LMIC"). Under the Agreement, LMIC may provide the Company with office space, supplies, equipment, telephone and wire services, the use of computers and similar machines and services of personnel employed by LMIC and LMGI. Services provided include, but are not limited to, risk underwriting, claims processing, claims adjustments, policyholder services, contract management and administration. LMIC is reimbursed for the cost of all services which it provides under the Agreement.

The Company is a party to a cash management agreement with Liberty Mutual Insurance Company ("LMIC") whereby LMIC provides services to the Company.

The Company is a party to an investment management agreement with Liberty Mutual Group Asset Management Inc. ("LMGAM") and an investment management agreement with Liberty Mutual Investment Advisors LLC ("LMIA"). Under the agreement, LMGAM and LMIA provide services to the Company.

There is an "Agent-Company Agreement" between the Company and Helmsman Insurance Agency LLC ("Helmsman") whereby Helmsman is appointed a property-casualty insurance agent of the Company and provides usual and customary services of an insurance agent on all insurance contracts placed by Helmsman with the Company.

The Company is party to revolving credit agreements under which the Company may lend funds to the following SCA companies for the purpose of accommodating fluctuations in daily cash flow and to promote efficient management of investments:

Company	Credit Line
Liberty Mutual Group Inc.	$150,000,000
Liberty Mutual Insurance Company	$450,000,000

There were no outstanding loans as of December 31, 2016.

The Company is a party to revolving credit agreements under which the Company may borrow funds from the following SCA companies for the purpose of accommodating fluctuations in daily cash flow and to promote efficient management of investments:

Company	Credit Line
Liberty Mutual Group Inc.	$150,000,000
Liberty Mutual Insurance Company	$150,000,000

There were no outstanding borrowings as of December 31, 2016.

The Company is a party to a Federal Tax Sharing Agreement between LMHC and affiliates (Refer to Note 9F).

The Company received $38,336,277 under the LMHC Tax Sharing Agreement and paid $10,666,190 under the LMGAM and LMIA investment management agreements. Pursuant to the Inter Company Reinsurance Agreement with LMIC (Refer to Note 26), the expenses incurred under the Liberty Mutual management services agreement are allocated to the Company in accordance with the Company's "Pool" participation percentage.

G. The Company is a member of a holding company structure as illustrated in Schedule Y Part 1.

H. The Company does not own shares of any upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.

NOTES TO FINANCIAL STATEMENTS

I. The Company does not own investments in subsidiary, controlled or affiliated companies that exceed 10% of its admitted assets.

J. The Company did not recognize any impairment write down for its SCA companies during the statement period

K. The Company does not hold investments in foreign insurance subsidiaries.

L. The Company does not hold any investments in downstream non-insurance holding companies.

M. All SCA investments

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
Total SSAP No. 97 8a Entities		$-	$-	$-
b. SSAP No. 97 8b(ii) Entities				$-
Ohio Casualty Corporation	6%	$110,513,344	$110,513,344	$-
Total SSAP No. 97 8b(ii) Entities		$110,513,344	$110,513,344	$-
c. SSAP No. 97 8b(iii) Entities				$-
St. James/Arlington Real Estate Limited Partnership	5%	$18,739,479	$18,739,479	$-
Liberty Mutual Investment Holdings LLC	10%	254,603,195	254,603,195	$-
Georgia Tax Credit Fund LM L.P.	75%	9,213,691	9,213,691	$-
Raymond James Georgia Fund 37 State Tax	100%	2,846,522	2,846,522	$-
Total SSAP No. 97 8b(iii) Entities		$285,402,887	$285,402,887	$-
d.Total SSAP No. 97 8b Entities (Except 8bi entities) (b+c)		$-	$-	$-
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)		$395,916,231	$395,916,231	$-
f. Aggregate Total (a+e)		$395,916,231	$395,916,231	$-

(2) NAIC Filing Response Information

SCA Entity	Type of NAIC Filing	Date of Filing to NAIC	2015 NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N	Code
a. SSAP No. 97 8a Entities						
N/A						
Total SSAP No. 97 8a Entities			$-			
b. SSAP No. 97 8b(ii) Entities						
Ohio Casualty Corporation	S2	12/20/2016	$114,261,235	Yes	No	N/A
Total SSAP No. 97 8b(ii) Entities			$114,261,235			
c. SSAP No. 97 8b(iii)						
St. James/Arlington Real Estate Limited Partnership	N/A	N/A	N/A	N/A	N/A	N/A
Liberty Mutual Investment Holdings LLC	N/A	N/A	N/A	N/A	N/A	N/A
Georgia Tax Credit Fund LM L.P.	N/A	N/A	N/A	N/A	N/A	N/A
Raymond James Georgia Fund 37 State Tax	N/A	N/A	N/A	N/A	N/A	N/A
Total SSAP No. 97 8b(iii) Entities			$-			

NOTES TO FINANCIAL STATEMENTS

d. SSAP No. 97 8b(iv)						
N/A						
Total SSAP No. 97 8b(iv) Entities			$-			
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)			**$114,261,235**			
f. Aggregate Total (a+e)			**$114,261,235**			

* S1 – Sub-1, S2 – Sub-2 or RDF – Resubmission of Disallowed Filing
** I – Immaterial or M – Material

N. Investment in Insurance SCAs

The company does not hold investments in Insurance SCAs for which the audited statutory equity reflects a departure from the NAIC statutory accounting practices and procedures.

Note 11 - Debt

A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

B. FHLB (Federal Home Loan Bank) Agreements

1. The Company is a member of the Federal Home Loan Bank (FHLB) of Chicago. Through its membership, the Company has conducted business activity (borrowings) with the FHLB. On March 21, 2012, the Company borrowed $150,000,000 under the agreement with a maturity date of March 22, 2032. The borrowing is fully collateralized. Interest on the borrowing accrues at an annual rate of 3.91%. For December year-to-date, the Company has incurred and paid expense of $5,962,750. It is part of the Company's strategy to utilize these funds as backup liquidity. The Company has determined the actual maximum borrowing capacity as $1,000,000,000 per Board of Directors consent.

2. FHLB Capital Stock

a. Aggregate Totals

1. Current Year

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Membership Stock – Class A	$ -	$ -	$ -
Membership Stock – Class B	1,048,800	1,048,800	-
Activity Stock	5,701,200	5,701,200	-
Excess Stock	-	-	-
Aggregate Total	$ 6,750,000	$ 6,750,000	-
Actual or estimated Borrowing Capacity as Determined by the Insurer	$1,000,000,000	XXX	XXX

2. Prior Year-end

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Membership Stock – Class A	$ -	$ -	$ -
Membership Stock – Class B	2,603,100	2,603,100	-
Activity Stock	4,896,900	4,896,900	-
Excess Stock	-	-	-
Aggregate Total	$ 7,500,000	$ 7,500,000	-
Actual or estimated Borrowing Capacity as Determined by the Insurer	$ 1,000,000,000	XXX	XXX

b. Membership Stock (Class A and B) Eligible for Redemption

	Current Year Total	Not Eligible for Redemption	Less Than 6 Months	6 months to Less Than 1 year	1 to Less Than 3 Years	3 to 5 Years
Membership Stock	$ -	$ -	$ -	$ -	$ -	$ -
Class A	-	-	-	-	-	-
Class B	$ -	$ 1,048,800	$ -	$ -	$ -	$ -

NOTES TO FINANCIAL STATEMENTS

3. Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

1. Current Year Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	$ 175,577,314	$ 173,893,672	$ 150,000,000

2. Current Year General Account

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	$ 175,577,314	$ 173,893,672	$ 150,000,000

3. Current Year Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	$ -	$ -	$ -

4. Prior Year-end Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	$ 176,682,932	$ 175,298,805	$ 150,000,000

b. Maximum Amount Pledged During Reporting Period

1. Current Year Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	$ 179,260,310	$ 176,562,701	$ 150,000,000

2. Current Year General Account

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	$ 179,260,310	$ 176,562,701	$ 150,000,000

3. Current Year Protected Cell Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	$ -	$ -	$ -

4. Prior Year-end Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	$ 176,682,932	$ 175,298,805	$ 150,000,000

4. Borrowing from FHLB

a. Amount As of the Reporting Date

1. Current Year

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts	(4) Funding Agreements Reserves Established
Debt	$ 150,000,000	$ 150,000,000	$ -	XXX
Funding Agreements	-	-	-	-
Other	-	-	-	XXX
Aggregate Total	$ 150,000,000	$ 150,000,000	$ -	$ -

NOTES TO FINANCIAL STATEMENTS

2. Prior Year-end

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts	(4) Funding Agreements Reserves Established
Debt	$ 150,000,000	$ 150,000,000	$ -	XXX
Funding Agreements	-	-	-	-
Other	-	-	-	XXX
Aggregate Total	$ 150,000,000	$ 150,000,000	$ -	$ -

b. Maximum Amount During Reporting Period (Current Year)

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Debt	$ 150,000,000	$ 150,000,000	$ -
Funding Agreements	-	-	-
Other	-	-	-
Aggregate Total	$ 150,000,000	$ 150,000,000	$ -

c. FHLB – Prepayment Obligations

	Does the company have prepayment obligations under the following arrangements (yes/no)?
Debt	NO
Funding Agreements	N/A
Other	N/A

C. There were no outstanding borrowings as of December 31, 2016.

Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Eligible employees may participate in the Liberty Mutual Retirement Benefit Plan for U.S. Employees; the Supplemental Income at Retirement Plan (SIRP) which has both a defined benefit component and defined contribution component; the Employees' Thrift Incentive Plan (defined-contribution savings); and the U.S. postretirement health and life insurance benefit plans sponsored by a Holding Company, Liberty Mutual Group Inc. (LMGI).

Also, eligible employees may participate in non-contributory defined benefit plans, contributory defined contribution pension plans and health care and life insurance postretirement benefits plans sponsored by Liberty Mutual Insurance Company (LMIC).

The Company has no legal obligation for these plans. Accordingly, these plans' assets and obligations are not disclosed in this note. The costs of the LMGI plans are allocated by LMGI to LMIC, pursuant to an Employee Benefit Plan Cost-Sharing Agreement, and a portion of the LMGI and LMIC benefit plan costs, in turn, are allocated to the Company through the Liberty Mutual Second Amended and Restated Inter-Company Reinsurance Agreement, as described in Note 26.

Note 13 - Capital and Surplus, Shareholders' Dividend restrictions and Quasi-Reorganizations

1. The Company has 100,000 shares authorized, issued and outstanding as of December 31, 2016. All shares have a stated par value of $100.

   The Company has 100,000 shares authorized of Series A Preferred Stock, 1,000 shares issued and outstanding as of December 31, 2016. All shares have a stated par value of $0.01.

2. On December 31, 2008, the Company issued 1,000 preferred shares at an issuance price of $200,000,000 to its parent, LMGI at a discount of 25%. Dividends, based on the issuance price, are cumulative and payable on a quarterly basis.

3. There are no dividend restrictions.

4. The Company paid ordinary dividends to its parent in 2016 of:

	Ordinary	Total Dividends
March	$3,750,000	$3,750,000
June	3,750,000	3,750,000
September	3,750,000	3,750,000
December	3,750,000	3,750,000
Total	$15,000,000	$15,000,000

5. The maximum amount of dividends that can be paid by Wisconsin-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the lesser of (a) 10% of surplus, or the greater of (b) or (c); (b) net income for calendar year preceding date of dividend less realized gains for that calendar year, or (c) the aggregate of net income for three calendar years preceding the date of dividend less realized gains for those calendar years less dividends paid/credited

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within the first two of the preceding three calendar years. The maximum dividend payout that may be made without prior approval in 2017 is $147,458,101.

6. As of December 31, 2016, the Company has pre-tax restricted surplus of $15,241,173 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

8. The Company does not hold stock for special purposes.

9. The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2016.

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized losses is ($12,948,352) after applicable deferred taxes of $2,377,904.

11. Surplus Notes

    Not applicable

12. Quasi-reorganization (dollar impact)

    Not applicable

13. Quasi-reorganization (effective date)

    Not applicable

Note 14 - Contingencies

A. Contingent Commitments

   Refer to Note 10E.

