ANNUAL STATEMENT

OF THE

AMERICAN STATES INSURANCE COMPANY

of INDIANAPOLIS

in the state of INDIANA

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2012

PROPERTY AND CASUALTY

2012

19704201220100100

ANNUAL STATEMENT

For the Year Ended December 31, 2012
OF THE CONDITION AND AFFAIRS OF THE

American States Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 19704 **Employer's ID Number** 35-0145400

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

Country of Domicile United States of America

Incorporated/Organized July 15, 1929 **Commenced Business** July 15, 1929

Statutory Home Office 350 East 96th Street (Street and Number) , Indianapolis, IN, US 46240 (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.SAFECO.COM

Statutory Statement Contact Pamela Heenan (Name) 617-357-9500 x44689 (Area Code) (Telephone Number) (Extension)
Statutory.Compliance@LibertyMutual.com (E-Mail Address) 617-574-5955 (Fax Number)

OFFICERS

Chairman of the Board

Timothy Michael Sweeney

	Name	Title
1.	Timothy Michael Sweeney #	President and Chief Executive Officer
2.	Dexter Robert Legg	Vice President and Secretary
3.	Laurance Henry Soyer Yahia #	Vice President and Treasurer

VICE-PRESIDENTS

Name	Title	Name	Title
Margaret Dillon #	Vice President and Chief Financial Officer	John Derek Doyle #	Vice President and Comptroller
Anthony Alexander Fontanes	Vice President and Chief Investment Officer	Elizabeth Julia Morahan #	Vice President and General Counsel

DIRECTORS OR TRUSTEES

Margaret Dillon #	John Derek Doyle	Paul Ivanovskis #	Kevin John Kirschner
Dexter Robert Legg	Stephen Joseph McAnena #	Elizabeth Julia Morahan #	Timothy Michael Sweeney #

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)
Timothy Michael Sweeney #	Dexter Robert Legg	Laurance Henry Soyer Yahia #
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President and Chief Executive Officer	Vice President and Secretary	Vice President and Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to (or affirmed) before me on this
22nd day of January , 2013, 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	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	1,146,971,782		1,146,971,782	1,251,242,169
2. Stocks (Schedule D):				
2.1 Preferred stocks				4,250,000
2.2 Common stocks	84,044,499		84,044,499	60,446,711
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
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 ($ 75,238, Schedule E - Part 1), cash equivalents ($ 16,797,838, Schedule E - Part 2), and short-term investments ($ 69,131,530, Schedule DA)	86,004,606		86,004,606	97,918,470
6. Contract loans (including $ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	1,114,812		1,114,812	1,029,683
9. Receivables for securities	13,169,638		13,169,638	645,000
10. Securities lending reinvested collateral assets (Schedule DL)				47,679,585
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	1,331,305,337		1,331,305,337	1,463,211,618
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	9,413,831		9,413,831	12,014,496
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	28,118,277	3,960,916	24,157,361	30,454,548
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 1,942,658 earned but unbilled premiums)	243,958,839	194,266	243,764,573	229,174,078
15.3 Accrued retrospective premiums	5,757	576	5,181	350,939
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	24,681,308		24,681,308	28,816,460
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				
18.1 Current federal and foreign income tax recoverable and interest thereon				2,148,739
18.2 Net deferred tax asset	75,095,000	60,956,087	14,138,913	46,101,774
19. Guaranty funds receivable or on deposit	718,738		718,738	913,770
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	4,607,670		4,607,670	5,106,822
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	7,687,490	989,752	6,697,738	6,498,549
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,725,592,247	66,101,597	1,659,490,650	1,824,791,793
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	1,725,592,247	66,101,597	1,659,490,650	1,824,791,793

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	4,604,714		4,604,714	4,488,762
2502. Equities and deposits in pools and associations	2,057,913		2,057,913	1,990,832
2503. Other assets	1,024,863	989,752	35,111	18,955
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	7,687,490	989,752	6,697,738	6,498,549

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	671,953,832	685,092,229
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	45,549,905	51,136,305
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	153,672,341	151,486,110
4.	Commissions payable, contingent commissions and other similar charges	24,565,397	21,329,682
5.	Other expenses (excluding taxes, licenses and fees)	12,583,727	11,942,825
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	5,338,648	5,638,709
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	12,350,843	
7.2	Net deferred tax liability		
8.	Borrowed money $ 0 and interest thereon $ 0		
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $ 216,882,444 and including warranty reserves of $ 0 and accrued accident and healthexperience rating refunds including $ 0 for medical loss ratio rebate per the Public Health Service Act)	398,639,799	382,973,276
10.	Advance premium	2,979,086	2,614,211
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	106,718	104,867
12.	Ceded reinsurance premiums payable (net of ceding commissions)	29,237,753	26,618,458
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	1,084,697	800,453
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	26,229,416	27,061,622
19.	Payable to parent, subsidiaries and affiliates	11,902,770	10,363,836
20.	Derivatives		
21.	Payable for securities	2,002,913	5,036,139
22.	Payable for securities lending		47,679,585
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	12,675,229	12,629,352
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	1,410,873,074	1,442,507,659
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	1,410,873,074	1,442,507,659
29.	Aggregate write-ins for special surplus funds	1,333,591	16,964,962
30.	Common capital stock	5,000,000	5,000,000
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds		
33.	Surplus notes		
34.	Gross paid in and contributed surplus	266,904,767	303,892,772
35.	Unassigned funds (surplus)	(24,620,782)	56,426,400
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)	248,617,576	382,284,134
38.	Totals (Page 2, Line 28, Col. 3)	1,659,490,650	1,824,791,793

	DETAILS OF WRITE-IN LINES		
2501.	Retroactive reinsurance reserves	6,285,825	6,741,584
2502.	Other liabilities	6,004,532	5,478,383
2503.	Amounts held under uninsured plans	384,872	409,385
2598.	Summary of remaining write-ins for Line 25 from overflow page		
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	12,675,229	12,629,352
2901.	Special surplus from retroactive reinsurance	1,333,591	1,597,704
2902.	SSAP 10R incremental change		15,367,258
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	1,333,591	16,964,962
3201.			
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)		

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	815,968,569	795,814,282
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	442,801,218	492,354,766
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	101,132,433	96,140,357
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	266,923,639	256,576,828
5.	Aggregate write-ins for underwriting deductions		(81,343)
6.	Total underwriting deductions (Lines 2 through 5)	810,857,290	844,990,608
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	5,111,279	(49,176,326)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	54,148,060	55,881,280
10.	Net realized capital gains (losses) less capital gains tax of $ 5,813,213 (Exhibit of Capital Gains (Losses))	10,795,966	1,984,604
11.	Net investment gain (loss) (Lines 9 + 10)	64,944,026	57,865,884
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 12,454 amount charged off $ 2,167,158)	(2,154,704)	(1,778,766)
13.	Finance and service charges not included in premiums	6,978,671	6,719,033
14.	Aggregate write-ins for miscellaneous income	(1,311,591)	(2,491,444)
15.	Total other income (Lines 12 through 14)	3,512,376	2,448,823
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	73,567,681	11,138,381
17.	Dividends to policyholders	1,956,811	1,598,149
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)	71,610,870	9,540,232
19.	Federal and foreign income taxes incurred	6,200,787	(7,843,633)
20.	Net income (Line 18 minus Line 19) (to Line 22)	65,410,083	17,383,865
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	382,284,134	330,024,119
22.	Net income (from Line 20)	65,410,083	17,383,865
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ 2,872,522	5,334,684	(4,470,416)
25.	Change in net unrealized foreign exchange capital gain (loss)		
26.	Change in net deferred income tax	(11,930,478)	83,072,303
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(6,323,763)	(59,701,997)
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	4,325,580	609,002
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	(36,988,005)	
	33.2 Transferred to capital (Stock Dividend)		
	33.3 Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders	(137,011,995)	
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	(16,482,664)	15,367,258
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	(133,666,558)	52,260,015
39.	Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	248,617,576	382,284,134

	DETAILS OF WRITE-IN LINES		
0501.	Private passenger auto escrow		(81,343)
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)		(81,343)
1401.	Retroactive reinsurance gain/(loss)	2,682,459	(162,230)
1402.	Other income/(expense)	(3,994,050)	(2,329,214)
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(1,311,591)	(2,491,444)
3701.	Other changes in surplus	(1,115,406)	
3702.	SSAP 10R incremental change	(15,367,258)	15,367,258
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(16,482,664)	15,367,258

CASH FLOW

		1	2
	Cash from Operations	Current Year	Prior Year
1.	Premiums collected net of reinsurance	825,768,964	797,500,073
2.	Net investment income	62,852,373	61,857,649
3.	Miscellaneous income	3,705,027	3,312,508
4.	Total (Lines 1 through 3)	892,326,364	862,670,230
5.	Benefit and loss related payments	458,223,067	475,460,719
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	362,293,285	346,547,760
8.	Dividends paid to policyholders	1,954,961	1,564,522
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	(2,485,582)	(17,639,217)
10.	Total (Lines 5 through 9)	819,985,731	805,933,784
11.	Net cash from operations (Line 4 minus Line 10)	72,340,633	56,736,446
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	549,655,593	260,358,141
	12.2 Stocks	29,445,223	18,875,158
	12.3 Mortgage loans		
	12.4 Real estate		
	12.5 Other invested assets	181,852,901	141,883,895
	12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds	(12,524,638)	2,207,093
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	748,429,079	423,324,287
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	433,338,889	288,261,488
	13.2 Stocks	42,465,257	27,545,781
	13.3 Mortgage loans		
	13.4 Real estate		
	13.5 Other invested assets	133,919,780	159,903,105
	13.6 Miscellaneous applications	3,033,226	5,156,732
	13.7 Total investments acquired (Lines 13.1 to 13.6)	612,757,152	480,867,106
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	135,671,927	(57,542,819)
	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	(36,988,005)	
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders	137,011,995	
	16.6 Other cash provided (applied)	(45,926,424)	3,148,812
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(219,926,424)	3,148,812
	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)	(11,913,864)	2,342,439
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	97,918,470	95,576,031
	19.2 End of year (Line 18 plus Line 19.1)	86,004,606	97,918,470

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

20.0001	12.1 - Proceeds from investments sold, matured or repaid - Bonds	146,785,281	
20.0002	16.2 - Capital and paid in surplus, less treasury stock	36,988,005	
20.0003	16.5 - Dividends to stockholders	111,841,407	