B. Assessments

   The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments and premium-based assessments are presumed probable when the premium on which the assessments are expected to be based are written. In the case of loss-based assessments, the event that obligates the entity is an entity incurring the losses on which the assessments are expected to be based.

   The Company has accrued a liability for guaranty funds and other assessments of $9,751,602 that is offset by future premium tax credits of $392,064. Current assessments are expected to be paid out in the next two years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2016. During 2016 there were no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.

   Reconciliation of paid and accrued premium tax offsets and policy surcharges at prior year-end to current year-end:

a.	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	$ 505,358
b.	Decreases current year: Premium tax offset applied	292,515
c.	Increases current year: Premium tax offset increase	179,221
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$ 392,064

C. Gain Contingencies

   Not applicable

D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits

   The Company paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits.

	Direct
Claims related ECO and bad faith losses paid during the reporting period	$7,435,507

NOTES TO FINANCIAL STATEMENTS

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period.

(a) 0-25 Claims	(b) 26-50 Claims	(c) 51-100 Claims	(d) 101-500 Claims	(e) More than 500 Claims
		X		

Indicate whether claim count information is disclosed per claim or per claimant.
(f) Per Claim [X] (g) Per Claimant [ ]

E. Product Warranties

The Company does not write product warranty business.

F. Joint and Several Liabilities

The Company is not a participant in any joint and several liabilities.

G. All Other Contingencies

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company.

As disclosed in Note 9 F, the Company is a member of a controlled group for federal income tax purposes, and that group includes LMGI. LMGI is the plan sponsor of the Liberty Mutual Retirement Benefit Plan, a qualified plan under federal law. Pursuant to federal law, if LMGI has not made the minimum required contributions with respect to the Liberty Mutual Retirement Benefit Plan, the Company, jointly and severally with all other members of the controlled group, would be contingently liable to make such contributions.

Note 15 - Leases

A. Lessee Leasing Arrangements

1. The Company leases office space, plant and equipment under various non-cancelable operating lease arrangements.

   The Company’s minimum lease obligations under these agreements are as follows:

Year Ending December 31,	Operating Leases
2016	12,194,635
2017	9,786,569
2018	7,088,496
2019	5,260,694
2020	5,353,127
2021 & thereafter	25,538,329
Total	65,221,851

   The amount of liability the Company recognized in its financial statements for lease agreements for which it is no longer using the leased property benefits is $135,102.

2. The Company is not involved in any material sales-leaseback transactions.

B. Leasing as a Significant Part of Lessor’s Business Activities

Leasing is not a significant part of the Company’s business activities.

Note 16 - Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

The Company is not exposed to financial instruments with off-balance sheet risk or concentration of credit risk.

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales

The Company did not have any transfers of receivables reported as sales.

B. Transfers and Servicing of Financial Assets

The Company participates in a Securities Lending Program to generate additional income, whereby certain fixed income and mortgage backed securities are loaned for a period of time from the Company’s portfolio to qualifying third parties, via a lending agent. The Company does not participate in term loans; therefore, the Company does not have contractual collateral transactions that extend beyond one year from the reporting date. Borrowers of these securities provide collateral

NOTES TO FINANCIAL STATEMENTS

equal to or in excess of 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities, such as Treasuries and Agency Bonds. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 102% of the market value of the loaned securities. Additionally, the lending agent indemnifies the Company against borrower defaults. Cash collateral is carried as an asset with an offsetting liability on the balance sheet, as the collateral is unrestricted and the Company can exercise discretion as to how the collateral is invested. The loaned securities remain a recorded asset of the Company.

At December 31, 2016 the total fair value of securities on loan was $77,558,699, with corresponding collateral value of $79,627,173 which represents cash collateral that was reinvested.

C. Wash Sales

1) The Company did not have any wash sale transactions during the year.

2) Not applicable

Note 18 - Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company has no direct premiums written or produced through managing general agents or third party administrators.

Note 20 - Fair Value Measurements

A. Inputs Used for Assets and Liabilities Measured at Fair Value

1. Fair Value Measurements by Levels 1, 2 and 3

Fair value is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Company primarily uses the market approach which generally utilizes market transaction data for identical or similar instruments.

Included in various investment related line items in the financial statements are certain financial instruments carried at fair value. Other financial instruments are periodically measured at fair value, such as when impaired, or, for certain fixed maturities and preferred stock, when carried at the lower of cost or market.

The hierarchy level assigned to each security in the Company's portfolio is based on the Company's assessment of the transparency and reliability of the inputs used in the valuation of each instrument at the measurement date. The highest priority is given to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Securities are classified based on the lowest level of input that is significant to the fair value measurement. The Company recognizes transfers between levels at the end of each reporting period. The three hierarchy levels are defined as follows:

- Level 1 — Valuations based on unadjusted observable quoted market prices in active markets for identical assets or liabilities that the Company has the ability to access.

- Level 2 —Valuations based on observable inputs (other than Level 1 prices), such as quoted prices for similar assets or liabilities at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.

- Level 3 —Valuations based on inputs that are unobservable and significant to the overall fair value measurement and involve management judgment. The unobservable inputs reflect the Company's estimates of the assumptions that market participants would use in valuing the assets and liabilities.

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The following table summarizes the Company's assets and liabilities that are measured at fair value at December 31, 2016:

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	$-	$50,282,930	$6,793,850	$57,076,780
Non-Issuer Obligations	-	-	-	-
Total Bonds	-	$50,282,930	6,793,850	$57,076,780
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	$-	$24,566,878	$-	$24,566,878
Total Preferred Stocks	-	$ 24,566,878	-	$24,566,878
Common Stocks				
Industrial and Miscellaneous	$142,698,719	$-	$6,752,690	$149,451,409
Total Common Stocks	$142,698,719	$-	$6,752,690	$149,451,409
Total assets at fair value	$142,698,719	$74,849,808	$13,546,540	$231,095,067
Liabilities at fair value				
Derivative Liabilities		-		-
Total liabilities at fair value	$-	-	$-	$-

The Company did not have significant transfers between Levels 1 and 2 during the period ended December 31, 2016.

2. Rollforward of Level 3 Items

The following tables set forth the fair values of assets basis classified as Level 3 within the fair value hierarchy:

1	2	3	4	5	6	7	8	9	10	11
	Balance at 12/31/2015	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31/2016
Bonds	$2,916,471	$-	$-	$-	$9,080	$3,901,061		($63,526)	$30,764	$6,793,850
Preferred Stock	$-	$-	$-	$-	$-	$-		$-	$-	$-
Common Stock	$7,502,690	$-	$-	$-	$-	$-		($750,000)	$-	$6,752,690
Total	$10,419,161	$-	$-	$-	$9,080	$3,901,061	$-	($813,526)	$30,764	$13,546,540

3. Policy on Transfers Into and Out of Level 3

The Company holds NAIC designated 3-6 fixed maturity securities at the lower of amortized cost or fair value as defined by SSAP No. 26, Bonds and NAIC designated 3-6 preferred stocks at the lower of cost or fair value as defined by SSAP No. 32, Investments in Preferred Stock. Market fluctuations cause securities to change from being held at cost to fair value or vice versa. These changes result in a transfer in or out of Level 3. In addition, the Company also transfers securities into or out of level 3 as a result of re-evaluation of the observability of pricing inputs.

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

At each valuation date, the Company uses various valuation techniques to estimate the fair value of its fixed maturities portfolio. The primary method for valuing the Company's securities is through independent third-party valuation service providers. For positions where valuations are not available from independent third-party valuation service providers, the Company utilizes broker quotes and internal pricing methods to determine fair values. The Company obtains a single non-binding price quote from a broker familiar with the security who, similar to the Company's valuation service providers, may consider transactions or activity in similar securities, as applicable, among other information. The brokers providing price quotes are generally from the brokerage divisions of leading financial institutions with market making, underwriting and distribution expertise regarding the security subject to valuation. The evaluation and prioritization of these valuation sources is systematic and predetermined resulting in a single quote or price for each financial instrument. The following describes the techniques generally used to determine the fair value of the Company's fixed maturities by asset class:

U.S. Government and Agency Securities

U.S. government and agency securities consist primarily of bonds issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal Home Loan Bank, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. As the fair values of the Company's U.S. Treasury securities are based on active markets and unadjusted market prices, they are classified within Level 1. The fair value of U.S. government agency securities is generally determined using observable market inputs that include quoted prices for identical or similar

NOTES TO FINANCIAL STATEMENTS

assets in markets that are not active, benchmark yields, reported trades, bids, offers and credit spreads. Accordingly, the fair value of U.S. government agency securities is classified within Level 2.

Mortgage-Backed Securities

The Company's portfolio of residential mortgage-backed securities ("MBS") and commercial MBS are originated by both agencies and non-agencies, the majority of which are pass-through securities issued by U.S. government agencies. The fair value of MBS is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, contractual cash flows, prepayment speeds, collateral performance and credit spreads. Accordingly, the fair value of MBS is primarily classified within Level 2.

Asset-Backed Securities

Asset-backed securities ("ABS") include mostly investment-grade bonds backed by pools of loans with a variety of underlying collateral, including automobile loan receivables, credit card receivables, and collateralized loan obligation securities originated by a variety of financial institutions. The fair value of ABS is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, contractual cash flows, prepayment speeds, collateral performance and credit spreads. Accordingly, the fair value of ABS is primarily classified within Level 2.

Municipal Securities

The Company's municipal portfolio is comprised of bonds issued by U.S. domiciled state and municipal entities. The fair value of municipal securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, binding broker quotes, issuer ratings, reported trades and credit spreads. Accordingly, the fair value of municipal securities is primarily classified within Level 2.

Corporate debt and other

Corporate debt securities consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair value of corporate and other securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, new issuances, issuer ratings, reported trades of identical or comparable securities, bids, offers and credit spreads. Accordingly, the fair value of corporate and other securities is primarily classified within Level 2. In the event third-party vendor valuation is not available, prices are determined using non-binding price quotes from a broker familiar with the security. In this instance, the valuation inputs are generally unobservable and the fair value is classified within Level 3.

Foreign government securities

Foreign government securities include bonds issued or guaranteed by foreign governments. The fair value of foreign government securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, binding broker quotes, issuer ratings, reported trades of identical or comparable securities and credit spreads. Accordingly, the fair value of foreign government securities is primarily classified within Level 2. In the event third-party vendor valuation is not available, prices are determined using non-binding price quotes from a broker familiar with the security. In this instance, the valuation inputs are generally unobservable and the fair value is classified within Level 3

Common and Preferred Stocks

Common stocks are recorded at fair value and preferred stocks are reported at cost or fair value, depending on their NAIC designation. Common stocks with fair values based on quoted market prices in active markets are classified in Level 1. Common stocks with fair values determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active are classified in Level 2. The fair value of preferred stock is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active. Accordingly, the fair value of preferred stock is primarily classified within Level 2.

Other Invested Assets

Other invested assets include limited partnership investments, other equity method investments and other alternative investments, which are not subject to these disclosures and therefore are excluded from the table in this note.

5. Derivative Fair Values

   Not applicable

B. Other Fair Value Disclosures

   Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Cash, Cash Equivalents, and Short Term	($2,047,117)	($2,047,117)	($2,047,117)			$-
Bonds	3,613,977,882	3,595,478,460	22,713,276	3,574,236,591	17,028,015	-
Preferred Stock	24,605,358	24,588,478	-	24,605,358	-	-
Common Stock	149,451,409	149,451,409	142,698,719	-	6,752,690	-
Securities Lending	79,644,499	79,627,173	-	79,644,499	-	-
Mortgage Loans	164,998,042	161,871,672	-	-	164,998,042	-
Surplus Notes	7,432,813	6,465,072	-	7,432,813	-	-
Total	$4,038,062,886	$4,015,435,147	$163,364,878	$3,685,919,261	$188,778,747	$-

D. Not Practicable to Estimate Fair Value

Not applicable

Note 21 - Other Items

A. Unusual or Infrequent Items

The Company has no unusual or infrequent items to report.

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

1) Florida Special Disability Trust Fund

a) The Company took a credit in the determination of its loss reserves of $13,696,069 in 2016 and $13,754,369 in 2015.

b) The Company received payments from the Special Disability Trust Fund of $885,193 in 2016 and $1,926,851 in 2015.

c) The amount the Company was assessed by the Special Disability Trust Fund was $275,868 in 2016 and $261,195 in 2015.

D. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

E. State Transferable and Non-transferable Tax Credit

(1) Carrying value of transferable and non-transferable state tax credits gross of any related state tax liabilities and total unused transferable and non-transferable state tax credits by state and in total

Description of State Transferable and Non-transferable Tax Credits	State	Carrying Value	Unused Amount
Film Credit	PA	$908,855	$908,855
Total		$908,855	$908,855

(2) Method of estimating utilization of remaining transferable and non-transferable state tax credits

The Company estimated the utilization of the remaining transferable and non-transferable State Tax credits by projecting future premium taking into account policy growth and rate changes, projecting future tax liability based on projected premium, tax rates and tax credits, and comparing projected future tax liability to the availability of remaining transferable and non-transferable state tax credits

(3) Impairment amount recognized by the reporting period, if any.

The Company has not recognized any impairment losses associate with its transferable and non-transferable state tax credits during the reporting period.

NOTES TO FINANCIAL STATEMENTS

(4) State Tax Credits Admitted and Nonadmitted

	Total Admitted	Total Nonadmitted
Transferable	$-	$-
Non-transferable	$908,855	$-

F. Subprime-Mortgage-Related Risk Exposure

1. The Company has not purchased securities characterized by the market as subprime. The Company looks at such factors as average FICO scores, loan to value ratios, and levels of documentation when evaluating securities. The Company's only exposure to subprime was inherited through past acquisitions of insurance companies.

2. The Company does not have any direct exposure through investments in subprime mortgage loans.

3. The Company has direct exposure through their investment in residential mortgage-backed securities.

4. The Company does not have any underwriting exposure to sub-prime mortgage risk.

G. Insurance Linked Securities

The Company did not receive proceeds as the issuer, ceding insurer or counterparty of insurance linked securities.

Note 22 - Events Subsequent

The Company evaluated subsequent events through February 20, 2017, the date the financial statements were available to be issued.

There were no events subsequent to December 31, 2016 that would require disclosure.

The Company did not receive any assessments under the Affordable Care Act.

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

Excluding amounts arising pursuant to the Liberty Mutual Amended and Restated Intercompany Reinsurance Agreement, there are no unsecured reinsurance recoverables or ceded unearned premium of an individual reinsurer which exceed 3% of policyholder's surplus.

B. Reinsurance Recoverable in Dispute

There are no reinsurance recoverables in dispute from an individual reinsurer which exceeds 5% of the Company's surplus. In addition, the aggregate reinsurance recoverables in dispute do not exceed 10% of the Company's surplus.

C. Reinsurance Assumed & Ceded

1. The following table sets forth the maximum return premium and commission equity due the reinsurers or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2016.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	$1,108,755,728	$115,482,988	$2,088,354,368	$231,837,754	$(979,598,640)	$(116,354,766)
b. All Other	-	-	-	-	-	-
c. TOTAL	$1,108,755,728	$115,482,988	$2,088,354,368	$231,837,754	$(979,598,640)	$(116,354,766)
d. Direct Unearned Premium Reserve $2,088,354,368						

2. Certain contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2016 are as follows:

	Direct	Assumed	Ceded	Net
a. Contingent Commission	$166,249,347	$34,791,762	$166,249,347	$34,791,762
b. Sliding Scale Adjustments	-	93,081	-	93,081
c. Other Profit Commission Arrangements	-	$(3,376)	-	$(3,376)
d. TOTAL	$166,249,347	$34,881,467	$166,249,347	$34,881,467

3. The Company does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Reinsurance

The Company did not write off any uncollectible balances in the current year.

NOTES TO FINANCIAL STATEMENTS

E. Commutation of Ceded Reinsurance

The Company did not commute any reinsurance treaties in the current year.

F. Retroactive Reinsurance

The Company's retroactive reinsurance is a result of the Intercompany Reinsurance Agreement.

	Reported Company	
	As:	
	Assumed	Ceded
a. Reserves Transferred:		
1. Initial Reserves	$(197,918,163)	-
2. Adjustments – Prior Year (s)	(39,308,766)	-
3. Adjustments – Current Year	(12,128,695)	-
4. Current Total	$(249,355,624)	-
b. Consideration Paid or Received:		
1. Initial Consideration	$(198,561,339)	-
2. Adjustments – Prior Year (s)	(4,421,208)	-
3. Adjustments – Current Year	(27,263)	-
4. Current Total	$(203,009,810)	-
c. Paid Losses Reimbursed or Recovered:		
1. Prior Year (s)	$26,116,970	-
2. Current Year	3,199,362	-
3. Current Total	$29,316,332	-
d. Discount Unwind on Reserves:		
1. Prior Year (s)	$(2,346,250)	
2. Current Year	(982,012)	
3. Current Total	$(3,328,262)	
e. Special Surplus from the Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	$2,199,477	-
2. Adjustments – Prior Year (s)	3,581,685	-
3. Adjustments – Current Year	7,920,058	-
4. Current Year Restricted Surplus	15,241,173	-
5. Cumulative Total Transferred to Unassigned Funds	$(1,539,953)	-
f. All cedents and reinsurers involved in all transactions included in summary totals above:		
Company	Assumed Amount	Ceded Amount
Liberty Mutual Insurance Company, 23043	$(249,355,624)	-
Total	$(249,355,624)	-

g. There are no Paid Loss/Loss Adjustment Expense amounts recoverable or amounts recoverable from unauthorized reinsurers.

There are no reinsurance contracts covering losses that have occurred prior to the inception of the contract that have not been accounted for in conformity with the NAIC Accounting Practices and Procedures Manual.

On July 17, 2014, Liberty Mutual Insurance reached a definitive agreement with National Indemnity Company, a subsidiary of Berkshire Hathaway Inc., on a combined aggregate adverse development cover for substantially all of Liberty Mutual Insurance's U.S. workers compensation, asbestos and environmental liabilities. The agreement, accounted for as retroactive reinsurance, is effective January 1, 2014.

G. Reinsurance Accounted for as a Deposit

The Company has not entered into any reinsurance agreements that have been accounted for as deposits as of December 31, 2016.

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

The Company has not entered into any agreements which have been approved by their domiciliary regulator and have qualified pursuant to SSAP No. 62R, Property and Casualty Reinsurance to receive P&C Run-off Accounting Treatment.

I. Certified Reinsurers Downgraded or Status Subject to Revocation.

1. Reporting Entity Ceding to Certified Reinsurer Downgraded or Status Subject to Revocation.

   The Company does not transact business with Certified Reinsurers.

NOTES TO FINANCIAL STATEMENTS

2. Reporting Entity's Certified Reinsurer Rating Downgrade or Status Subject to Revocation.

   The Company is not a Certified Reinsurer.

J. Asbestos and Pollution Counterparty Reporting Exception

   The Counterparty reporting exception does not apply to the Company.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Accrued retrospective premiums reported in Line 15.3 of the asset page have been determined based upon loss experience on business subject to such experience rating adjustment.

B. The Company records accrued retrospective premium as an adjustment to earned premium.

C. For detail of net premium written subject to retrospective rating features refer to Schedule P, Part 7A.

D. Medical Loss Ratio Rebates

   The Company does not recognize a liability for medical loss ratio rebates pursuant to the Public Health Service Act, as the Company does not write direct comprehensive major medical health business.

E. Ten Percent of the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and loss adjustment expense reserves), or collateral as permitted by SSAP No. 66, *Retrospectively Rated Contracts*, has been nonadmitted.

a.	Total accrued retro premium	$ 35,494,201
b.	Unsecured amount	
c.	Less: Nonadmitted amount (10%)	3,547,869
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	
e.	Admitted amount (a) - (c) - (d)	$ 31,946,332

F. Risk Sharing Provisions of the Affordable Care Act

   The Company did not receive any assessments under the Affordable Care Act.

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributable to insured events on prior years increased through the fourth quarter of 2016. The increase was the result of updated reserve analysis in a number of lines, with the largest increases in reserve estimates for the Commercial Auto line of business driven by unfavorable trends in severity, Private Passenger Auto Liability line of business driven by higher severity trend and higher catastrophe losses, Products Liability-Occurrence line of business, Other Liability-Claims Made line of business, and Home Owners/Farmowners line of business. Partially offsetting these increases were decreases in reserve estimates for the Reinsurance Non-proportional Assumed Liability line of business, Auto Physical Damage line of business, Medical Malpractice-Occurrence line of business, and Workers Compensation line of business. Prior estimates are revised as additional information becomes known regarding individual claims.

Note 26 - Intercompany Pooling Arrangements

The Company is a member of the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement consisting of the following affiliated companies:

		NAIC Company Number	Pooling Percentage	Line of Business
Lead Company:	Liberty Mutual Insurance Company ("LMIC")	23043	50.00%	All Lines
Affiliated Pool Companies:	Peerless Insurance Company ("PIC")	24198	20.00%	All Lines
	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	8.00%	All Lines
	The Ohio Casualty Insurance Company ("OCIC")	24074	8.00%	All Lines
	Safeco Insurance Company of America ("SICOA")	24740	6.00%	All Lines
	American Economy Insurance Company ("AEIC")	19690	0.00%	All Lines
	America First Insurance Company ("AFIC")	12696	0.00%	All Lines
	America Fire and Casualty Company ("AFCIC")	24066	0.00%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%	All Lines
	American States Insurance Company ("ASIC")	19704	0.00%	All Lines
	American States Insurance Company of Texas ("ASICT")	19712	0.00%	All Lines

NOTES TO FINANCIAL STATEMENTS

	American States Lloyd's Insurance Company ("ASLCO")	31933	0.00%	All Lines
	American States Preferred Insurance Company ("ASPCO")	37214	0.00%	All Lines
	Colorado Casualty Insurance Company ("CCIC")	41785	0.00%	All Lines
	Consolidated Insurance Company ("CIC")	22640	0.00%	All Lines
	Excelsior Insurance Company ("EIC")	11045	0.00%	All Lines
	First National Insurance Company of America ("FNICA")	24724	0.00%	All Lines
	The First Liberty Insurance Corporation ("FST")	33588	0.00%	All Lines
	General Insurance Company of America ("GICA")	24732	0.00%	All Lines
	Golden Eagle Insurance Corporation ("GEIC")	10836	0.00%	All Lines
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.00%	All Lines
	Insurance Company of Illinois ("ICIL")	26700	0.00%	All Lines
	Indiana Insurance Company ("IIC")	22659	0.00%	All Lines
	Liberty Insurance Corporation ("LIC")	42404	0.00%	All Lines
	Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.00%	All Lines
	Liberty County Mutual Insurance Company ("LCMIC")	19544	0.00%	All Lines
	LM General Insurance Company ("LMGIC")	36447	0.00%	All Lines
	Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.00%	All Lines
	LM Insurance Corporation ("LMC")	33600	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.00%	All Lines
	Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.00%	All Lines
	Liberty Northwest Insurance Corporation ("LNW")	41939	0.00%	All Lines
	Liberty Personal Insurance Company ("LPIC")	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation ("LSI")	10725	0.00%	All Lines
	Mid-American Fire & Casualty Company ("MAFCC")	23507	0.00%	All Lines
	Montgomery Mutual Insurance Company ("MMIC")	14613	0.00%	All Lines
	The Midwestern Indemnity Company ("MWIC")	23515	0.00%	All Lines
	National Insurance Association ("NIA")	27944	0.00%	All Lines
	The Netherlands Insurance Company ("NIC")	24171	0.00%	All Lines
	North Pacific Insurance Company ("NPIC")	23892	0.00%	All Lines
	Ohio Security Insurance Company ("OSIC")	24082	0.00%	All Lines
	Oregon Automobile Insurance Company ("OAIC")	23922	0.00%	All Lines
	Peerless Indemnity Insurance Company ("PIIC")	18333	0.00%	All Lines
	Safeco Insurance Company of Illinois ("SICIL")	39012	0.00%	All Lines
	Safeco Insurance Company of Indiana ("SICIN")	11215	0.00%	All Lines
	Safeco Insurance Company of Oregon ("SICOR")	11071	0.00%	All Lines
	Safeco Lloyds Insurance Company ("SLICO")	11070	0.00%	All Lines
	Safeco National Insurance Company ("SNIC")	24759	0.00%	All Lines
	Safeco Surplus Lines Insurance Company ("SSLIC")	11100	0.00%	All Lines
	Wausau Business Insurance Company ("WBIC")	26069	0.00%	All Lines
	Wausau General Insurance Company ("WGIC")	26425	0.00%	All Lines
	Wausau Underwriters Insurance Company ("WUIC")	26042	0.00%	All Lines
	West American Insurance Company ("WAIC")	44393	0.00%	All Lines
100% Quota Share Affiliated Companies:	LM Property and Casualty Insurance Company ("LMPAC")	32352	0.00%	All Lines

Under the terms of the Reinsurance Agreements, the sequence of transactions is as follows:

(a) Except for WBIC, WGIC and WUIC, each Affiliated Pool Company cedes its underwriting activity to the Lead Company. WBIC, WGIC and WUIC cede 100% of its direct underwriting activity to EICOW.