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	16,328,536	8,093,113	8,574,985	15,846,664
2. Allied lines	14,423,381	6,917,394	7,872,862	13,467,913
3. Farmowners multiple peril	6,716,723	3,178,401	3,403,696	6,491,428
4. Homeowners multiple peril	143,334,304	67,517,573	76,688,135	134,163,742
5. Commercial multiple peril	140,642,708	71,107,803	68,723,037	143,027,474
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	13,354,509	6,193,039	6,336,679	13,210,869
10. Financial guaranty				
11.1 Medical professional liability—occurrence	55,761	22,127	19,504	58,384
11.2 Medical professional liability—claims-made	4,984	3,480	1,340	7,124
12. Earthquake	2,708,255	1,383,157	1,375,793	2,715,619
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation	60,491,261	26,115,101	20,992,921	65,613,441
17.1 Other liability—occurrence	40,500,906	19,863,875	19,597,823	40,766,958
17.2 Other liability—claims-made	1,726,751	776,337	733,641	1,769,447
17.3 Excess workers' compensation				
18.1 Products liability—occurrence	1,063,038	502,046	535,547	1,029,537
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability	153,586,178	59,803,564	67,725,451	145,664,291
19.3,19.4 Commercial auto liability	58,384,513	29,995,146	27,929,341	60,450,318
21. Auto physical damage	121,813,979	48,301,442	54,535,349	115,580,072
22. Aircraft (all perils)				
23. Fidelity	467,635	399,595	381,188	486,042
24. Surety	54,104,069	33,030,709	31,589,338	55,545,440
26. Burglary and theft	22,104	10,639	10,849	21,894
27. Boiler and machinery	54,699	4,501	7,288	51,912
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-nonproportional assumed property				
32. Reinsurance-nonproportional assumed liability				
33. Reinsurance-nonproportional assumed financial lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	829,784,294	383,219,042	397,034,767	815,968,569

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	8,574,981	4			8,574,985
2. Allied lines	7,872,856	6			7,872,862
3. Farmowners multiple peril	3,403,501	195			3,403,696
4. Homeowners multiple peril	76,688,135				76,688,135
5. Commercial multiple peril	69,175,045	2,158	(454,166)		68,723,037
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine	6,336,411	268			6,336,679
10. Financial guaranty					
11.1 Medical professional liability—occurrence	19,504				19,504
11.2 Medical professional liablity—claims-made	1,340				1,340
12. Earthquake	1,375,793	1			1,375,794
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation	22,175,098	226	(1,176,647)	(5,756)	20,992,921
17.1 Other liability—occurrence	19,441,504	92,914	63,405		19,597,823
17.2 Other liability—claims-made	773,352	3,278	(42,989)		733,641
17.3 Excess workers' compensation					
18.1 Products liability—occurrence	524,386	41	11,120		535,547
18.2 Products liability—claims-made					
19.1,19.2 Private passenger auto liability	67,725,451				67,725,451
19.3,19.4 Commercial auto liability	27,925,430	3,911			27,929,341
21. Auto physical damage	54,534,734	615			54,535,349
22. Aircraft (all perils)					
23. Fidelity	142,574	238,614			381,188
24. Surety	22,396,599	9,192,739			31,589,338
26. Burglary and theft	10,849				10,849
27. Boiler and machinery	7,288				7,288
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-nonproportional assumed property					
32. Reinsurance-nonproportional assumed liability					
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	389,104,831	9,534,970	(1,599,277)	(5,756)	397,034,768
36. Accrued retrospective premiums based on experience					5,756
37. Earned but unbilled premiums					1,599,276
38. Balance (Sum of Lines 35 through 37)					398,639,800

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	5,938,568	16,328,536		5,938,568		16,328,536
2. Allied lines	6,290,858	14,423,381		6,290,858		14,423,381
3. Farmowners multiple peril	20,324,608	6,716,723		20,324,608		6,716,723
4. Homeowners multiple peril	354,400	143,334,304		354,400		143,334,304
5. Commercial multiple peril	106,825,686	140,642,708		106,825,686		140,642,708
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	9,571,159	13,354,509		9,571,159		13,354,509
10. Financial guaranty						
11.1 Medical professional liability--occurrence		55,761				55,761
11.2 Medical professional liability--claims-made		4,984				4,984
12. Earthquake	541,288	2,708,255		541,288		2,708,255
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health	364,490			364,490		
16. Workers' compensation	18,848,733	60,491,261		18,848,733		60,491,261
17.1 Other liability—occurrence	66,064,827	40,500,906		66,064,827		40,500,906
17.2 Other liability—claims-made	363,639	1,726,751		363,639		1,726,751
17.3 Excess workers' compensation						
18.1 Products liability—occurrence	1,569,958	1,063,038		1,569,958		1,063,038
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability	77,241,736	153,586,178		77,241,736		153,586,178
19.3,19.4 Commercial auto liability	60,777,099	58,384,513		60,777,099		58,384,513
21. Auto physical damage	67,263,762	121,813,979		67,263,762		121,813,979
22. Aircraft (all perils)						
23. Fidelity	402,724	467,635		402,724		467,635
24. Surety	7,196,450	54,104,069		7,196,450		54,104,069
26. Burglary and theft	55,817	22,104		55,817		22,104
27. Boiler and machinery	254,944	54,699		254,944		54,699
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	X X X					
32. Reinsurance-nonproportional assumed liability	X X X					
33. Reinsurance-nonproportional assumed financial lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	450,250,746	829,784,294		450,250,746		829,784,294

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 [ ] No [X]

If yes: 1. The amount of such installment premiums $ 0

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5	6	7	8
	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	1,941,894	5,801,905	1,941,894	5,801,905	2,570,228	2,554,370	5,817,763	36.713
2. Allied lines	2,511,293	8,760,156	2,511,293	8,760,156	1,819,576	2,250,425	8,329,307	61.846
3. Farmowners multiple peril	8,440,113	3,485,785	8,440,113	3,485,785	1,196,433	1,285,268	3,396,950	52.330
4. Homeowners multiple peril	130,233	82,100,739	130,233	82,100,739	33,772,161	36,236,898	79,636,002	59.357
5. Commercial multiple peril	63,779,654	79,831,115	63,779,654	79,831,115	136,713,067	141,206,602	75,337,580	52.674
6. Mortgage guaranty								
8. Ocean marine		30		30		1,833	(1,803)	
9. Inland marine	1,835,096	4,395,141	1,835,096	4,395,141	713,971	773,851	4,335,261	32.816
10. Financial guaranty								
11.1 Medical professional liability—occurrence		6,133		6,133	226,346	204,645	27,834	47.674
11.2 Medical professional liability—claims-made					42,763	40,214	2,549	35.780
12. Earthquake					(15,758)	121	(15,879)	(0.585)
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health	453,454	56,851	453,454	56,851	3,425,700	3,528,135	(45,584)	
16. Workers' compensation	23,148,518	46,888,840	23,148,518	46,888,840	231,796,124	224,024,856	54,660,108	83.306
17.1 Other liability—occurrence	31,429,285	11,359,413	31,429,285	11,359,413	69,008,999	65,153,612	15,214,800	37.321
17.2 Other liability—claims-made	573,959	589,811	573,959	589,811	2,503,348	2,724,159	369,000	20.854
17.3 Excess workers' compensation								
18.1 Products liability—occurrence	391,184	905,254	391,184	905,254	2,515,627	2,440,673	980,208	95.209
18.2 Products liability—claims-made								
19.1,19.2 Private passenger auto liability	24,940,469	82,482,210	24,940,469	82,482,210	97,917,799	101,912,094	78,487,915	53.883
19.3,19.4 Commercial auto liability	50,820,101	37,508,339	50,820,101	37,508,339	76,063,713	71,431,815	42,140,237	69.711
21. Auto physical damage	39,320,739	69,954,791	39,320,739	69,954,791	3,679,516	4,089,119	69,545,188	60.171
22. Aircraft (all perils)		25,850		25,850	26,559	35,200	17,209	
23. Fidelity	134,861	104,191	134,861	104,191	137,821	161,100	80,912	16.647
24. Surety	12,093,901	21,145,152	12,093,901	21,145,152	5,699,757	9,985,487	16,859,422	30.352
26. Burglary and theft	4,833	552	4,833	552	203	227	528	2.412
27. Boiler and machinery	5,689	(487)	5,689	(487)	1,780	(6,563)	7,856	15.133
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-nonproportional assumed property	X X X							
32. Reinsurance-nonproportional assumed liability	X X X	537,842		537,842	2,138,098	15,058,088	(12,382,148)	
33. Reinsurance-nonproportional assumed financial lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	261,955,276	455,939,613	261,955,276	455,939,613	671,953,831	685,092,229	442,801,215	54.267

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

Line of Business	Reported Losses 1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Incurred But Not Reported 5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
1. Fire	1,957,708	1,987,604	1,957,708	1,987,604	105,507	582,624	105,507	2,570,228	261,522
2. Allied lines	415,526	1,331,697	415,526	1,331,697	84,462	487,879	84,462	1,819,576	375,786
3. Farmowners multiple peril	2,604,882	1,101,562	2,604,882	1,101,562	287,477	94,872	287,477	1,196,434	423,149
4. Homeowners multiple peril	8,851	22,408,894	8,851	22,408,894	(69,443)	11,363,268	(69,443)	33,772,162	6,362,332
5. Commercial multiple peril	81,101,146	84,976,432	81,101,146	84,976,432	51,179,978	51,736,635	51,179,978	136,713,067	56,941,317
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine	229,463	807,034	229,463	807,034	(337,878)	(93,063)	(337,878)	713,971	161,925
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		32,581		32,581		193,765		226,346	116,641
11.2 Medical professional liablity—claims-made		3,800		3,800		38,963		42,763	9,426
12. Earthquake		59		59	(7,646)	(15,817)	(7,646)	(15,758)	1,165
13. Group accident and health								(a)	(194)
14. Credit accident and health (group and individual)									
15. Other accident and health	1,074,677	708,652	1,074,677	708,652	3,025,300	2,717,048	3,025,300	(a) 3,425,700	405,636
16. Workers' compensation	145,231,212	139,261,478	145,231,212	139,261,478	60,543,003	92,534,645	60,543,003	231,796,123	27,073,034
17.1 Other liability—occurrence	49,459,584	25,419,693	49,459,584	25,419,693	82,024,308	43,589,307	82,024,308	69,009,000	16,179,765
17.2 Other liability—claims-made	234,480	1,460,656	234,480	1,460,656	232,239	1,042,692	232,239	2,503,348	1,306,037
17.3 Excess workers' compensation									27
18.1 Products liability—occurrence	2,411,191	1,977,512	2,411,191	1,977,512	1,058,936	538,115	1,058,936	2,515,627	726,776
18.2 Products liability—claims-made									
19.1,19.2 Private passenger auto liability	41,250,445	85,313,242	41,250,445	85,313,242	8,089,131	12,604,556	8,089,131	97,917,798	23,037,982
19.3,19.4 Commercial auto liability	59,516,950	46,717,310	59,516,950	46,717,310	33,776,804	29,346,403	33,776,804	76,063,713	10,685,106
21. Auto physical damage	1,200,914	1,913,336	1,200,914	1,913,336	1,874,523	1,766,180	1,874,523	3,679,516	1,849,504
22. Aircraft (all perils)		26,381		26,381		178		26,559	1,127
23. Fidelity	54,019	(552)	54,019	(552)	(6,527)	138,373	(6,527)	137,821	63,245
24. Surety	(49,719,110)	(6,724,082)	(49,719,110)	(6,724,082)	13,843	12,423,839	13,843	5,699,757	7,681,529
26. Burglary and theft		64		64	464	139	464	203	1,041
27. Boiler and machinery		97		97	808	1,683	808	1,780	3,350
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-nonproportional assumed property	XXX				XXX				
32. Reinsurance-nonproportional assumed liability	XXX				XXX	2,138,098		2,138,098	5,113
33. Reinsurance-nonproportional assumed financial lines	XXX				XXX				
34. Aggregate write-ins for other lines of business									
35. TOTALS	337,031,938	408,723,450	337,031,938	408,723,450	241,875,289	263,230,382	241,875,289	671,953,832	153,672,341