(b) After recording the assumed affiliate transactions noted above, the Lead Company records 100% of its external assumed and ceded reinsurance activity.

(c) The Lead Company's remaining underwriting activity, after processing all internal and external reinsurance, is retroceded to the pool members in accordance with each company's pool participation percentage, as noted above.

(d) There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.

(e) There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the Lead Company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.

NOTES TO FINANCIAL STATEMENTS

(f) The write-off of uncollectible reinsurance is pooled and the provision for reinsurance is recognized by the entity placing the outbound external reinsurance.

(g) Amounts due (to)/from affiliated entities participating in the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement as of December 31, 2016:

Affiliate:	Amount:
Liberty Mutual Insurance Company	$109,334

Note 27 - Structured Settlements

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of $43,655,887 after applying Intercompany Reinsurance Agreement percentages. The Company is contingently liable should the issuers of the purchased annuities fail to perform under the terms of the annuities. The amount of unrecorded loss contingencies related to the purchased annuities was $43,655,887 as of December 31, 2016.

B. A summary of purchased structured settlement annuities exceeding 1% of policyholders' surplus and whereby the Company has not obtained a release of liability from the claimant is as follows:

Life Insurance Company and Location	Licensed in Company's State of Domicile (Yes/No)	Statement Value of Annuities
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	$ 22,329,260

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 - Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	$ -
2. Date of the most recent evaluation of this liability	12/31/2016
3. Was anticipated investment income utilized in the calculation?	Yes

Note 31 - High Dollar Deductible Policies

As of December 31, 2016, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $431,654,572 and the amount billed and recoverable on paid claims was $13,030,364 There are no unsecured high dollar deductible recoverables from professional employer organizations included in these amounts.

Note 32 - Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

For Workers' Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. The December 31, 2016 liabilities subject to discount were carried at a value representing a discount of $41,966,176 net of all reinsurance.

NOTES TO FINANCIAL STATEMENTS

A. The amount of tabular discount for case and IBNR reserves is as follows:

Schedule P Lines of Business	Tabular Discount Included in Schedule P, Part 1*	
	1 Case	2 IBNR
1. Homeowners/Farmowners	-	-
2. Private Passenger Auto Liability/Medical	-	-
3. Commercial Auto/Truck Liability/Medical	-	-
4. Workers' Compensation	36,050,934	41,878,342
5. Commercial Multiple Peril	-	-
6. Medical Professional Liability – occurrence	-	-
7. Medical Professional Liability – claims-made	-	-
8. Special Liability	-	-
9. Other Liability – occurrence	-	-
10. Other Liability – claims-made	-	-
11. Special Property	-	-
12. Auto Physical Damage	-	-
13. Fidelity, Surety	-	-
14. Other (including Credit, Accident & Health)	-	-
15. International	-	-
16. Reinsurance Nonproportional Assumed Property	-	-
17. Reinsurance Nonproportional Assumed Liability	-	-
18. Reinsurance Nonproportional Assumed Financial Lines	-	-
19. Products Liability – occurrence	-	-
20. Products Liability – claims-made	-	-
21. Financial Guaranty/Mortgage Guaranty	-	-
22. Warranty	-	-
23. Total	$36,050,934	$41,878,342

* Must exclude medical loss reserves and all loss adjustment expense reserves.

B. Nontabular Discount:

Not applicable

Note 33 - Asbestos/Environmental Reserves

Factors Contributing to Uncertainty in Establishing Adequate Reserves

The process of establishing reserves for asbestos and environmental claims is subject to greater uncertainty than the establishment of reserves for liabilities relating to other types of insurance claims. A number of factors contribute to this greater uncertainty surrounding the establishment of asbestos and environmental reserves, including, without limitation: (i) the lack of available and reliable historical claims data as an indicator of future loss development, (ii) the long waiting periods between exposure and manifestation of any bodily injury or property damage, (iii) the difficulty in identifying the source of asbestos or environmental contamination, (iv) the difficulty in properly allocating liability for asbestos or environmental damage, (v) the uncertainty as to the number and identity of insureds with potential exposure, (vi) the cost to resolve claims, and (vii) the collectability of reinsurance.

The uncertainties associated with establishing reserves for asbestos and environmental claims and claim adjustment expenses are compounded by the differing, and at times inconsistent, court rulings on environmental and asbestos coverage issues involving: (i) the differing interpretations of various insurance policy provisions and whether asbestos and environmental losses are or were ever intended to be covered, (ii) when the loss occurred and what policies provide coverage, (iii) whether there is an insured obligation to defend, (iv) whether a compensable loss or injury has occurred, (v) how policy limits are determined, (vi) how policy exclusions are applied and interpreted, (vii) the impact of entities seeking bankruptcy protection as a result of asbestos-related liabilities, (viii) whether clean-up costs are covered as insured property damage, and (ix) applicable coverage defenses or determinations, if any, including the determination as to whether or not an asbestos claim is a products/completed operation claim subject to an aggregate limit and the available coverage, if any, for that claim. The uncertainties cannot be reasonably estimated, but could have a material impact on the Company's future operating results and financial condition.

In 2016, the Company and its affiliated pool members completed asbestos ground-up and aggregate environmental reserve studies. These studies were completed by a multi-disciplinary team of internal claims, legal, reinsurance and actuarial personnel, and included all major business segments of the Company's direct, assumed, and ceded A&E unpaid claim liabilities. As part of the internal review, policyholders with the largest direct asbestos unpaid claim liabilities were individually evaluated using the Company's proprietary stochastic ground-up model, which is consistent with published actuarial methods of asbestos reserving. Among the factors reviewed in depth by the team of specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, injury type, jurisdiction and legal defenses. Reinsurance recoveries for these policyholders were then separately evaluated by the Company's reinsurance and actuarial personnel. A&E unpaid claim liabilities for all other policyholders were evaluated using aggregate methods that utilized information and experience specific to these policyholders. The studies resulted in an increase to reserves of $150 million including: $100 million of asbestos reserves, and $50 million of pollution reserves.

Uncertainty Regarding Reserving Methodologies

As a result of the significant uncertainty inherent in determining a company's asbestos and environmental liabilities and establishing related reserves, the amount of reserves required to adequately fund the Company's asbestos and environmental

NOTES TO FINANCIAL STATEMENTS

claims cannot be accurately estimated using conventional reserving methodologies based on historical data and trends. As a result, the use of conventional reserving methodologies frequently has to be supplemented by subjective considerations including managerial judgment. In that regard, the estimation of asbestos claims and associated liabilities and the analysis of environmental claims considered prevailing applicable law and certain inconsistencies of court decisions as to coverage, plaintiffs' expanded theories of liability, and the risks inherent in major litigation and other uncertainties, the Company believes that in future periods it is possible that the outcome of the continued uncertainties regarding asbestos and environmental related claims could result in a liability that differs from current reserves by an amount that could be material to the Company's future operating results and financial condition.

Effect of Uncertainty in Reserving For Asbestos and Environmental Claims on Company's Financial Condition
The methods of determining estimates for reported and unreported losses and establishing resulting reserves and related reinsurance recoverables are periodically reviewed and updated, and adjustments resulting from this review are reflected in income currently.

The following tables summarize the activity for the Company's asbestos and environmental claims and claim adjustment expenses, a component of the Company's unpaid claims and claim adjustment expenses, for the years ended December 31, 2016, 2015, 2014, 2013, and 2012 before consideration of the NICO Reinsurance Transaction. Refer to Note 23f.

Asbestos:

	2012	2013	2014	2015	2016
Direct Basis					
Beginning Reserves	126,800,683	124,526,615	139,940,998	140,708,681	118,430,234
Incurred losses and LAE	19,120,890	33,166,850	22,807,269	6,627,475	26,224,951
Calendar year payments	21,394,958	17,752,467	22,039,586	28,905,921	20,744,915
Ending Reserves	124,526,615	139,940,998	140,708,681	118,430,234	123,910,271
Assumed Reinsurance Basis					
Beginning Reserves	49,849,952	46,005,483	49,581,228	45,860,173	44,251,678
Incurred losses and LAE	390,625	5,973,155	120,705	938,913	(396,308)
Calendar year payments	4,235,093	2,397,409	3,841,760	2,547,408	2,999,181
Ending Reserves	46,005,483	49,581,228	45,860,173	44,251,678	40,856,189
Net of Ceded Reinsurance Basis					
Beginning Reserves	77,419,217	71,211,927	79,777,888	73,443,825	54,527,879
Incurred losses and LAE	11,933,792	18,841,927	7,112,673	490,554	4,983,089
Calendar year payments	18,141,083	10,275,966	13,446,736	19,406,500	5,750,429
Ending Reserves	71,211,927	79,777,888	73,443,825	54,527,879	53,760,540

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	78,666,619
Assumed Reinsurance Basis	28,543,847
Net of Ceded Reinsurance Basis	28,370,178
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	77,656,727
Assumed Reinsurance Basis	892,011
Net of Ceded Reinsurance Basis	28,215,663

Environmental:	2012	2013	2014	2015	2016
Direct Basis					
Beginning Reserves	33,979,449	33,611,427	35,877,644	33,648,262	28,989,390
Incurred losses and LAE	4,882,826	7,618,359	4,636,356	2,358,449	6,419,911
Calendar year payments	5,250,848	5,352,142	6,865,738	7,017,321	5,593,253
Ending Reserves	33,611,427	35,877,644	33,648,262	28,989,390	29,816,048
Assumed Reinsurance Basis					
Beginning Reserves	4,744,181	5,199,147	5,133,023	4,834,448	3,503,310
Incurred losses and LAE	940,640	347,586	91,914	(784,640)	(13,180)
Calendar year payments	485,674	413,710	390,489	546,498	325,722
Ending Reserves	5,199,147	5,133,023	4,834,448	3,503,310	3,164,408

NOTES TO FINANCIAL STATEMENTS

Net of Ceded Reinsurance Basis					
Beginning Reserves	27,759,585	24,679,816	25,838,682	23,909,931	20,969,200
Incurred losses and LAE	(153,785)	4,880,537	2,250,191	25,448	3,928,479
Calendar year payments	2,925,984	3,721,672	4,178,942	2,966,179	4,414,778
Ending Reserves	24,679,816	25,838,682	23,909,931	20,969,200	20,482,901

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	17,289,333
Assumed Reinsurance Basis	1,502,655
Net of Ceded Reinsurance Basis	10,084,886

Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	12,991,783
Assumed Reinsurance Basis	125,614
Net of Ceded Reinsurance Basis	6,068,634

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 - Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1 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, 1A and 2.

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State Regulating? Wisconsin

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 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2013

3.2 State the as of date that the latest financial examination report became 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. 12/31/2013

3.3 State as of what date the latest financial examination report became 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). 05/21/2015

3.4 By what department or departments?
Wisconsin Department of Insurance

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [X] No [ ] N/A [ ]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [X] No [ ]
4.12 renewals? Yes [X] No [ ]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [ ] No [X]
4.22 renewals? Yes [X] No [ ]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

GENERAL INTERROGATORIES

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control. 0.00 %

7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

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, thrifts or securities firms? Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial 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.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, LLP
200 Clarendon Street
Boston, MA 02116

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]

10.2 If response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.4 If response to 10.3 is yes, provide information related to this exemption:

GENERAL INTERROGATORIES

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ] N/A [ ]

10.6 If the response to 10.5 is no or n/a, please explain.

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Stephanie Neyenhouse FCAS, MAAA
175 Berkeley Street, Boston, MA 02116
Vice President and Chief Actuary, Liberty Mutual Group Inc.