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	4,047,617			4,047,617
1.2 Reinsurance assumed	39,091,552			39,091,552
1.3 Reinsurance ceded	4,047,617			4,047,617
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	39,091,552			39,091,552
2. Commission and brokerage:				
2.1 Direct, excluding contingent		65,832,033		65,832,033
2.2 Reinsurance assumed, excluding contingent		123,774,505		123,774,505
2.3 Reinsurance ceded, excluding contingent		65,832,033		65,832,033
2.4 Contingent—direct		109,430		109,430
2.5 Contingent—reinsurance assumed		15,066,304		15,066,304
2.6 Contingent—reinsurance ceded		109,430		109,430
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)		138,840,809		138,840,809
3. Allowances to manager and agents	5,930	31,644		37,574
4. Advertising	419,473	4,593,278	2,708	5,015,459
5. Boards, bureaus and associations	319,750	1,543,514	137	1,863,401
6. Surveys and underwriting reports	10,557	5,348,898	47,229	5,406,684
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	37,651,978	45,008,909	1,714,423	84,375,310
8.2 Payroll taxes	869,467	4,485,896	11,102	5,366,465
9. Employee relations and welfare	6,415,176	21,843,775	83,469	28,342,420
10. Insurance	1,652,956	612,454	39,522	2,304,932
11. Directors' fees	113	596		709
12. Travel and travel items	2,699,550	3,574,626	64,504	6,338,680
13. Rent and rent items	1,426,432	4,807,497	20,514	6,254,443
14. Equipment	1,287,366	3,253,949	29,377	4,570,692
15. Cost or depreciation of EDP equipment and software	230,885	2,969,210	58,366	3,258,461
16. Printing and stationery	564,170	719,910	4,871	1,288,951
17. Postage, telephone and telegraph, exchange and express	3,349,059	2,608,769	55,732	6,013,560
18. Legal and auditing	147,436	462,044	150,479	759,959
19. Totals (Lines 3 to 18)	57,050,298	101,864,969	2,282,433	161,197,700
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 168,103		17,528,087		17,528,087
20.2 Insurance department licenses and fees		2,574,917		2,574,917
20.3 Gross guaranty association assessments		92,535		92,535
20.4 All other (excluding federal and foreign income and real estate)		1,940,892		1,940,892
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		22,136,431		22,136,431
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	4,990,582	4,081,433	496,692	9,568,707
25. Total expenses incurred	101,132,432	266,923,642	2,779,125	(a) 370,835,199
26. Less unpaid expenses—current year	153,672,341	42,487,772		196,160,113
27. Add unpaid expenses—prior year	151,486,110	38,911,215		190,397,325
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	98,946,201	263,347,085	2,779,125	365,072,411

DETAILS OF WRITE-IN LINES				
2401. Other expenses	4,990,582	4,081,433	496,692	9,568,707
2402.				
2403.				
2498. Sum of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	4,990,582	4,081,433	496,692	9,568,707

(a) Includes management fees of $ 8,682,886 to affiliates and $ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 8,487,151	8,743,415
1.1	Bonds exempt from U.S. tax	(a) 16,713,193	14,885,259
1.2	Other bonds (unaffiliated)	(a) 31,034,364	30,043,727
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 223,833	223,833
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	2,480,814	2,444,707
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 208,421	206,169
7.	Derivative instruments	(f)	
8.	Other invested assets	82,091	82,091
9.	Aggregate write-ins for investment income	297,982	297,982
10.	Total gross investment income	59,527,849	56,927,183
11.	Investment expenses		(g) 2,779,124
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
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)		2,779,124
17.	Net investment income (Line 10 minus Line 16)		54,148,059

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)	297,982	297,982
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 09 from overflow page		
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)	297,982	297,982
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 $ 610,181 accrual of discount less $ 6,713,830 amortization of premium and less $ 959,539 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 $ 0 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 $ 19,665 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	4,850,375		4,850,375	116,922	
1.2	Other bonds (unaffiliated)	11,411,467	(166,416)	11,245,051	1,937,619	
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)	(53)		(53)		
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	2,418,961	(2,158,692)	260,269	6,067,537	
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets	253,537		253,537	85,129	
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	18,934,287	(2,325,108)	16,609,179	8,207,207	

	DETAILS OF WRITE-IN LINES					
0901.						
0902.						
0903.						
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 liens			
3.2 Other than first liens			
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	3,960,916	3,934,780	(26,136)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	194,266	47,606	(146,660)
15.3 Accrued retrospective premiums	576	38,952	38,376
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			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	60,956,087	43,796,226	(17,159,861)
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	989,752	918,593	(71,159)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	66,101,597	48,736,157	(17,365,440)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	66,101,597	48,736,157	(17,365,440)

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	989,752	918,593	(71,159)
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	989,752	918,593	(71,159)

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 Indiana, the accompanying financial statements of American States Insurance Company (the "Company") have been prepared in conformity with the National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures Manual* ("APP Manual").

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 Securities Valuation 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 updated monthly using the Bloomberg data service. 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 loss reports and an amount, based on past experience, for losses 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 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 2012.

13. The Company has no pharmaceutical rebate receivables.

Note 2 - Accounting Changes and Correction of Errors

Effective January 1, 2012, the Company adopted SSAP No. 101, *Income Taxes, A Replacement of SSAP No. 10R and SSAP No. 10* ("SSAP No. 101"). There was no cumulative effect adjustment resulting from the adoption of SSAP No. 101.

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

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

NOTES TO FINANCIAL STATEMENTS

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

The Company does not invest in mortgage loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan Backed Securities

1. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.

2. All Loan Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2012 as of December 31, 2012: None

3. Each Loan Backed Security with a recognized other-than-temporary impairment held by the Company at December 31, 2012:

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
59023XAB2	2,108,279	1,844,135	264,144	1,844,135	1,846,863	3/31/2009
59023XAB2	1,398,053	1,213,436	184,617	1,213,436	965,957	12/31/2009
59023XAB2	924,777	902,805	21,972	902,805	706,347	3/31/2010
59023XAB2	628,903	623,096	5,806	623,096	431,938	9/30/2011
59023XAB2	574,754	527,152	47,602	527,152	417,814	12/31/2011
59023XAB2	466,017	438,017	27,961	438,056	393,301	3/31/2012
59023XAB2	385,011	336,052	48,959	336,052	208,985	6/30/2012
59023XAB2	279,604	245,355	34,250	245,355	174,678	9/30/2012
59023XAB2	239,171	235,748	3,423	235,748	179,699	12/31/2012
61746WFH8	1,054,970	902,079	152,891	902,079	826,225	9/30/2010
61749BAB9	2,200,265	2,089,959	110,306	2,089,959	2,089,959	12/31/2009
61749BAB9	1,838,301	1,822,061	16,240	1,822,061	1,786,968	3/31/2010
61749BAB9	1,483,889	1,476,693	7,196	1,476,693	1,372,117	12/31/2010
61749BAB9	845,903	794,080	51,824	794,080	745,941	9/30/2012
05551PAC0	180,847	84,710	96,137	84,710	84,709	12/31/2010

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, 2012:

a. The aggregate amount of unrealized losses:

1.	Less than 12 Months	$	(155,414)
2.	12 Months or Longer	$	(64,827)

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

1.	Less than 12 Months	$	11,486,933
2.	12 Months or Longer	$	802,034

NOTES TO FINANCIAL STATEMENTS

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 issuer. If the Company believes a decline in the value of a particular investment is temporary, the decline is recorded as an unrealized loss in policyholders' surplus. 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

The Company did not have any open securities lending positions as of December 31, 2012.

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits

The Company does not hold investments in low-income housing tax credits.

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.

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

The Company does not own any investments in joint ventures, partnerships, and limited liability companies.

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 (over 180 days for mortgage loans in default).

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2012.

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.

	12/31/2012		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross Deferred Tax Assets	$ 84,805,650	$ 1,764,350	$ 86,570,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	84,805,650	1,764,350	86,570,000
(d) Deferred Tax Assets Nonadmitted	60,956,087	-	60,956,087
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	23,849,563	1,764,350	25,613,913
(f) Deferred Tax Liabilities	5,234,578	6,240,422	11,475,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 18,614,985	$ (4,476,072)	$ 14,138,913

NOTES TO FINANCIAL STATEMENTS

	12/31/2011		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross Deferred Tax Assets	$ 94,436,600	$ 3,064,400	$ 97,501,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	94,436,600	3,064,400	97,501,000
(d) Deferred Tax Assets Nonadmitted	41,802,826	1,993,400	43,796,226
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	52,633,774	1,071,000	53,704,774
(f) Deferred Tax Liabilities	6,532,000	1,071,000	7,603,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 46,101,774	$ -	$ 46,101,774

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	$ (9,630,950)	$ (1,300,050)	$ (10,931,000)
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	(9,630,950)	(1,300,050)	(10,931,000)
(d) Deferred Tax Assets Nonadmitted	19,153,261	(1,993,400)	17,159,861
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	(28,784,211)	693,350	(28,090,861)
(f) Deferred Tax Liabilities	(1,297,422)	5,169,422	3,872,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$(27,486,789)	$ (4,476,072)	$ (31,962,861)

2.

	12/31/2012		
	(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	$ 11,984,700	$ -	$ 11,984,700
(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)	2,154,213	-	2,154,213
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	2,154,213	-	2,154,213
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			37,248,953
(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	5,234,578	6,240,422	11,475,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	$ 19,373,491	$ 6,240,422	$ 25,613,913

NOTES TO FINANCIAL STATEMENTS

	12/31/2011		
	(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	$ -	$ -	$ -
(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)	46,101,774	-	46,101,774
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	56,105,315	-	56,105,315
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			46,101,774
(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	6,532,000	1,071,000	7,603,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	$ 52,633,774	$ 1,071,000	$ 53,704,774

	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	$ 11,984,700	$ -	$ 11,984,700
(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)	(43,947,561)	-	(43,947,561)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	(53,951,102)	-	(53,951,102)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			(8,852,821)
(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	(1,297,422)	5,169,422	3,872,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ (33,260,283)	$ 5,169,422	$ (28,090,861)

3.

	2012	2011
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	325.20%	471.60%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	234,478,663	336,182,360

4.

	12/31/2012			12/31/2011			Change		
	(1) Ordinary Percent	(2) Capital Percent	(3) (Col 1+2) Total Percent	(4) Ordinary Percent	(5) Capital Percent	(6) (Col 4+5) Total Percent	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital Percent	(9) (Col 7+8) Total Percent
Impact of Tax-Planning Strategies									
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%	0%	0%	0%	0%	0%	0%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0%	0%	0%	0%	0%	0%	0%	0%	0%

(c) 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.

NOTES TO FINANCIAL STATEMENTS

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

	(1) 12/31/2012	(2) 12/31/2011	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	$ 6,200,787	$ (7,843,633)	$ 14,044,420
(b) Foreign	-	-	-
(c) Subtotal	6,200,787	(7,843,633)	14,044,420
(d) Federal income tax on net capital gains	5,813,213	1,068,633	4,744,580
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	$ 12,014,000	$ (6,775,000)	$ 18,789,000
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	$ 22,814,000	$ 23,883,000	$ (1,069,000)
(2) Unearned premium reserve	28,063,000	26,994,000	1,069,000
(3) Policyholder reserves	-	-	-
(4) Investments	1,087,000	979,000	108,000
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	3,799,000	4,491,000	(692,000)
(8) Compensation and benefits accrual	5,086,000	5,301,000	(215,000)
(9) Pension accrual	963,000	1,535,000	(572,000)
(10) Receivables – nonadmitted	1,801,000	1,729,000	72,000
(11) Net operating loss carry-forward	12,873,000	12,734,000	139,000
(12) Tax credit carry-forward	4,543,000	4,543,000	-
(13) Other (including items <5% of total ordinary tax assets)	3,776,650	12,247,600	(8,470,950)
(99) Subtotal	84,805,650	94,436,600	(9,630,950)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	60,956,087	41,802,826	19,153,261
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	23,849,563	52,633,774	(28,784,211)
(e) Capital			
(1) Investments	1,764,350	3,064,400	(1,300,050)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	1,764,350	3,064,400	(1,300,050)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	1,993,400	(1,993,400)
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	1,764,350	1,071,000	693,350
(i) Admitted deferred tax assets (2d + 2h)	25,613,913	53,704,774	(28,090,861)
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	3,447,000	3,003,000	444,000
(2) Fixed assets	142,000	801,000	(659,000)
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total capital tax liabilities)	1,645,578	2,728,000	(1,082,422)
(99) Subtotal	5,234,578	6,532,000	(1,297,422)
(b) Capital:			
(1) Investments	6,240,422	1,071,000	5,169,422
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	6,240,422	1,071,000	5,169,422

NOTES TO FINANCIAL STATEMENTS

(c) Deferred tax liabilities (3a99 + 3b99)	11,475,000	7,603,000	3,872,000
4. Net deferred tax assets/liabilities (2i – 3c)	$ 14,138,913	$ 46,101,774	$ (31,962,861)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of goodwill, tax exempt interest, deferred intercompany transactions, allowance for doubtful accounts, unearned premium reserves, and discounting of unpaid losses and LAE reserves.

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

Year Generated	Amount	Expiration
2011	$ 36,779,000	2031

The Company has alternative minimum tax credit carry-forwards of $4,543,000. 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 are $11,507,000 from the current year and none 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:

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
Barrier Ridge LLC
Berkeley Holding Company Associates, Inc.
Berkeley Management Corporation
Bridgefield Casualty Insurance Company
Bridgefield Employers Insurance Company
Capitol Court Corporation
Cascade Disability Management, Inc.
Colorado Casualty Insurance Company
Commercial Aviation Insurance, Inc.
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
Heritage-Summit HealthCare, LLC
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 Mutual Insurance Company
Liberty Mutual Personal Insurance Company
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 & Casualty Insurance Company
LMHC Massachusetts Holdings Inc.
LRE Properties, 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.
Summit Consulting, LLC
Summit Consulting, Inc. of Louisiana
Summit Holding Southeast, Inc.
The First Liberty Insurance Corporation

NOTES TO FINANCIAL STATEMENTS

Liberty International Europe Inc.	The Midwestern Indemnity Company
Liberty International Holdings Inc.	The National Corporation
Liberty Life Assurance Company of Boston	The Netherlands Insurance Company
Liberty Life Holdings Inc.	The Ohio Casualty Insurance Company
Liberty Lloyds of Texas Insurance Company	Wausau Business Insurance Company
Liberty Management Services, Inc.	Wausau General Insurance Company
Liberty Mexico Holdings Inc.	Wausau Underwriters Insurance Company
Liberty Mutual Agency Corporation	West American Insurance Company
Liberty Mutual Fire Insurance Company	Winmar Company, Inc.
Liberty Mutual Group Asset Management Inc.	Winmar of the Desert, Inc.
Liberty Mutual Group Inc.	Winmar Oregon, Inc.
Liberty Mutual Holding Company 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 Safeco Corporation ("Safeco"), an insurance holding company incorporated in Washington. Safeco is wholly owned by Liberty Mutual Agency Corporation, an insurance holding company incorporated in Delaware. Liberty Mutual Agency Corporation is wholly owned by Liberty Insurance Holdings, Inc., an insurance holding company incorporated in Delaware. Liberty Insurance Holdings, Inc. is wholly owned by Liberty Mutual Insurance Company ("LMIC"), a Massachusetts insurance company. The ultimate parent of LMIC is Liberty Mutual Holding Company Inc., a Massachusetts company.

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

C. At December 31, 2012 the Company received return of capital distributions of $36,988,005.

D. At December 31, 2012, the Company reported a net $7,295,100 due to 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 for the benefit of affiliates which result in a material contingent exposure of the Company's or affiliates' assets or liabilities.

F. Refer to Note 26 for information regarding the Amended and Restated Reinsurance Pooling Agreement.

The Company is a party to a management services agreement (the "Agreement") with Peerless Insurance Company ("PIC"). The Agreement allows PIC to provide services related to common management function including, but not limited to, coordinating marketing and advertising, information systems support, payroll and human resource services, actuarial support, accounting and other financial services, as well as consulting and other services as the parties may request.

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

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

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

Company	Credit Line
Liberty Mutual Insurance Company	$100,000,000
Safeco Insurance Company of America	$50,000,000

There were no outstanding loans as of December 31, 2012.

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

Company	Credit Line
Liberty Mutual Insurance Company	$50,000,000
Safeco Insurance Company of America	$50,000,000

There were no outstanding borrowings as of December 31, 2012.

NOTES TO FINANCIAL STATEMENTS

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.

I. The Company does not own investments in subsidiary, controlled or affiliated entities.

J. The Company does not own investments in subsidiary, controlled or affiliated entities, as such no impairments were recognized.

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

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

Note 11 - Debt

A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

B. Federal Home Loan Bank Agreements

The Company has not entered into any agreements with the Federal Home Loan Bank.

Note 12 - Retirement Plans, Deferred Compensation, Compensated Absences, Post Employment Benefits and Other Postretirement Benefit Plans

The Company does not have any direct employees and therefore, does not have any direct obligations for a defined benefit plan, deferred compensation arrangements, compensated absences or other post retirement benefit plans. Services for the operation of the Company are provided under provisions of the management services agreements, as described in Note 10F.

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

1. The Company has 1,000,000 common shares authorized, issued, and outstanding as of December 31, 2012. All shares have a stated par value of $5.

   The Company has 164,200 preferred shares authorized, but no shares issued and outstanding as of December 31, 2012. All shares have a stated par value of $10.

2. Preferred Stock

   Not applicable

3. There are no dividend restrictions.

4. The Company paid dividends to its parent in 2012 of:

	Ordinary	Extraordinary	Total Dividends
March	$15,000,000	$ -	$15,000,000
June	-	-	-
September	-	-	-
December	23,228,413	135,771,587	159,000,000
Total	$ 38,228,413	$135,771,587	$ 174,000,000

5. The Company cannot pay a dividend in 2012 without the prior approval of the Insurance Commissioner, as its unassigned surplus is negative.

6. As of December 31, 2012, the Company has restricted surplus of $1,333,591 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 2012.

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized losses is $6,626,664 after applicable deferred taxes of $1,850,372.

11. Surplus Notes

    Not applicable

NOTES TO FINANCIAL STATEMENTS

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 $2,638,985 that is offset by future premium tax credits of $347,310. 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 2013. During 2012 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	$ 398,759
b.	Decreases current year: Premium tax offset applied	51,449
c.	Increases current year: Premium tax offset increase	-
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$ 347,310

C. Gain Contingencies

Not applicable

D. Claims related extra contractual obligations 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	$62,921

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. 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 9F, the Company is a member of a controlled group for federal income tax purposes, and that group includes Liberty Mutual Group Inc. (“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.

NOTES TO FINANCIAL STATEMENTS

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
2013	$ 3,280,547
2014	3,144,115
2015	2,467,266
2016	2,179,074
2017	1,585,821
2018 & thereafter	861,457
Total	$ 13,518,279

   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 $1,030,195.

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 during the year.

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 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.

   The Company does not have any open security lending positions as of December 31, 2012.

C. Wash Sales

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

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

A. Administrative Services Only (ASO) Plans

   Not applicable

B. Administrative Services Contract (ASC) Plans

   In 2008, certain members of the PIC Amended and Restated Reinsurance Pooling Agreement (refer to Note 26) agreed to become participating insurers of the California Earthquake Authority ("CEA"), a publicly-managed, privately funded organization that provides residential earthquake insurance in California. As participating insurers of the CEA, the companies act as third party administrators and perform certain administrative services on behalf of the CEA, including underwriting, policy issuance, premium collection, and claims payment. The CEA reimburses the companies for commissions and claims paid on behalf of the CEA. The companies also receive an administrative fee equal to 3.43% of premium and 9% of claims paid. These administrative fees are subject to the intercompany pooling agreement. In 2012, the Company recorded net CEA administrative fees of $83,210.

NOTES TO FINANCIAL STATEMENTS

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.

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 Level 1 measurements and the lowest priority to 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 at the measurement date.
- Level 2 — Valuations based on directly or indirectly observable inputs (other than Level 1 prices) at the measurement date, such as quoted prices in active markets or prices in markets that are not active for similar assets or liabilities or other inputs that are observable.
- Level 3 — Valuations based on inputs that are unobservable and reflect the Company's own assumptions about the assumptions that market participants might use.