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [X] No [ ]

12.11	Name of real estate holding company	St. James/Arlington Real Estate
12.12	Number of parcels involved	2
12.13	Total book/adjusted carrying value	$ 18,739,487

12.2 If yes, provide explanation:
Liberty Mutual Fire Insurance Company directly owns 5% of St James/Arlington Real Estate LP

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [X]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [X]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [X]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

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 laws, 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 [ ]

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [X] No [ ]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).
During Q2, Liberty Mutual Insurance published certain non-material changes to its Code of Business Ethics and Conduct designed to enhance readability for employees; during Q4 Liberty made changes to the Conflicts of Interest section of the Code to preclude acceptance of gifts by claims handlers.

GENERAL INTERROGATORIES

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
0			0
0			0
0			0

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No [ ]

17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No [ ]

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11	To directors or other officers	$ 0
20.12	To stockholders not officers	$ 0
20.13	Trustees, supreme or grand (Fraternal only)	$ 0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21	To directors or other officers	$ 0
20.22	To stockholders not officers	$ 0
20.23	Trustees, supreme or grand (Fraternal only)	$ 0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21	Rented from others	$ 0
21.22	Borrowed from others	$ 0
21.23	Leased from others	$ 0
21.24	Other	$ 0

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

GENERAL INTERROGATORIES

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment	$	0
22.22 Amount paid as expenses	$	0
22.23 Other amounts paid	$	0

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 0

INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No [ ]

24.02 If no, give full and complete information, relating thereto:

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
Please reference Note 17B

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [X] No [ ] N/A [ ]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. $ 79,627,173

24.06 If answer to 24.04 is no, report amount of collateral for other programs. $ 0

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [X] No [ ] N/A [ ]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [X] No [ ] N/A [ ]

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [X] No [ ] N/A [ ]

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	$	79,627,173
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	$	79,627,173
24.103 Total payable for securities lending reported on the liability page	$	79,627,173

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No [ ]

GENERAL INTERROGATORIES

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21	Subject to repurchase agreements	$ 0
25.22	Subject to reverse repurchase agreements	$ 0
25.23	Subject to dollar repurchase agreements	$ 0
25.24	Subject to reverse dollar repurchase agreements	$ 0
25.25	Placed under option agreements	$ 153,841,257
25.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	$ 0
25.27	FHLB Capital Stock	$ 6,750,000
25.28	On deposit with states	$ 208,960,800
25.29	On deposit with other regulatory bodies	$ 19,334,740
25.30	Pledged as collateral - excluding collateral pledged to an FHLB	$ 173,893,672
25.31	Pledged as collateral to FHLB - including assets backing funding agreements	$ 0
25.32	Other	$ 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
FHLB CAPITAL STOCK	FEDERAL HOME LOAN BANK CHICAGO	6,750,000
		0
		0

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [X]
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year. $ 0

28. 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 [X] No [ ]

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]

GENERAL INTERROGATORIES

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

28.05 Investment management - Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["… that have access to the investment accounts"; "…handle securities"]

1 Name Firm or Individual	2 Affiliation
Liberty Mutual Group Asset Management Inc.	A
StanCorp	U
Prudential Mortgage Capital Company	U
Liberty Mutual Investment Advisors, LLC	A

28.059 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets? Yes [ ] No [X]

28.059 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [ ] No [X]

28.06 For those firms or individuals listed in the table 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Name Firm or Individual	2 Central Registration Depository Number	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
Liberty Mutual Group Asset Manageme	N/A	N/A	No	"DS"
Liberty Mutual Investment Advisors, LL	N/A	N/A	No	"DS"
StanCorp	N/A	N/A	No	"DS"
Prudential Mortgage Capital Company	N/A	N/A	No	"DS"

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D – Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [ ] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
		0
		0
		0
29.2999 TOTAL		0

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
		0	
		0	
		0	

GENERAL INTERROGATORIES

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	3,639,203,833	3,613,977,905	(25,225,928)
30.2 Preferred stocks	24,588,478	24,605,358	16,880
30.3 Totals	3,663,792,311	3,638,583,263	(25,209,048)

30.4 Describe the sources or methods utilized in determining the fair values:
The primary source for reported fair values is our pricing vendor, Interactive Data Corporation, followed by backfill from Reuters, Bloomberg, Barclays, Merrill Lynch, and Markit for Term Loan securities. Lastly, management determines fair value based on quoted market prices of similar financial instruments or by using industry recognized valuation techniques.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ ] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [X] No [ ]

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? $ 4,649,497

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
INSURANCE SERVICES OFFICE INC	$ 1,385,950
	$ 0
	$ 0

34.1 Amount of payments for legal expenses, if any? $ 4,269,975

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 171,914

GENERAL INTERROGATORIES

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

1.2 If yes, indicate premium earned on U.S. business only. $ 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $ 0

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. $ 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance. $ 0

1.6 Individual policies:

Most current three years:

1.61	Total premium earned	$ 0
1.62	Total incurred claims	$ 0
1.63	Number of covered lives	0

All years prior to most current three years:

1.64	Total premium earned	$ 0
1.65	Total incurred claims	$ 0
1.66	Number of covered lives	0

1.7 Group policies:

Most current three years:

1.71	Total premium earned	$ 0
1.72	Total incurred claims	$ 0
1.73	Number of covered lives	0

All years prior to most current three years:

1.74	Total premium earned	$ 0
1.75	Total incurred claims	$ 0
1.76	Number of covered lives	0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 656,927	$ 981,392
2.2	Premium Denominator	$ 2,064,977,741	$ 1,997,025,453
2.3	Premium Ratio (2.1 / 2.2)	0.00	0.00
2.4	Reserve Numerator	$ 1,955,617	$ 2,634,534
2.5	Reserve Denominator	$ 3,868,388,303	$ 3,761,759,061
2.6	Reserve Ratio (2.4 / 2.5)	0.00	0.00

3.1 Does the reporting entity issue both participating and non-participating policies? Yes [X] No [ ]

3.2 If yes, state the amount of calendar year premiums written on:

3.21	Participating policies	$ 4,288,136,885
3.22	Non-participating policies	$ 106,338,315

4. For Mutual reporting entities and Reciprocal Exchanges only:

4.1 Does the reporting entity issue assessable policies? Yes [ ] No [X]

4.2 Does the reporting entity issue non-assessable policies? Yes [ ] No [X]

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? 0 %

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. $ 0

5. For Reciprocal Exchanges Only:

5.1 Does the exchange appoint local agents? Yes [ ] No [X]

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation Yes [ ] No [ ] N/A [X]

5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [X]

5.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?
N/A

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [ ] No [X]

5.5 If yes, give full information

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:
The Company purchases a combination of per risk excess of loss reinsurance and excess of loss per event catastrophe reinsurance.

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
The Company employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property exposures, we utilize RMS's RiskLink v15.0 and AIR's Touchstone v3.1 software. For workers' compensation, Liberty Mutual utilizes RiskLink v15.0 from RMS..

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
The Company purchases a combination of quota share reinsurance, per risk excess of loss reinsurance, excess of loss per event catastrophe reinsurance and aggregate programs.

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [ ] No [X]

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss
The Company utilizes second event coverage that has a lower attachment point, along with aggregate coverage to substantially replace nonreinstated

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] No [X]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 0

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ]

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]

8.2 If yes, give full information

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [ ] No [X]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or, Yes [ ] No [X]
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [X]
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [X] No [ ]

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [ ] N/A [ ]

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes [ ] No [X]

11.2 If yes, give full information

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses $ 25,780,973

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 1,840,941

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? $ 3,782,098

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [X] No [ ] N/A [ ]

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From 0.05 %

12.42 To 0.08 %

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [X] No [ ]

12.6 If yes, state the amount thereof at December 31 of current year:

12.61 Letters of Credit $ 373,986,810

12.62 Collateral and other funds $ 94,481,339

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 88,000,000

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No [X]

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 1

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [X] No [ ]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
Premiums and recoverables were allocated pursuant to the intercompany pooling agreement.

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [ ] No [X]

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [X] No [ ]

14.5 If the answer to 14.4 is no, please explain:
N/A

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [ ] No [X]

15.2 If yes, give full information

16.1 Does the reporting entity write any warranty business? Yes [X] No [ ]
If yes, disclose the following information for each of the following types of warranty coverage:

		1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11	Home	$ 0	$ 0	$ 0	$ 0	$ 0
16.12	Products	$ 0	$ 0	$ 0	$ 0	$ 0
16.13	Automobile	$ 0	$ 0	$ 0	$ 0	$ 0
16.14	Other*	$ 0	$ 0	$ 0	$ 0	$ 0

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5. Yes [ ] No [X]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:

17.11	Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5	$ 0
17.12	Unfunded portion of Interrogatory 17.11	$ 0
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	$ 0
17.14	Case reserves portion of Interrogatory 17.11	$ 0
17.15	Incurred but not reported portion of Interrogatory 17.11	$ 0
17.16	Unearned premium portion of Interrogatory 17.11	$ 0
17.17	Contingent commission portion of Interrogatory 17.11	$ 0

Provide the following information for all other amounts included in Schedule F – Part 3 and excluded from Schedule F – Part 5, not included above.

17.18	Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5	$ 0
17.19	Unfunded portion of Interrogatory 17.18	$ 0
17.20	Paid losses and loss adjustment expenses portion of Interrogatory 17.18	$ 0
17.21	Case reserves portion of Interrogatory 17.18	$ 0
17.22	Incurred but not reported portion of Interrogatory 17.18	$ 0
17.23	Unearned premium portion of Interrogatory 17.18	$ 0
17.24	Contingent commission portion of Interrogatory 17.18	$ 0

18.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

18.2 If yes, please provide the amount of custodial funds held as of the reporting date. $ 0

18.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]

18.4 If yes, please provide the balance of the funds adminstered as of the reporting date. $ 0

FIVE – YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.

	1 2016	2 2015	3 2014	4 2013	5 2012
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	3,134,589,419	3,266,726,048	3,467,016,954	3,511,912,985	3,533,011,342
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,545,191,323	1,663,801,352	1,884,949,186	2,031,765,557	1,970,813,201
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,742,470,482	1,803,941,480	1,856,461,382	2,134,534,955	1,842,058,691
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	68,447,056	74,132,533	72,978,295	102,977,074	16,507,793
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	23,686,147	30,322,862	23,297,795	19,095,857	41,176,802
6. Total (Line 35)	6,514,384,427	6,838,924,275	7,304,703,612	7,800,286,428	7,403,567,829
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	969,638,538	926,958,179	931,079,533	986,251,506	1,019,202,557
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	398,309,682	376,864,283	390,480,909	407,263,597	311,150,621
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	664,211,442	648,105,691	620,940,965	655,688,286	309,115,460
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	64,063,417	68,323,039	64,346,751	95,210,376	3,585,808
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	23,686,147	30,322,862	23,297,795	19,095,857	41,176,802
12. Total (Line 35)	2,119,909,226	2,050,574,054	2,030,145,953	2,163,509,622	1,684,231,248
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(61,640,601)	9,068,124	(38,044,690)	(110,772,596)	(350,793,199)
14. Net investment gain (loss) (Line 11)	121,159,335	237,750,311	167,674,787	183,756,994	182,656,866
15. Total other income (Line 15)	6,826,107	3,176,375	(1,011,185)	525,860	(6,619,520)
16. Dividends to policyholders (Line 17)	1,421,581	1,548,430	1,885,384	3,082,309	3,173,848
17. Federal and foreign income taxes incurred (Line 19)	28,717,945	(3,637,038)	(5,440,420)	(17,078,879)	(47,127,291)
18. Net income (Line 20)	36,205,315	252,083,418	132,173,948	87,506,828	(130,802,410)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	5,650,731,746	5,477,772,126	5,297,887,108	5,561,558,829	5,235,743,369
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	108,981,873	109,978,131	110,463,948	125,881,075	157,226,564
20.2 Deferred and not yet due (Line 15.2)	527,225,282	495,548,741	469,147,504	599,712,567	503,706,961
20.3 Accrued retrospective premiums (Line 15.3)	31,946,332	31,519,422	35,853,810	37,659,053	37,944,798
21. Total liabilities excluding protected cell business (Page 3, Line 26)	4,176,150,733	4,078,781,163	3,995,773,620	4,345,262,810	4,296,603,316
22. Losses (Page 3, Line 1)	2,285,275,090	2,238,134,366	2,219,415,749	2,279,464,676	2,472,362,373
23. Loss adjustment expenses (Page 3, Line 3)	472,145,281	468,607,823	481,276,193	489,340,086	509,044,421
24. Unearned premiums (Page 3, Line 9)	1,108,755,728	1,052,883,251	1,006,108,608	950,468,970	735,045,089
25. Capital paid up (Page 3, Lines 30 & 31)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	1,474,581,013	1,398,990,964	1,302,113,488	1,216,296,019	939,140,053
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	193,345,148	168,927,358	159,111,107	67,166,934	33,514,192
Risk-Based Capital Analysis					
28. Total adjusted capital	1,486,120,132	1,409,335,978	1,311,838,591	1,224,906,372	948,657,347
29. Authorized control level risk-based capital	295,909,898	272,345,674	270,653,111	270,601,127	276,381,595
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	77.6	77.3	75.2	76.5	74.2
31. Stocks (Lines 2.1 & 2.2)	8.6	9.0	9.9	9.1	8.6
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	3.5	3.0	2.9	2.8	2.6
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	(0.0)	1.4	1.1	1.7	2.3
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)	8.6	8.5	9.5	9.4	10.2
38. Receivables for securities (Line 9)	0.0	0.1	0.5	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	1.7	0.7	0.9	0.6	2.0
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	226,518,826	210,909,477	207,051,938	188,422,827	210,178,608
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated	285,402,888	269,892,298	264,707,525	260,331,795	38,141,499
48. Total of above Lines 42 to 47	511,921,714	480,801,775	471,759,463	448,754,622	248,320,107
49. Total investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	34.7	34.4	36.2	36.9	26.4