The following table summarizes the Company's assets and liabilities that are measured at fair value at December 31, 2012:

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	$ -	$ 8,893,610	$ -	$ 8,893,610
Residential Mortgage-Backed Securities	-	546,992	-	546,992
Total Bonds	$ -	$ 9,440,602	$ -	$ 9,440,602
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	$ -	$ -	$ -	$ -
Total Preferred Stocks	$ -	$ -	$ -	$ -
Common Stocks				
Industrial and Miscellaneous	$ 84,019,636	$ -	$ 24,863	$ 84,044,499
Total Common Stocks	$ 84,019,636	$ -	$ 24,863	$ 84,044,499
Total assets at fair value	$ 84,019,636	$ 9,440,602	$ 24,863	$93,485,101
Liabilities at fair value	$ -	$ -	$ -	$ -
Total liabilities at fair value	$ -	$ -	$ -	$ -

The Company did not have significant transfers between Levels 1 and 2 during the period ended December 31, 2012.

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 12/31/2011	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 12/31/2012
Bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Preferred Stock	-	-	-	-	-	-	-	-	-	-
Common Stock	22,056	-	-	-	2,807	-	-	-	-	24,863
Total	$ 22,056	$ -	$ -	$ -	$ 2,807	$ -	$ -	$ -	$ -	$ 24,863

NOTES TO FINANCIAL STATEMENTS

3. Policy on Transfers Into and Out of Level 3

The Company holds NAIC designated 3-6 securities at the lower of cost or market as defined by SSAP No. 26. 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 in 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

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 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 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.

Municipals

The Company's municipal portfolio comprises 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, 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 comprise bonds issued by foreign governments and their agencies along with supranational organizations. 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, 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.

NOTES TO FINANCIAL STATEMENTS

Equity Securities

Equity securities include common and preferred stocks. 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 Investments

Other investments include primarily international loans, foreign cash deposits and equity investments in privately held businesses. International loans and cash deposits are primarily valued using quoted prices for similar instruments in active markets; these assets are categorized as Level 2 of the fair value hierarchy. Equity investments in privately held businesses are valued using internal management estimates; they are categorized as Level 3 of the hierarchy. Limited partnership investments, which represent the remainder of the other investment balance on the consolidated balance sheet, are not subject to these disclosures and therefore are excluded from the above table.

5. Derivative Fair Values

Not applicable

B. Other Fair Value Disclosures

Not applicable

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	$ 86,004,607	$ 86,004,606	$ 86,004,607	$ -	$ -	$ -
Bonds	1,210,186,824	1,146,971,782	89,498,792	1,104,001,860	16,686,172	-
Preferred Stock	-	-	-	-	-	-
Common Stock	84,044,499	84,044,499	84,019,636	-	24,863	-
Securities Lending	-	-	-	-	-	-
Mortgage Loans	-	-	-	-	-	-
Surplus Notes	-	-	-	-	-	-
Total	$1,380,235,930	$1,317,020,887	$ 259,523,035	$1,104,001,860	$ 16,711,035	$ -

D. Reasons Not Practical to Estimate Fair Value

Not applicable

Note 21 - Other Items

A. Extraordinary Items

The Company has no extraordinary items to report.

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

1) Assets in the amount of $14,373,966 and $12,878,355 as of December 31, 2012 and 2011, respectively, were on deposit with government authorities or trustees as required by law.

2) Interrogatory 6.1

The Company cedes 100% of its business to Peerless Insurance Company, the lead company in the Peerless Pool. Peerless Insurance Company purchases external catastrophe reinsurance coverage.

Interrogatory 6.2

The Company cedes 100% of its business to Peerless Insurance Company, the lead company in the Peerless Pool. Peerless Insurance Company purchases external catastrophe reinsurance coverage.

Interrogatory 6.3

The Company cedes 100% of its business to Peerless Insurance Company, the lead company in the Peerless Pool. Peerless Insurance Company purchases external catastrophe reinsurance coverage.

NOTES TO FINANCIAL STATEMENTS

D. The Company routinely assesses the collectability of its premium receivable balances. The Company does not believe that amounts in excess of non-admitted amounts are material.

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable and Non-transferable Tax Credits

(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
Historical Rehabilitation Credit	CT	$48,400	$48,400
Total		$48,400	$48,400

(2) Method of estimating utilization of remaining transferable and non-transferable state tax credits or other projected recovery of the current carrying value; and

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.

(4) Identify state tax credit by transferable and non-transferable classification, and identify the admitted and nonadmitted portions of each classification.

Description of State Transferable and Non-transferable Tax Credits	State		Transferable	Non-Transferable
Historical Rehabilitation Credit	CT	Admitted	-	$48,400
		Non Admitted	-	-
Total				$48,400

G. 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 acquisition of collateral assets at the termination of a securities lending agreement in 2008.

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.

Actual Cost	Book Adjusted Carrying Value	Fair Value	Other-Than-Temporary Impairments Recognized
$ 1,228,581	$ 944,421	$ 963,782	$ 824,299

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

Note 22 - Events Subsequent

A. The Company evaluated subsequent events through February 20, 2013, the date the financial statements were available to be issued.

There were no events subsequent to December 31, 2012 that would require disclosure.

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

Excluding amounts arising pursuant to the Intercompany Reinsurance Agreement, as described in Note 26, there are no unsecured reinsurance recoverables with 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.

NOTES TO FINANCIAL STATEMENTS

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, 2012.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	$398,639,798	$59,795,970	$216,882,444	$32,532,367	$181,757,354	$27,263,603
b. All Other	-	-	-	-	-	-
c. TOTAL	$398,639,798	$59,795,970	$216,882,444	$32,532,367	$181,757,354	$27,263,603
d. Direct Unearned Premium Reserve $ 216,882,444						

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, 2012 are as follows:

	Direct	Assumed	Ceded	Net
a. Contingent Commission	$ -	$24,321,361	$ -	$24,321,361
b. Sliding Scale Adjustments	-	-	-	-
c. Other Profit Commission Arrangements	-	-	-	-
d. TOTAL	$ -	$24,321,361	$ -	$24,321,361

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.

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 as described in Note 26.

	Reported Company	
	As:	
	Assumed	Ceded
a. Reserves Transferred:		
1. Initial Reserves	$36,086,063	$ -
2. Adjustments – Prior Year (s)	(29,344,479)	-
3. Adjustments – Current Year	(455,759)	-
4. Current Total	$6,285,825	$ -
b. Consideration Paid or Received:		
1. Initial Consideration	$29,694,901	$ -
2. Adjustments – Prior Year (s)	1,131,863	-
3. Adjustments – Current Year	-	-
4. Current Total	$30,826,764	$ -
c. Paid Losses Reimbursed or Recovered:		
1. Prior Year (s)	$37,071,130	$ -
2. Current Year	714,500	-
3. Current Total	$37,785,630	$ -
d. Special Surplus from the Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	$(7,503,698)	$ -
2. Adjustments – Prior Year (s)	(6,594,789)	-
3. Adjustments – Current Year	(258,740)	-
4. Current Year Restricted Surplus	1,333,591	-
5. Cumulative Total Transferred to Unassigned Funds	$(15,690,817)	$ -
e. All cedents and reinsurers involved in all transactions included in summary totals above:		
Company	Assumed Amount	Ceded Amount
Peerless Insurance Company	$6,285,825	$ -
Total	$6,285,825	$ -

f. There are no Paid Loss/LAE amounts recoverable or amounts recoverable from unauthorized reinsurers.

NOTES TO FINANCIAL STATEMENTS

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, 2012.

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 has not entered into any reinsurance contracts with Certified Reinsurers.

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

The Company is not a Certified Reinsurer.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. The Company estimates accrued retrospective premium adjustments through the review of each individual retrospectively rated risk, comparing case-base loss development with that anticipated in the policy contract to arrive at the best estimate of return or additional retrospective premium.

B. Accrued retrospective premiums are recorded as a component of written premiums.

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

D. Medical loss ratio rebates required pursuant to the Public Health Service Act.

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	$ 5,757
b. Unsecured amount	
c. Less: Nonadmitted amount (10%)	576
d. Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	
e. Admitted amount (a) - (c) - (d)	$5,181

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributable to insured events on prior years has decreased through the fourth quarter of 2012. This decrease was primarily the result of an updated reserve analysis and improving loss trends in the Nonproportional Assumed Liability, Commercial Multiple Peril, Other Liability Occurrence, Fidelity/Surety, Homeowners and Farmowners lines. This increase was partially offset by deteriorating loss trends in the Workers' Compensation, Commercial Auto and Truck Liability lines. Prior estimates are revised as additional information becomes known regarding individual claims.

Note 26 - Intercompany Pooling Arrangements

The Company is a member of the PIC Amended and Restated Reinsurance Pooling Agreement consisting of the following affiliated companies:

		NAIC Company Number	Pooling Percentage	Line of Business
Lead Company:	Peerless Insurance Company ("PIC")	24198	25.20%	All Lines

NOTES TO FINANCIAL STATEMENTS

Affiliated Pool Companies:	The Ohio Casualty Insurance Company ("OCIC")	24074	20.40%	All Lines
	Safeco Insurance Company of America ("SICOA")	24740	15.20%	All Lines
	General Insurance Company of America ("GICA")	24732	9.20%	All Lines
	American States Insurance Company ("ASIC")	19704	7.60%	All Lines
	American Economy Insurance Company ("AEIC")	19690	5.60%	All Lines
	Indiana Insurance Company ("IIC")	22659	4.80%	All Lines
	Golden Eagle Insurance Corporation ("GEIC")	10836	3.00%	All Lines
	Peerless Indemnity Insurance Company ("PIIC")	18333	3.00%	All Lines
	Safeco Insurance Company of Illinois ("SICIL")	39012	2.00%	All Lines
	The Netherlands Insurance Company ("NIC")	24171	1.80%	All Lines
	American States Preferred Insurance Company ("ASPCO")	37214	0.80%	All Lines
	First National Insurance Company of America ("FNICA")	24724	0.80%	All Lines
	American Fire and Casualty Company ("AFCIC")	24066	0.60%	All Lines
	America First Insurance Company ("AFIC")	12696	0.00%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%	All Lines
	American States Insurance Company of Texas ("ASICT")	19712	0.00%	All Lines
	American States Lloyds Insurance Company ("ASLCO")	31933	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
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.00%	All Lines
	Mid-American Fire & Casualty Company ("MAFCC")	23507	0.00%	All Lines
	The Midwestern Indemnity Company ("MWIC")	23515	0.00%	All Lines
	Montgomery Mutual Insurance Company ("MMIC")	14613	0.00%	All Lines
	National Insurance Association ("NIA")	27944	0.00%	All Lines
	Ohio Security Insurance Company ("OSIC")	24082	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
	West American Insurance Company ("WAIC")	44393	0.00%	All Lines
			100.0%	
100% Quota Share Affiliated Companies:	Liberty Northwest Insurance Corporation ("LNW")	41939	0.00%	All Lines
	North Pacific Insurance Company ("NPIC")	23892	0.00%	All Lines
	Oregon Automobile Insurance Company ("OAIC")	23922	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.00%	All Lines

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

(a) Each Affiliated Pool Company cedes its net underwriting activity to the Lead Company. Each 100% Quota Share Affiliated Company cedes its net underwriting activity to the Lead Company.

(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 that 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.

(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 PIC Amended and Restated Reinsurance Pooling Agreement as of December 31, 2012:

Affiliate:	Amount:
Peerless Insurance Company	$ (8,510,934)

NOTES TO FINANCIAL STATEMENTS

Pursuant to the approval of the appropriate state insurance departments, effective January 1, 2013, the Peerless Amended and Restated Reinsurance Pooling Agreement (the PIC Pool) was terminated and concurrently the participants in the PIC Pool became participants in the Liberty Mutual Second Amended and Restated Inter-Company Reinsurance Agreement (The Liberty Pool).

Effective January 1, 2013, Liberty County Mutual Insurance Company cancelled its 100% Quota Share Reinsurance Agreement with Liberty Mutual Insurance Company, the lead company in the Liberty Pool and became a participant in the Liberty Pool.

Effective January 1, 2013, Liberty Northwest Insurance Corporation, North Pacific Insurance Company, Oregon Automobile Insurance Company and Liberty Mutual Mid-Atlantic Insurance Company cancelled its 100% Quota Share Reinsurance Agreements with Peerless Insurance Company, the Lead Company in the PIC Pool, and became participants in the Liberty Pool.

Effective January 1, 2013, the Liberty Pool structure is as follows:

		NAIC Company Number	Pooling Percentage	Line of Business
Lead Company:	Liberty Mutual Insurance Company (“LMIC”)	23043	50.0%	All Lines
Affiliated Pool Companies:	Peerless Insurance Company (“PIC”)	24198	20.0%	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	6.0%	All Lines
	American Economy Insurance Company (“AEIC”)	19690	0.0%	All Lines
	America First Insurance Company (“AFIC”)	12696	0.0%	All Lines
	America Fire and Casualty Company (“AFCIC”)	24066	0.0%	All Lines
	America First Lloyd’s Insurance Company (“AFLIC”)	11526	0.0%	All Lines
	American States Insurance Company (“ASIC”)	19704	0.0%	All Lines
	American States Insurance Company of Texas (“ASICT”)	19712	0.0%	All Lines
	American States Lloyd’s Insurance Company (“ASLCO”)	31933	0.0%	All Lines
	American States Preferred Insurance Company (“ASPCO”)	37214	0.0%	All Lines
	Colorado Casualty Insurance Company (“CCIC”)	41785	0.0%	All Lines
	Consolidated Insurance Company (“CIC”)	22640	0.0%	All Lines
	Excelsior Insurance Company (“EIC”)	11045	0.0%	All Lines
	First National Insurance Company of America (“FNICA”)	24724	0.0%	All Lines
	The First Liberty Insurance Corporation (“FST”)	33588	0.0%	All Lines
	General Insurance Company of America (“GICA”)	24732	0.0%	All Lines
	Golden Eagle Insurance Corporation (“GEIC”)	10836	0.0%	All Lines
	Hawkeye-Security Insurance Company (“HSIC”)	36919	0.0%	All Lines
	Insurance Company of Illinois (“ICIL”)	26700	0.0%	All Lines
	Indiana Insurance Company (“IIC”)	22659	0.0%	All Lines
	Liberty Insurance Corporation (“LIC”)	42404	0.0%	All Lines
	Liberty Insurance Underwriters, Inc. (“LIU”)	19917	0.0%	All Lines
	Liberty County Mutual Insurance Company (“LCMIC”)	19544	0.0%	All Lines
	LM General Insurance Company (“LMGIC”)	36447	0.0%	All Lines
	Liberty Lloyd’s of Texas Insurance Company (“LLOT”)	11041	0.0%	All Lines
	LM Insurance Corporation (“LMC”)	33600	0.0%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company (“LMMAIC”)	14486	0.0%	All Lines
	Liberty Mutual Personal Insurance Company (“LMPICO”)	12484	0.0%	All Lines
	Liberty Northwest Insurance Corporation (“LNW”)	41939	0.0%	All Lines
	Liberty Personal Insurance Company (LPIC”)	11746	0.0%	All Lines
	Liberty Surplus Insurance Corporation (“LSI”)	10725	0.0%	All Lines
	Mid-American Fire & Casualty Company (“MAFCC”)	23507	0.0%	All Lines
	Montgomery Mutual Insurance Company (“MMIC”)	14613	0.0%	All Lines
	The Midwestern Indemnity Company (“MWIC”)	23515	0.0%	All Lines
	National Insurance Association (“NIA”)	27944	0.0%	All Lines
	The Netherlands Insurance Company (“NIC”)	24171	0.0%	All Lines
	North Pacific Insurance Company (“NPIC”)	23892	0.0%	All Lines
	Ohio Security Insurance Company (“OSIC”)	24082	0.0%	All Lines
	Oregon Automobile Insurance Company (“OAIC”)	23922	0.0%	All Lines
	Peerless Indemnity Insurance Company (“PIIC”)	18333	0.0%	All Lines
	Safeco Insurance Company of Illinois (“SICIL”)	39012	0.0%	All Lines
	Safeco Insurance Company of Indiana (“SICIN”)	11215	0.0%	All Lines
	Safeco Insurance Company of Oregon (“SICOR”)	11071	0.0%	All Lines
	Safeco Lloyds Insurance Company (“SLICO”)	11070	0.0%	All Lines

NOTES TO FINANCIAL STATEMENTS

	Safeco National Insurance Company ("SNIC")	24759	0.0%	All Lines
	Safeco Surplus Lines Insurance Company ("SSLIC")	11100	0.0%	All Lines
	Wausau Business Insurance Company ("WBIC")	26069	0.0%	All Lines
	Wausau General Insurance Company ("WGIC")	26425	0.0%	All Lines
	Wausau Underwriters Insurance Company ("WUIC")	26042	0.0%	All Lines
	West American Insurance Company ("WAIC")	44393	0.0%	All Lines
			100.00%	
100% Quota Share Affiliated Companies:	Bridgefield Employers Insurance Company ("BEIC")	10701	0.0%	All Lines
	Bridgefield Casualty Insurance Company ("BCIC")	10335	0.0%	All Lines
	LM Property and Casualty Insurance Company ("LMPAC")	32352	0.0%	All Lines

Note 27 - Structured Settlements

A. As a result of purchased annuities with the claimant as payee, The Company no longer carries reserves of $8,715,550 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 $8,715,550 as of December 31, 2012.

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
Symetra Life Insurance Company Bellevue, Washington	Yes	3,624,571

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	12/31/2012
3. Was anticipated investment income utilized in the calculation?	Yes

Note 31 - High Dollar Deductible Policies

Not applicable

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 the Unit Stastical Plan tables as approved by their respective states at an annual discount rate of 4.0%.

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	$ 5,507,546	$ 3,827,278
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	-	-

NOTES TO FINANCIAL STATEMENTS

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	$ 5,507,546	$ 3,827,278

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

B. Nontabular Discount:

Not applicable

Note 33 - Asbestos/Environmental Reserves

The Company has exposure to asbestos and environmental claims that emanate principally from general liability policies written prior to the mid-1980’s. In establishing the Company's asbestos and environmental reserves, the Company estimates case reserves for anticipated losses and bulk reserves for claim adjustment expenses and incurred but not reported claims reserves (“IBNR”). The Company maintained casualty excess of loss reinsurance during the relevant periods. The reserves are reported net of cessions to reinsurers and include any reserves reported by ceding reinsurers on assumed reinsurance contracts.

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 the third quarter of 2011, the Company 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 asbestos and environmental 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. Asbestos and environmental 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.

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 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 an aggregate 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.

NOTES TO FINANCIAL STATEMENTS

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, 2012, 2011, 2010, 2009, and 2008:

Asbestos:

	2008	2009	2010	2011	2012
Direct Basis					
Beginning Reserves	$ 12,294,788	$ 12,721,059	$ 11,901,610	$ 10,709,932	$ 7,803,425
Incurred losses and LAE	1,874,564	162,463	(985)	(2,156,507)	(350,560)
Calendar year payments	1,448,294	981,912	1,190,693	750,000	700,169
Ending Reserves	$ 12,721,059	$ 11,901,610	$ 10,709,932	$ 7,803,425	$ 6,752,695
Assumed Reinsurance Basis					
Beginning Reserves	$ 10,108,424	$ 8,652,738	$ 12,054,219	$ 10,517,575	$ 11,663,725
Incurred losses and LAE	(343,472)	4,277,235	(4,238)	1,864,744	339,322
Calendar year payments	1,112,213	875,755	1,532,405	718,595	898,387
Ending Reserves	$ 8,652,738	$ 12,054,219	$ 10,517,575	$ 11,663,725	$ 11,104,660
Net of Ceded Reinsurance Basis					
Beginning Reserves	$ 18,153,119	$ 17,414,430	$ 20,505,286	$ 18,036,272	$ 15,764,005
Incurred losses and LAE	915,209	4,829,268	9,650	(135,291)	(486,547)
Calendar year payments	1,653,897	1,738,413	2,478,664	2,136,975	464,071
Ending Reserves	$ 17,414,430	$ 20,505,286	$ 18,036,272	$ 15,764,005	$ 14,813,387

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	$ 2,617,726
Assumed Reinsurance Basis	$ 6,821,138
Net of Ceded Reinsurance Basis	$ 8,097,473
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	$ 1,932,641
Assumed Reinsurance Basis	$ 237,244
Net of Ceded Reinsurance Basis	$ 1,451,454