FIVE – YEAR HISTORICAL DATA
(Continued)

	1 2016	2 2015	3 2014	4 2013	5 2012
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	37,159,281	(87,818,913)	18,633,743	6,964,540	17,935,672
52. Dividends to stockholders (Line 35)	(15,000,000)	(15,000,000)	(26,531,250)	(3,750,000)	(15,000,000)
53. Change in surplus as regards policyholders for the year (Line 38)	75,590,049	96,877,476	85,817,469	277,155,966	(133,902,603)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,949,446,145	1,943,621,172	2,169,292,469	2,811,388,314	2,492,367,000
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	942,319,985	882,952,396	949,637,639	1,246,460,236	1,188,442,405
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	720,863,874	832,480,611	869,230,962	779,013,504	933,254,856
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,723,359	19,470,730	23,573,862	8,257,466	373,170
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	6,318,530	9,173,592	10,294,086	40,523,070	15,464,206
59. Total (Line 35)	3,620,671,893	3,687,698,501	4,022,029,018	4,885,642,590	4,629,901,637
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	560,411,400	538,017,596	625,263,867	945,128,298	608,510,916
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	230,296,341	201,305,877	206,079,402	216,597,176	188,679,132
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	323,054,419	320,031,262	301,688,883	131,172,951	159,861,564
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,463,163	19,108,361	23,541,539	7,794,301	279,705
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	6,318,530	9,173,592	10,294,086	40,523,070	15,464,206
65. Total (Line 35)	1,121,543,853	1,087,636,688	1,166,867,777	1,341,215,796	972,795,523
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	56.6	55.6	56.3	59.2	72.6
68. Loss expenses incurred (Line 3)	13.2	12.7	13.7	14.3	17.8
69. Other underwriting expenses incurred (Line 4)	33.1	31.2	31.9	32.2	31.7
70. Net underwriting gain (loss) (Line 8)	(3.0)	0.5	(1.9)	(5.7)	(22.1)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0	32.0	30.2	31.0	29.0	30.3
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	69.8	68.4	70.0	73.5	90.3
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	143.8	146.6	155.9	177.9	179.3
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	16,818	(13,462)	(1,195)	65,218	78,461
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	1.2	(1.0)	(0.1)	6.9	7.3
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(6,953)	(15,539)	55,155	70,321	124,965
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(0.5)	(1.3)	5.9	6.6	10.4

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [ ] No [ ]

If no, please explain:

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

($000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
				Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported Direct and Assumed
1. Prior	X X X	X X X	X X X	59,063	25,334	18,719	8,117	3,402	359	1,310	47,374	X X X
2. 2007	2,049,189	310,413	1,738,776	1,043,494	151,246	82,743	10,074	141,882	6,837	68,364	1,099,962	X X X
3. 2008	2,118,182	354,941	1,763,241	1,229,085	193,704	90,675	10,323	160,112	5,958	62,201	1,269,887	X X X
4. 2009	2,005,622	410,096	1,595,526	1,069,546	193,635	78,669	8,866	150,219	1,596	58,784	1,094,337	X X X
5. 2010	2,008,619	361,165	1,647,454	1,124,952	190,755	81,514	7,368	158,314	538	66,643	1,166,119	X X X
6. 2011	2,111,161	425,079	1,686,082	1,238,261	229,154	84,924	10,554	159,098	484	82,403	1,242,091	X X X
7. 2012	2,272,654	456,956	1,815,698	1,234,171	238,527	80,147	10,430	163,437	137	93,150	1,228,661	X X X
8. 2013	2,392,808	488,101	1,904,707	1,129,219	238,271	63,221	6,693	159,926	220	71,968	1,107,182	X X X
9. 2014	2,437,004	475,889	1,961,115	1,056,941	211,744	47,804	3,615	153,615	223	56,246	1,042,778	X X X
10. 2015	2,514,840	517,813	1,997,027	1,002,332	225,703	27,614	2,051	147,814	113	65,588	949,893	X X X
11. 2016	2,585,163	520,186	2,064,977	780,244	200,441	10,870	827	120,994	1,375	25,556	709,465	X X X
12. Totals	X X X	X X X	X X X	10,967,308	2,098,514	666,900	78,918	1,518,813	17,840	652,213	10,957,749	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1. Prior	456,961	171,074	277,361	150,188	27,166	18,584	120,500	49,791	12,941	1	3,312	505,291	X X X
2. 2007	28,580	6,938	38,790	5,178	1,046	323	3,936	868	708		315	59,753	X X X
3. 2008	37,072	8,177	55,380	7,952	1,129	182	7,023	2,103	998		2,217	83,188	X X X
4. 2009	35,128	6,085	57,201	10,014	1,246	194	5,878	1,474	591		674	82,277	X X X
5. 2010	41,584	7,487	51,697	7,181	1,762	598	9,380	1,272	901		1,015	88,786	X X X
6. 2011	50,548	7,573	66,395	9,335	2,365	477	14,608	2,149	1,378		1,849	115,760	X X X
7. 2012	76,319	15,225	96,424	13,005	4,332	1,071	23,267	2,564	3,347	3	6,365	171,821	X X X
8. 2013	96,241	15,899	113,322	16,199	4,457	975	29,078	3,490	20,420	9	7,535	226,946	X X X
9. 2014	133,286	22,857	146,848	29,435	4,814	935	41,519	3,662	12,014	21	10,070	281,571	X X X
10. 2015	184,043	19,275	219,664	37,212	4,492	420	61,047	4,824	21,385	5	20,714	428,895	X X X
11. 2016	251,554	22,489	416,620	56,966	3,367	278	70,441	4,463	55,369	25	52,803	713,130	X X X
12. Totals	1,391,316	303,079	1,539,702	342,665	56,176	24,037	386,677	76,660	130,052	64	106,869	2,757,418	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	413,060	92,231
2. 2007	1,341,179	181,464	1,159,715	65.449	58.459	66.697			8.000	55,254	4,499
3. 2008	1,581,474	228,399	1,353,075	74.662	64.348	76.738			8.000	76,323	6,865
4. 2009	1,398,478	221,864	1,176,614	69.728	54.101	73.745			8.000	76,230	6,047
5. 2010	1,470,104	215,199	1,254,905	73.190	59.585	76.172			8.000	78,613	10,173
6. 2011	1,617,577	259,726	1,357,851	76.620	61.101	80.533			8.000	100,035	15,725
7. 2012	1,681,444	280,962	1,400,482	73.986	61.486	77.132			8.000	144,513	27,308
8. 2013	1,615,884	281,756	1,334,128	67.531	57.725	70.044			8.000	177,465	49,481
9. 2014	1,596,841	272,492	1,324,349	65.525	57.260	67.530			8.000	227,842	53,729
10. 2015	1,668,391	289,603	1,378,788	66.342	55.928	69.042			8.000	347,220	81,675
11. 2016	1,709,459	286,864	1,422,595	66.126	55.146	68.892			8.000	588,719	124,411
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	2,285,274	472,144

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.

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 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016	11 One Year	12 Two Year
1. Prior	1,706,197	1,655,261	1,692,656	1,693,572	1,729,735	1,738,123	1,757,109	1,777,143	1,780,790	1,784,356	3,566	7,213
2. 2007	1,093,878	1,070,922	1,026,885	1,025,310	1,020,658	1,025,821	1,026,830	1,026,070	1,027,453	1,026,794	(659)	724
3. 2008	X X X	1,228,249	1,199,631	1,184,164	1,183,805	1,188,129	1,202,199	1,200,816	1,200,946	1,202,051	1,105	1,235
4. 2009	X X X	X X X	1,052,203	1,049,633	1,039,936	1,030,255	1,037,761	1,029,628	1,030,357	1,030,658	301	1,030
5. 2010	X X X	X X X	X X X	1,095,511	1,094,850	1,099,347	1,111,707	1,100,778	1,101,565	1,100,780	(785)	2
6. 2011	X X X	X X X	X X X	X X X	1,196,165	1,196,076	1,201,187	1,200,918	1,200,144	1,201,922	1,778	1,004
7. 2012	X X X	X X X	X X X	X X X	X X X	1,242,187	1,251,636	1,239,745	1,232,364	1,237,144	4,780	(2,601)
8. 2013	X X X	X X X	X X X	X X X	X X X	X X X	1,156,604	1,168,747	1,160,434	1,160,236	(198)	(8,511)
9. 2014	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,168,027	1,164,540	1,160,978	(3,562)	(7,049)
10. 2015	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,201,097	1,211,589	10,492	X X X
11. 2016	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,249,295	X X X	X X X
									12. Totals		16,818	(6,953)

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 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	000	339,272	578,424	760,104	892,697	989,132	1,064,169	1,136,045	1,203,663	1,247,994	X X X	X X X
2. 2007	415,821	639,530	751,959	831,928	884,704	917,726	937,145	950,510	958,836	964,917	X X X	X X X
3. 2008	X X X	497,337	760,999	888,130	977,162	1,037,766	1,074,409	1,095,851	1,107,570	1,115,733	X X X	X X X
4. 2009	X X X	X X X	419,729	635,436	749,254	831,224	886,505	918,013	935,077	945,714	X X X	X X X
5. 2010	X X X	X X X	X X X	461,769	698,522	818,218	906,116	960,569	990,347	1,008,342	X X X	X X X
6. 2011	X X X	X X X	X X X	X X X	545,227	772,599	901,156	991,128	1,048,546	1,083,477	X X X	X X X
7. 2012	X X X	X X X	X X X	X X X	X X X	535,985	804,255	926,137	1,009,955	1,065,360	X X X	X X X
8. 2013	X X X	X X X	X X X	X X X	X X X	X X X	504,730	745,092	861,496	947,476	X X X	X X X
9. 2014	X X X	X X X	X X X	X X X	X X X	X X X	X X X	536,305	770,852	889,387	X X X	X X X
10. 2015	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	555,459	802,191	X X X	X X X
11. 2016	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	589,846	X X X	X X X