Environmental:	2008	2009	2010	2011	2012
Direct Basis					
Beginning Reserves	$ 14,130,950	$ 12,072,361	$ 10,283,648	$ 9,205,002	$ 9,732,342
Incurred losses and LAE	311,135	(524,032)	(55,000)	1,850,108	(69,454)
Calendar year payments	2,369,724	1,264,681	1,023,647	1,322,768	1,078,542
Ending Reserves	$ 12,072,361	$ 10,283,648	$ 9,205,002	$ 9,732,342	$ 8,584,346
Assumed Reinsurance Basis					
Beginning Reserves	$ 2,713,157	$ 2,608,892	$ 1,877,943	$ 1,718,467	$ 1,319,690
Incurred losses and LAE	153	(664,904)	34,567	(184,620)	225,051
Calendar year payments	104,418	66,045	194,042	214,156	238,504
Ending Reserves	$ 2,608,892	$ 1,877,943	$ 1,718,467	$ 1,319,690	$ 1,306,237
Net of Ceded Reinsurance Basis					
Beginning Reserves	$ 15,545,914	$ 13,258,521	$ 10,606,541	$ 9,444,663	$ 10,177,848
Incurred losses and LAE	(273,737)	(1,401,074)	5,910	(1,140)	2,272,400
Calendar year payments	2,013,656	1,250,907	1,167,787	(734,325)	3,522,520
Ending Reserves	$ 13,258,521	$ 10,606,541	$ 9,444,663	$ 10,177,848	$ 8,927,727

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	$ 3,544,370
Assumed Reinsurance Basis	$ 811,129
Net of Ceded Reinsurance Basis	$ 3,673,657

NOTES TO FINANCIAL STATEMENTS

Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	$ 1,585,251
Assumed Reinsurance Basis	$ 65,165
Net of Ceded Reinsurance Basis	$ 1,429,084

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 [ ]

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? Indiana

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. 12/31/2009

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. 12/31/2009

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). 06/29/2011

3.4 By what department or departments?
Indiana 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 [ ] No [ ] N/A [X]

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

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 [ ] No [X]
4.12 renewals? Yes [ ] No [X]

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 [ ] No [X]

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

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]

GENERAL INTERROGATORIES

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 17A 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?
Kristen M. Bessette, FCAS, MAAA
175 Berkeley Street Boston, MA 02116
Sr. Vice President & Chief Actuary

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

12.11	Name of real estate holding company	
12.12	Number of parcels involved	0
12.13	Total book/adjusted carrying value	$ 0

12.2 If yes, provide explanation:

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 Q1 and Q3, 2012, Liberty Mutual Insurance Group published certain non-material changes to its Code of Business Ethics and Conduct designed to clarify existing Code provisions.

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	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 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 [X] No [ ]

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. $ 0

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	$ 0
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	$ 0
24.103	Total payable for securities lending reported on the liability page	$ 0

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 [ ]

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	Pledged as collateral	$ 0
25.26	Placed under option agreements	$ 0
25.27	Letter stock or securities restricted as to sale	$ 0
25.28	On deposit with state or other regulatory body	$ 14,373,966
25.29	Other	$ 0

GENERAL INTERROGATORIES

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		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
Bank of New York Mellon	601 Travis Street, Houston, TX 77002

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]

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 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
N/A	Liberty Mutual Group Asset Managemen	175 Berkeley Street Boston, MA 02116
N/A	Liberty Mutual Investment Advisors, LLC	175 Berkeley Street Boston, MA 02116

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]

GENERAL INTERROGATORIES

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	

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	1,228,601,668	1,291,816,711	63,215,043
30.2 Preferred stocks	0	0	0
30.3 Totals	1,228,601,668	1,291,816,711	63,215,043

30.4 Describe the sources or methods utilized in determining the fair values:
The primary source is published unit prices from the NAIC Securities Valuation Office. The secondary source is the pricing vendor, Interactive Data Corporation, followed by backfill from Bloomberg and Markit. 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 Securities Valuation 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? $ 0

GENERAL INTERROGATORIES

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
0	$ 0
0	$ 0
	$ 0

34.1 Amount of payments for legal expenses, if any? $ 136,734

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
	$ 0

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 18,150

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
	$ 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

0

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	$ 0	$ 0
2.2	Premium Denominator	$ 815,968,569	$ 795,814,282
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 3,831,143	$ 3,997,864
2.5	Reserve Denominator	$ 1,269,528,410	$ 1,270,687,920
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 [ ] No [X]

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

3.21	Participating policies	$ 0
3.22	Non-participating policies	$ 0

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?

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:

See Note 21C2

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:
See Note 21C2

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?
See Note 21C2

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
Refer to Note 21C

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 $ 25,756,515

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 2,442,836

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? $ 5,757

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 0.00 %

12.42 To 9.00 %

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 $ 56,515,796

12.62 Collateral and other funds $ 10,814,049

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 24,396,000

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 [ ] No [X]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

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 [ ]

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

14.5 If the answer to 14.4 is no, please explain:
0

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 [ ] No [X]
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 2012	2 2011	3 2010	4 2009	5 2008
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)	540,679,384	518,980,484	529,015,464	604,643,668	756,676,815
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	258,312,216	221,970,064	212,805,815	193,603,867	330,958,933
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	418,508,072	411,650,369	408,777,419	408,633,627	424,824,951
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	62,535,368	64,940,946	64,365,449	51,221,782	95,486,611
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)				8	23,864
6. Total (Line 35)	1,280,035,040	1,217,541,863	1,214,964,147	1,258,102,952	1,607,971,174
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)	315,813,392	318,924,400	326,856,825	357,730,525	422,887,814
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	168,650,764	157,228,741	157,140,361	130,939,788	256,569,758
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	290,748,434	275,063,649	261,737,082	238,125,747	249,642,578
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	54,571,704	56,915,714	55,521,593	42,311,326	85,678,821
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)				8	2,028
12. Total (Line 35)	829,784,294	808,132,504	801,255,861	769,107,394	1,014,780,999
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	5,111,279	(49,176,326)	(11,264,566)	33,421,953	27,986,377
14. Net investment gain (loss) (Line 11)	64,944,026	57,865,884	72,165,888	70,627,731	78,270,986
15. Total other income (Line 15)	3,512,376	2,448,823	(6,199,746)	(1,386,719)	1,707,098
16. Dividends to policyholders (Line 17)	1,956,811	1,598,149	(267,845)	3,406,699	1,262,647
17. Federal and foreign income taxes incurred (Line 19)	6,200,787	(7,843,633)	(8,142,451)	11,065,288	10,781,041
18. Net income (Line 20)	65,410,083	17,383,865	63,111,872	88,190,978	95,920,773
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	1,659,490,650	1,824,791,793	1,734,629,076	2,071,916,038	2,077,124,323
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	24,157,361	30,454,548	27,282,323	30,110,678	94,554,501
20.2 Deferred and not yet due (Line 15.2)	243,764,573	229,174,078	219,418,618	213,800,567	159,005,678
20.3 Accrued retrospective premiums (Line 15.3)	5,181	350,939	696,226	1,241,056	443,682
21. Total liabilities excluding protected cell business (Page 3, Line 26)	1,410,873,074	1,442,507,659	1,404,604,957	1,430,155,246	1,535,875,738
22. Losses (Page 3, Line 1)	671,953,832	685,092,229	678,721,474	714,422,661	736,682,283
23. Loss adjustment expenses (Page 3, Line 3)	153,672,341	151,486,110	151,481,436	170,091,462	171,729,286
24. Unearned premiums (Page 3, Line 9)	398,639,799	382,973,276	368,839,985	349,686,193	383,835,113
25. Capital paid up (Page 3, Lines 30 & 31)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	248,617,576	382,284,134	330,024,119	641,760,792	541,248,585
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	72,340,633	56,736,446	(10,239,431)	(20,631,798)	100,698,885
Risk-Based Capital Analysis					
28. Total adjusted capital	248,617,576	382,284,134	330,024,119	641,760,792	541,248,585
29. Authorized control level risk-based capital	72,102,243	71,285,681	71,456,361	72,082,419	89,719,169
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)	86.2	85.5	86.6	92.3	85.6
31. Stocks (Lines 2.1 & 2.2)	6.3	4.4	4.2	1.7	2.9
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	6.5	6.7	6.7	5.9	11.2
35. Contract loans (Line 6)					
36. Derivatives (Line 7)				XXX	XXX
37. Other invested assets (Line 8)	0.1	0.1	0.2	0.1	0.3
38. Receivables for securities (Line 9)	1.0	0.0	0.2		0.0
39. Securities lending reinvested collateral assets (Line 10)		3.3	2.1	XXX	XXX
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)					
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	1,008,000	1,008,000	1,008,000	1,008,000	3,091,034
48. Total of above Lines 42 to 47	1,008,000	1,008,000	1,008,000	1,008,000	3,091,034
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)	0.4				

FIVE – YEAR HISTORICAL DATA
(Continued)

		1 2012	2 2011	3 2010	4 2009	5 2008
	Capital and Surplus Accounts (Page 4)					
51.	Net unrealized capital gains (losses) (Line 24)	5,334,684	(4,470,416)	1,915,715	8,168,734	(48,105,267)
52.	Dividends to stockholders (Line 35)	(137,011,995)		(106,135,570)		
53.	Change in surplus as regards policyholders for the year (Line 38)	(133,666,558)	52,260,015	(311,736,673)	100,512,208	29,184,316
	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)	311,043,516	333,404,446	378,101,592	396,687,600	411,035,813
55.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	134,526,400	120,690,049	107,418,221	127,726,859	185,375,561
56.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	237,798,721	268,272,025	215,372,852	210,860,583	257,160,840
57.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	33,988,410	20,801,040	27,414,998	66,229,043	6,870,858
58.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	537,842	599,301	1,627,235	224,167,631	26,188,468
59.	Total (Line 35)	717,894,889	743,766,861	729,934,898	1,025,671,716	886,631,540
	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)	179,740,000	193,055,729	242,282,968	188,535,402	242,649,930
61.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	88,912,545	89,220,309	80,524,850	90,306,055	145,919,324
62.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	165,443,032	188,762,174	139,493,944	117,945,574	166,239,669
63.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	21,306,194	14,346,498	10,986,648	5,796,099	4,335,790
64.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	537,842	599,301	1,627,235	23,478,664	4,014,223
65.	Total (Line 35)	455,939,613	485,984,011	474,915,645	426,061,794	563,158,936
	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)	54.3	61.9	56.0	50.7	55.5
68.	Loss expenses incurred (Line 3)	12.4	12.1	11.8	11.9	11.5
69.	Other underwriting expenses incurred (Line 4)	32.7	32.2	33.6	33.2	30.3
70.	Net underwriting gain (loss) (Line 8)	0.6	(6.2)	(1.4)	4.2	2.7
	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	31.7	31.4	33.6	34.6	31.2
72.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	66.7	73.9	67.8	62.6	67.0
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)	333.8	211.4	242.8	119.8	187.5
	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)	(31,856)	(21,411)	(9,235)	(58,619)	(29,593)
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)	(8.3)	(6.5)	(1.4)	(10.8)	(5.8)
	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)	(40,866)	(19,213)	(46,865)	(84,470)	(42,464)
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)	(12.4)	(3.0)	(8.7)	(16.5)	(5.5)

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 [X]

If no, please explain:
Not applicable

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
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1–2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	X X X	X X X	X X X	10,150	6,522	2,409	540	575	(844)	453	6,916	X X X
2. 2003	756,446	63,178	693,268	371,390	32,550	26,323	1,909	55,525	2,638	23,200	416,141	X X X
3. 2004	814,059	44,914	769,145	381,371	15,625	24,382	863	54,459	1,165	29,073	442,559	X X X
4. 2005	848,066	34,349	813,717	392,207	16,177	25,816	945	57,252	897	27,640	457,256	X X X
5. 2006	846,942	37,825	809,117	398,512	9,658	26,003	1,078	58,466	1,294	24,215	470,951	X X X
6. 2007	864,447	42,218	822,229	401,507	8,945	26,739	914	57,965	815	26,948	475,537	X X X
7. 2008	862,748	32,075	830,673	448,226	13,928	26,556	1,062	64,775	665	23,490	523,902	X X X
8. 2009	809,446	50,623	758,823	368,681	22,868	20,006	1,150	57,541	490	22,086	421,720	X X X
9. 2010	800,055	16,178	783,877	356,409	2,419	15,322	93	61,494	116	25,877	430,597	X X X
10. 2011	810,524	14,709	795,815	376,982	1,222	10,345	111	56,240	102	32,062	442,132	X X X
11. 2012	830,873	14,905	815,968	247,428	667	3,583	36	47,109	2	18,263	297,415	X X X
12. Totals	X X X	X X X	X X X	3,752,863	130,581	207,484	8,701	571,401	7,340	253,307	4,385,126	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	101,928	26,899	40,663	6,724	3,385	351	7,386	1,000	8,795	4	3,942	127,179	X X X
2. 2003	5,167	845	2,566	617	133		668	56	520		574	7,536	X X X
3. 2004	7,135	1,590	2,866	680	176		763	65	723	1	838	9,327	X X X
4. 2005	8,031	576	3,645	824	201		1,319	69	921		1,214	12,648	X X X
5. 2006	8,143	1,706	5,386	1,022	270		1,966	151	1,073	1	4,104	13,958	X X X
6. 2007	15,548	819	8,165	1,192	408		2,477	217	1,454	2	1,527	25,822	X X X
7. 2008	21,580	1,790	9,863	1,584	563	6	5,125	318	2,123	6	4,294	35,550	X X X
8. 2009	34,965	1,298	16,286	1,819	815	13	8,460	385	3,735	21	3,480	60,725	X X X
9. 2010	52,192	359	25,298	2,421	955	4	15,647	539	5,893	34	5,439	96,628	X X X
10. 2011	78,614	407	49,344	2,353	1,402	42	20,883	301	10,675	49	12,382	157,766	X X X
11. 2012	112,043	333	119,884	1,499	1,275	4	28,078	124	19,321	153	21,706	278,488	X X X
12. Totals	445,346	36,622	283,966	20,735	9,583	420	92,772	3,225	55,233	271	59,500	825,627	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	108,968	18,211
2. 2003	462,292	38,615	423,677	61.114	61.121	61.113			7.600	6,271	1,265
3. 2004	471,875	19,989	451,886	57.966	44.505	58.752			7.600	7,731	1,596
4. 2005	489,392	19,488	469,904	57.707	56.735	57.748			7.600	10,276	2,372
5. 2006	499,819	14,910	484,909	59.015	39.418	59.931			7.600	10,801	3,157
6. 2007	514,263	12,904	501,359	59.490	30.565	60.976			7.600	21,702	4,120
7. 2008	578,811	19,359	559,452	67.089	60.355	67.349			7.600	28,069	7,481
8. 2009	510,489	28,044	482,445	63.066	55.398	63.578			7.600	48,134	12,591
9. 2010	533,210	5,985	527,225	66.647	36.995	67.259			7.600	74,710	21,918
10. 2011	604,485	4,587	599,898	74.580	31.185	75.382			7.600	125,198	32,568
11. 2012	578,721	2,818	575,903	69.652	18.906	70.579			7.600	230,095	48,393
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	671,955	153,672

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 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012	11 One Year	12 Two Year
1. Prior	438,183	438,986	443,919	447,871	449,598	437,644	460,391	469,883	475,861	473,295	(2,566)	3,412
2. 2003	394,040	386,818	377,181	375,231	377,822	374,917	373,545	372,038	371,709	370,654	(1,055)	(1,384)
3. 2004	X X X	443,142	432,391	426,762	408,194	405,710	401,031	399,946	399,033	398,341	(692)	(1,605)
4. 2005	X X X	X X X	462,430	444,836	422,844	420,151	415,032	413,917	412,662	413,025	363	(892)
5. 2006	X X X	X X X	X X X	455,103	445,820	434,177	424,472	425,862	426,592	427,115	523	1,253
6. 2007	X X X	X X X	X X X	X X X	487,809	474,869	445,179	444,947	443,725	443,265	(460)	(1,682)
7. 2008	X X X	X X X	X X X	X X X	X X X	527,991	503,977	502,006	496,131	493,705	(2,426)	(8,301)
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	450,726	436,520	429,035	422,125	(6,910)	(14,395)
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	477,710	466,664	460,438	(6,226)	(17,272)
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	545,921	533,514	(12,407)	X X X
11. 2012	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	509,894	X X X	X X X
									12. Totals		(31,856)	(40,866)

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 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	000	113,729	189,334	235,909	266,867	291,335	306,447	323,991	344,307	349,803	X X X	X X X
2. 2003	183,978	264,936	303,751	329,070	346,165	353,628	358,121	360,548	362,201	363,254	X X X	X X X
3. 2004	X X X	190,887	286,672	331,347	357,882	373,555	381,301	385,018	387,709	389,266	X X X	X X X
4. 2005	X X X	X X X	195,422	290,166	335,532	365,017	383,486	392,420	397,068	400,901	X X X	X X X
5. 2006	X X X	X X X	X X X	199,022	295,686	337,778	371,764	392,761	405,535	413,779	X X X	X X X
6. 2007	X X X	X X X	X X X	X X X	206,813	307,191	353,309	386,732	407,549	418,387	X X X	X X X
7. 2008	X X X	X X X	X X X	X X X	X X X	239,796	354,590	404,587	437,974	459,793	X X X	X X X
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	200,294	290,305	333,754	364,670	X X X	X X X
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	219,993	321,739	369,219	X X X	X X X
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	277,107	385,993	X X X	X X X
11. 2012	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	250,307	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 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior	182,984	127,989	100,052	87,139	71,601	66,028	70,370	69,160	54,829	45,430
2. 2003	110,183	54,871	31,379	21,730	15,815	11,589	7,874	4,994	4,145	2,945
3. 2004	X X X	138,343	68,847	45,461	24,511	18,025	9,751	7,156	5,345	3,354
4. 2005	X X X	X X X	154,539	76,853	38,859	24,093	13,722	9,468	6,883	4,466
5. 2006	X X X	X X X	X X X	139,389	70,173	42,782	20,604	11,701	7,884	6,630
6. 2007	X X X	X X X	X X X	X X X	144,109	75,174	35,422	19,269	11,815	9,741
7. 2008	X X X	X X X	X X X	X X X	X X X	156,697	68,943	41,130	23,090	13,565
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	137,360	69,553	40,664	22,987
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	135,636	64,261	38,435
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	140,361	67,954
11. 2012	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	146,606

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	3,423,562	3,724,882		2,138,833	2,212,191	8,629,587	40,024	627
2. Alaska	AK	L	519,738	495,185		254,931	299,399	306,929	6,076	
3. Arizona	AZ	L	2,043,498	2,135,686		1,916,259	34,999	4,666,343	23,890	7,463
4. Arkansas	AR	L	1,129,411	1,200,677		532,533	(185,361)	1,553,366	13,204	
5. California	CA	L	41,761,650	43,342,065		22,217,689	22,255,991	84,664,476	488,224	14,198
6. Colorado	CO	L	4,973,174	5,389,921		1,971,725	1,525,863	6,084,071	58,140	1,000
7. Connecticut	CT	L	5,243,226	5,447,671		3,308,824	4,322,444	14,966,564	61,297	18,053
8. Delaware	DE	L	45,104	38,647		62,293	56,728	34,076	527	
9. District of Columbia	DC	L	167,926	171,619		23,987	(5,144)	128,302	1,963	2,868
10. Florida	FL	L	44,881,403	44,835,299		19,875,284	23,316,801	41,613,146	524,696	19,381
11. Georgia	GA	L	4,105,371	4,339,728		3,311,816	530,498	6,567,762	47,995	3,623
12. Hawaii	HI	L	2,953	4,898			1,085	1,285	35	
13. Idaho	ID	L	7,168,394	7,238,605		1,790,599	3,211,558	9,086,101	83,804	
14. Illinois	IL	L	10,940,087	11,709,756		6,601,501	2,052,687	26,133,218	127,897	4,070
15. Indiana	IN	L	3,223,822	3,614,321		2,910,462	404,753	16,825,245	37,689	1,291
16. Iowa	IA	L	240,961	293,115		352,338	476,764	2,519,060	2,817	
17. Kansas	KS	L	1,642,117	1,859,993		1,324,151	148,307	9,189,960	19,198	
18. Kentucky	KY	L	1,652,040	1,888,714		1,110,129	(477,904)	7,880,978	19,314	
19. Louisiana	LA	L	4,650,967	4,964,188		5,065,233	4,015,432	7,231,659	54,373	5,947
20. Maine	ME	L	72,412	41,655		7,668	65,336	67,511	847	
21. Maryland	MD	L	879,981	1,049,523		1,636,522	1,743,234	2,158,022	10,288	5,210
22. Massachusetts	MA	L	1,138,780	1,228,635		489,457	635,226	4,800,328	13,313	3,238
23. Michigan	MI	L	2,888,940	3,355,878		5,316,743	(6,082,925)	22,490,422	33,774	772
24. Minnesota	MN	L	2,150,109	2,909,359		3,640,454	228,227	23,107,350	25,136	750
25. Mississippi	MS	L	2,297,934	2,398,161		1,221,845	1,509,802	14,395,525	26,864	8,118
26. Missouri	MO	L	5,681,008	6,029,069		3,631,596	1,871,740	7,836,347	66,415	
27. Montana	MT	L	10,351,029	10,635,389		3,653,871	2,834,101	6,240,977	121,011	2,226
28. Nebraska	NE	L	673,866	722,882		258,359	322,867	1,433,911	7,878	(781)
29. Nevada	NV	L	2,576,242	2,475,840		1,150,894	794,885	1,977,528	30,118	526
30. New Hampshire	NH	L	493,187	545,610		175,913	3,772,313	12,004,469	5,766	
31. New Jersey	NJ	L	4,702,889	5,317,039		7,334,421	5,018,764	12,712,980	54,980	3,644
32. New Mexico	NM	L	2,235,680	2,302,956		1,020,801	1,133,290	5,238,311	26,137	
33. New York