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 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016
1. Prior	748,235	559,704	481,506	369,390	337,946	280,571	270,642	257,565	226,819	214,686
2. 2007	414,974	242,171	144,813	98,050	69,832	58,400	49,401	42,144	39,856	38,440
3. 2008	X X X	444,371	244,656	157,600	108,484	77,515	76,814	63,545	58,703	55,060
4. 2009	X X X	X X X	398,410	239,533	158,084	105,945	89,137	63,821	58,413	53,551
5. 2010	X X X	X X X	X X X	392,214	218,905	148,559	112,652	77,080	63,227	55,365
6. 2011	X X X	X X X	X X X	X X X	392,781	239,768	165,705	111,807	86,757	72,488
7. 2012	X X X	X X X	X X X	X X X	X X X	451,495	259,072	178,160	131,930	106,616
8. 2013	X X X	X X X	X X X	X X X	X X X	X X X	425,614	247,748	176,999	128,182
9. 2014	X X X	X X X	X X X	X X X	X X X	X X X	X X X	402,271	234,018	157,177
10. 2015	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	411,210	240,184
11. 2016	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	427,186

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken: 2 Direct Premiums Written	3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama AL	L	40,545,118	44,884,857	1,590	23,712,992	24,607,947	81,797,212	77,802	
2. Alaska AK	L	12,171,205	12,250,028	676	4,668,890	6,689,863	18,047,493	10,475	
3. Arizona AZ	L	50,607,618	52,273,633	8,111	30,565,780	20,444,587	77,716,885	104,890	
4. Arkansas AR	L	26,195,128	25,472,890	(212)	23,623,960	3,971,124	28,111,380	50,999	
5. California CA	L	632,582,161	617,497,835	(131,425)	331,631,491	336,151,941	933,755,190	1,667,309	
6. Colorado CO	L	56,696,362	58,323,182	1,385	36,209,443	33,178,286	72,757,545	136,317	
7. Connecticut CT	L	127,376,533	131,083,144	89,845	71,427,131	52,748,858	160,112,046	778,984	
8. Delaware DE	L	35,519,895	38,770,221	305	19,577,929	13,954,491	33,302,473	177,088	
9. District of Columbia DC	L	12,056,412	12,096,935	676	4,097,781	3,316,425	11,784,403	30,124	
10. Florida FL	L	200,460,088	201,558,946	184,115	103,022,554	112,540,532	294,215,638	577,523	
11. Georgia GA	L	124,243,790	131,106,414	1,286	65,938,826	66,819,586	162,612,265	278,507	
12. Hawaii HI	L	53,165,698	50,518,309	636	26,455,503	26,643,661	36,072,359	212,632	
13. Idaho ID	L	13,002,190	14,086,007	61	6,489,027	5,134,445	13,090,112	53,531	
14. Illinois IL	L	135,510,779	141,216,061	23,806	72,214,709	71,399,161	263,251,858	318,110	
15. Indiana IN	L	32,695,739	32,912,697	(19,291)	17,301,131	13,525,691	66,967,755	6,322	
16. Iowa IA	L	16,137,264	15,311,428	56,244	5,874,611	9,920,151	37,919,634	18,705	
17. Kansas KS	L	26,201,433	27,969,779	1,556	14,568,985	9,954,252	35,257,621	60,054	
18. Kentucky KY	L	52,012,828	55,755,813	(6,441)	22,014,221	15,935,771	79,566,302	167,557	
19. Louisiana LA	L	110,653,901	117,443,207	3,537	140,240,286	188,066,303	152,492,758	244,286	
20. Maine ME	L	35,107,037	36,917,956	1,485	12,998,476	11,830,983	29,666,918	256,799	
21. Maryland MD	L	95,738,635	103,753,689	4,565	52,536,797	40,701,109	125,012,897	343,606	
22. Massachusetts MA	L	171,695,064	175,953,569	153	74,430,635	71,943,843	186,623,219	497,374	
23. Michigan MI	L	97,745,372	110,767,622	623	68,861,892	122,367,844	336,729,813	307,925	
24. Minnesota MN	L	57,246,052	61,963,193	(578)	22,504,449	28,964,362	151,410,503	143,510	
25. Mississippi MS	L	33,132,238	32,675,276	1,031	16,400,572	17,059,213	40,089,794	20,772	
26. Missouri MO	L	55,801,358	57,744,456	(46,004)	34,598,011	22,966,891	94,150,928	128,224	
27. Montana MT	L	15,265,620	16,050,180	288	11,978,360	14,529,329	20,136,738	49,869	
28. Nebraska NE	L	13,368,253	13,821,984	298	5,170,963	7,009,344	23,819,153	25,212	
29. Nevada NV	L	36,801,225	38,824,733	1	21,028,038	19,233,168	41,419,663	99,999	
30. New Hampshire NH	L	46,011,151	48,713,039	9,862	18,085,937	17,932,697	48,006,330	293,393	
31. New Jersey NJ	L	285,374,335	300,411,551	111,494	179,056,086	97,533,252	394,508,499	1,553,940	
32. New Mexico NM	L	20,463,274	21,819,508	571	11,037,925	9,471,224	31,136,465	56,266	
33. New York NY	L	549,861,033	568,642,392	32,556	321,311,405	298,513,040	898,355,131	3,161,464	
34. North Carolina NC	L	123,518,808	122,746,030	(1,232)	56,825,999	80,736,317	147,208,119	162,160	
35. North Dakota ND	L	6,041,368	6,462,087	(1)	537,108	1,738,048	7,348,171	5,871	
36. Ohio OH	L	90,164,832	95,497,398	12	29,293,302	27,866,767	48,530,670	470,228	
37. Oklahoma OK	L	43,188,731	51,727,165	1,076	35,443,397	23,138,094	92,191,636	105,918	
38. Oregon OR	L	36,671,482	38,536,941	605	18,362,281	11,885,379	45,350,922	116,925	
39. Pennsylvania PA	L	153,098,991	157,112,889	8,370	67,168,938	52,877,363	272,986,618	689,764	
40. Rhode Island RI	L	35,127,247	37,852,277	229	28,463,646	20,078,259	39,216,032	219,316	
41. South Carolina SC	L	51,060,051	53,489,227	2,233	25,981,400	27,954,189	71,028,077	132,835	
42. South Dakota SD	L	3,476,713	3,560,452	125	1,680,317	2,623,799	9,623,179	9,763	
43. Tennessee TN	L	65,714,533	69,536,665	19,672	26,740,359	33,138,227	164,717,958	172,466	
44. Texas TX	L	201,855,164	216,789,205	1,849,900	169,508,708	203,573,305	622,091,861	52,362	
45. Utah UT	L	29,127,906	29,410,105	242	16,010,136	11,065,591	29,541,513	102,056	
46. Vermont VT	L	18,823,085	18,720,990	235	7,494,267	6,516,340	17,279,297	99,306	
47. Virginia VA	L	56,600,695	59,275,848	1,297	20,996,407	21,265,486	76,470,421	162,442	
48. Washington WA	L	134,177,371	140,065,004	177	77,589,445	75,991,947	86,652,583	468,843	
49. West Virginia WV	L	19,699,816	21,376,928	1	16,514,231	13,595,449	14,723,868	62,966	
50. Wisconsin WI	L	48,792,231	53,540,064	385,438	25,240,662	20,646,744	133,751,466	132,581	
51. Wyoming WY	L	5,084,840	4,920,858	10	3,041,241	1,977,384	3,371,754	8,704	
52. American Samoa AS	N								
53. Guam GU	N	(276)	(276)			1,048			
54. Puerto Rico PR	L	825,306	680,874	(1)	155,714	330,860	1,120,160		
55. U.S. Virgin Islands VI	N	6,281	4,389	2	34,906	278,712	312,297		
56. Northern Mariana Islands MP	N								
57. Canada CAN	N	(115)	(115)		94,272	194,372	149,141		
58. Aggregate Other Alien OT	X X X	(24,649)	(267,236)	15	2,316,521	1,166,585	5,882,668		
59. Totals	(a) 52	4,394,475,200	4,549,628,303	2,601,210	2,499,128,053	2,433,699,639	6,869,445,391	15,084,074	

DETAILS OF WRITE-INS									
58001. ZZZ Other Alien	X X X	(24,649)	(267,236)	15	2,316,521	1,166,585	5,882,668		
58002.	X X X								
58003.	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X	(24,649)	(267,236)	15	2,316,521	1,166,585	5,882,668		

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines In the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation of premiums by states, etc.

*Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery

*States employee's main work place - Worker's Compensation

*Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage

*Principal Location of business or location of coverage - Liability other than Auto, Fidelity, Warranty

*Point of origin of shipment or principal location of assured - Inland Marine

*State in which employees regularly work - Group Accident and Health

*Location of Court or Obligee - Surety

*Address of Assured - Other Accident and Health

*Location of Properties covered - Burglary and Theft

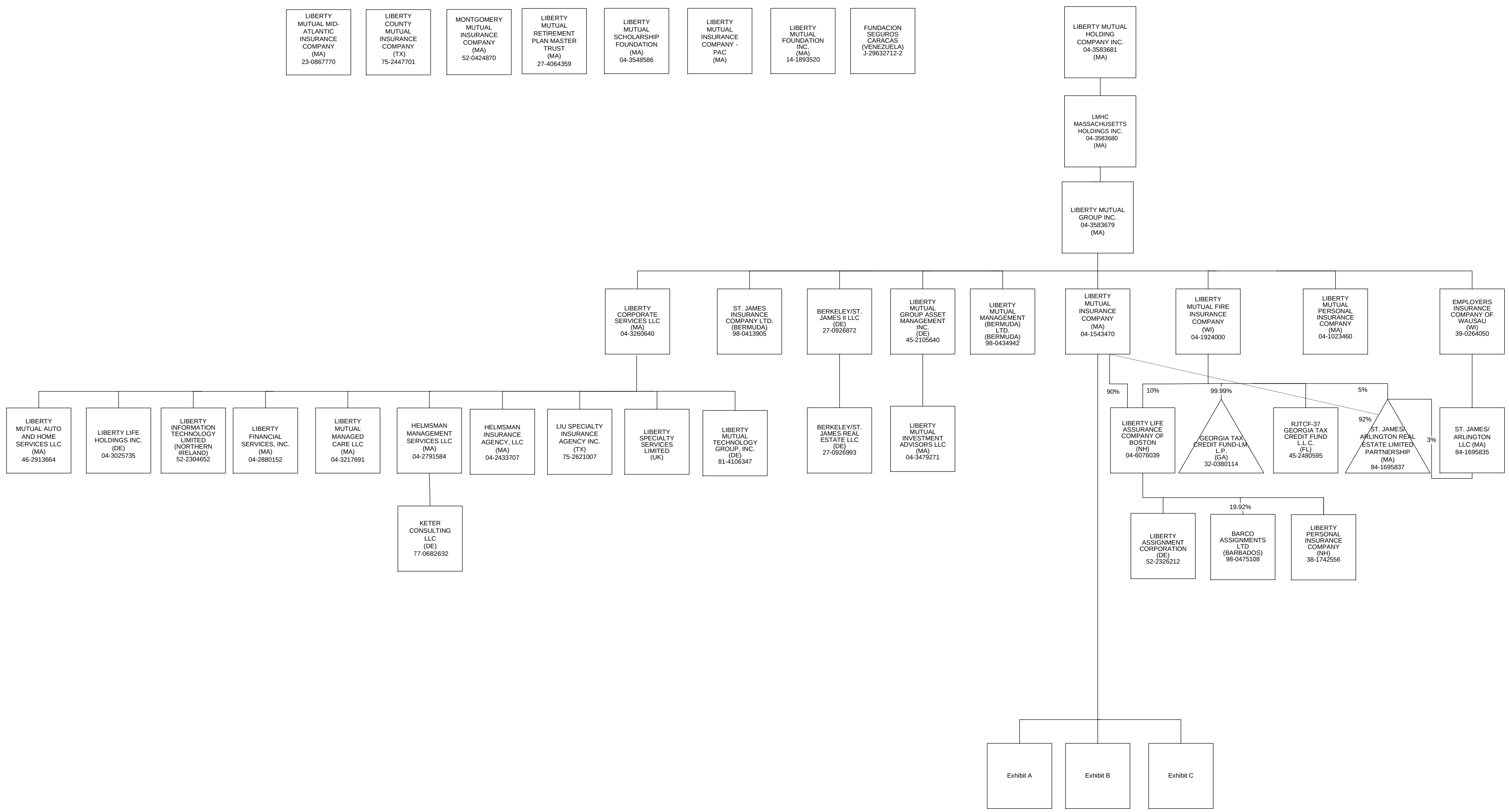
*Principal Location of Assured - Ocean Marine, Credit

*Primary residence of Assured - Aircraft (all perils)

(a) Insert the number of L responses except for Canada and Other Alien.

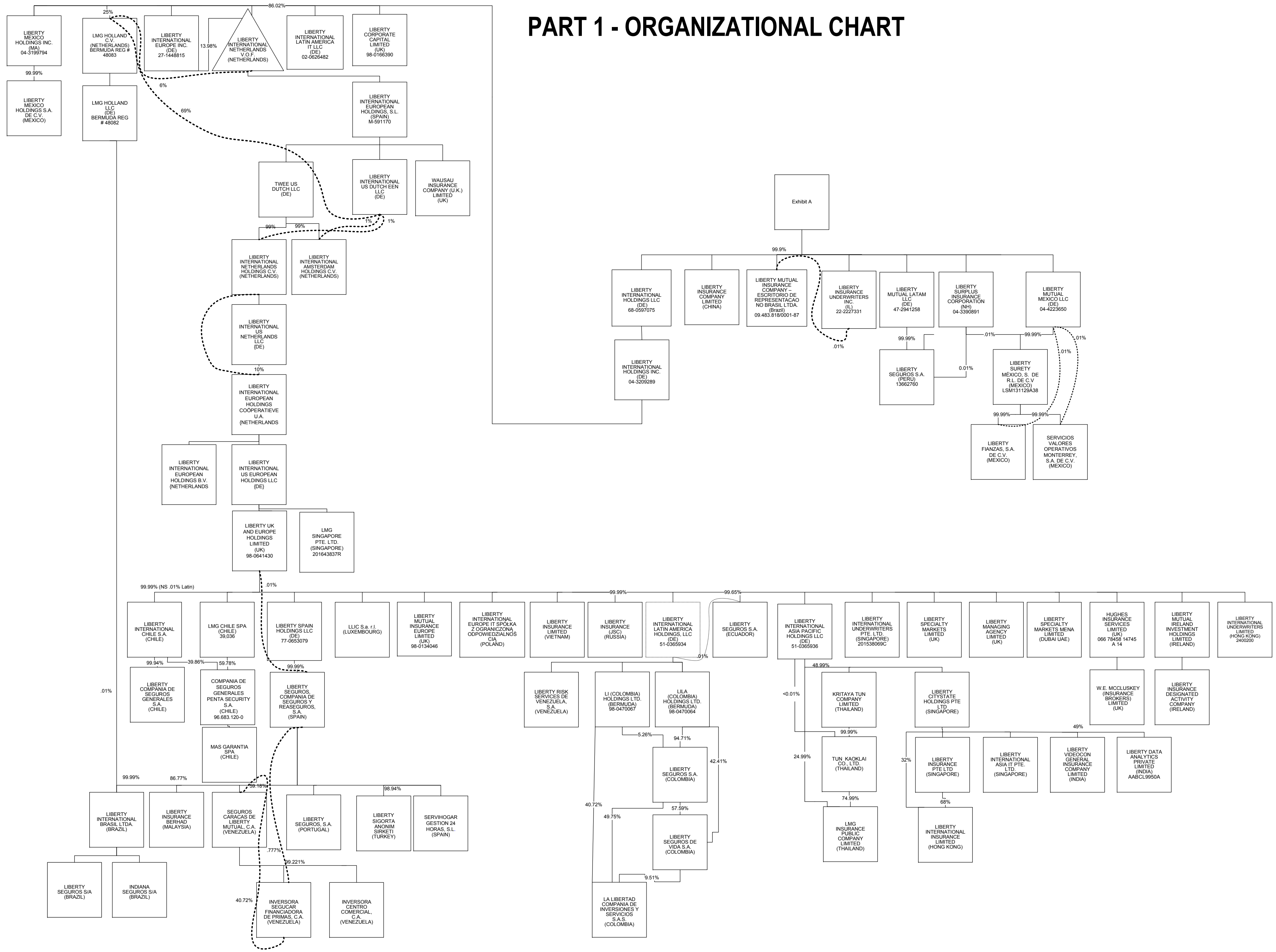
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



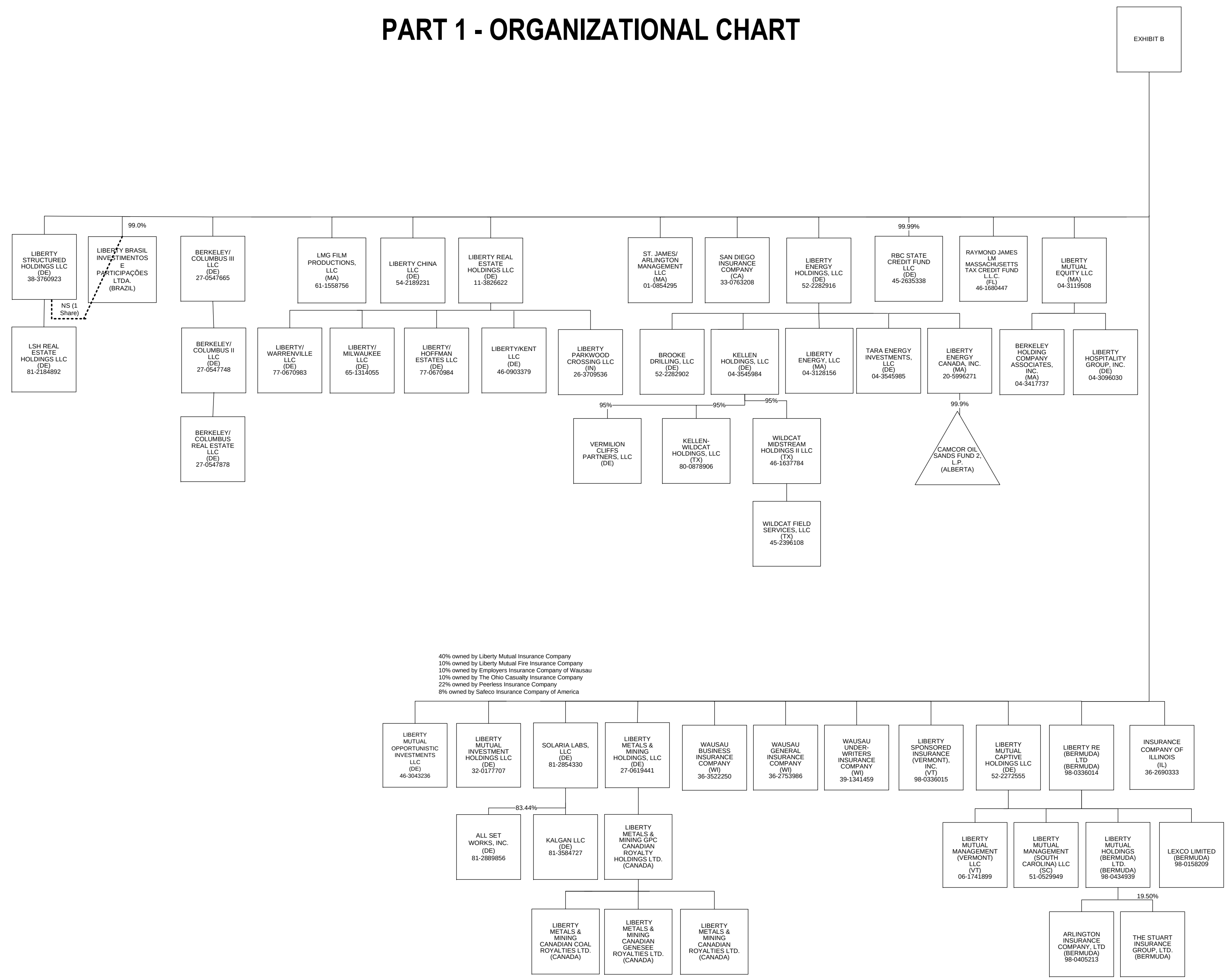
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



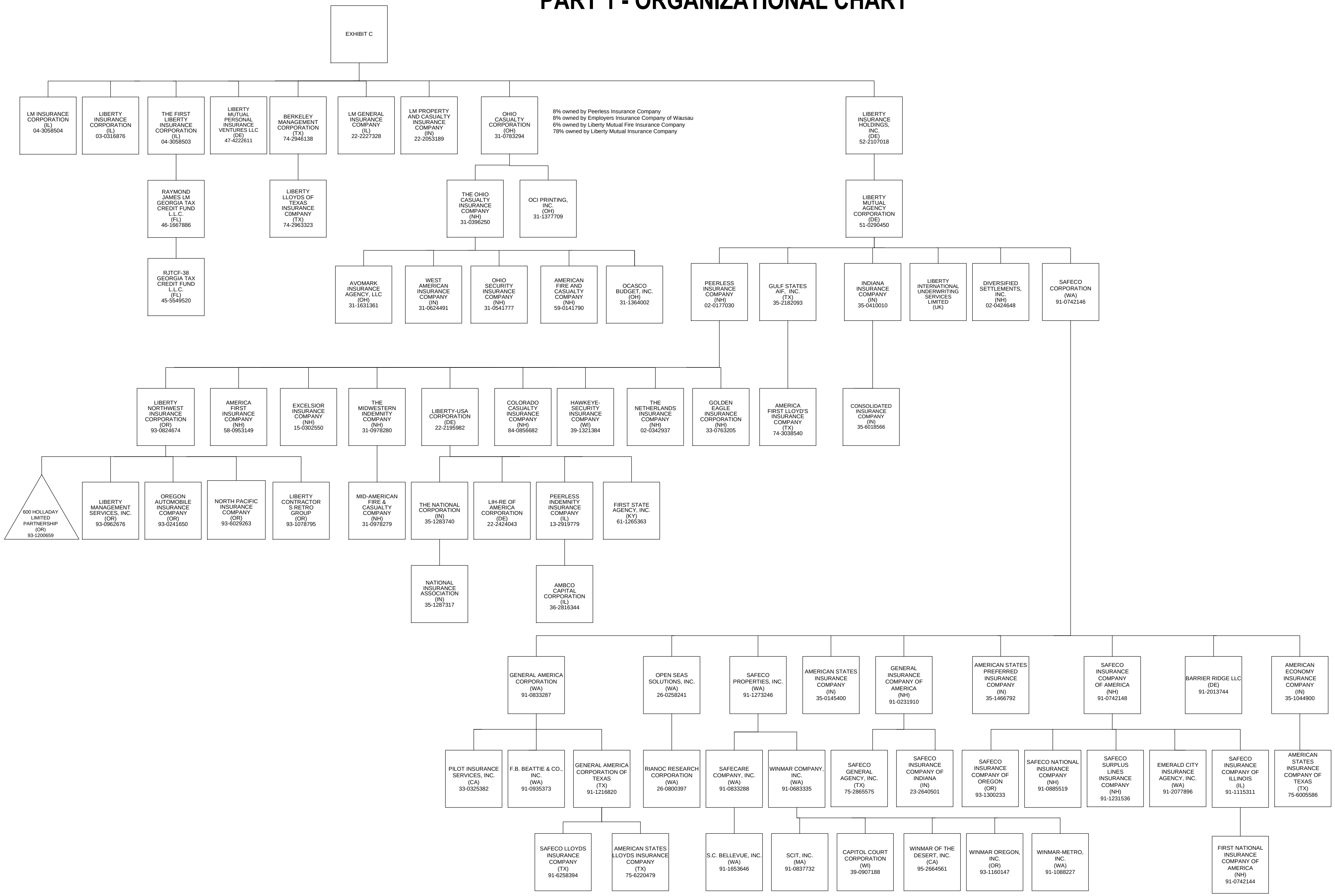
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

ASSETS

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Other assets	9,696,215	8,406,150	1,290,065	1,841,781
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	9,696,215	8,406,150	1,290,065	1,841,781

OVERFLOW PAGE FOR WRITE-INS

Page 11 - Continuation

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

REMAINING WRITE-INS AGGREGATED AT LINE 24 FOR OTHER LINES OF BUSINESS	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
2404. TOTALS (Items 2101 thru 2105 plus 2198) (part 4				
2497. Totals (Lines 2404 through 2496) (Page 11, Line 24)				

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT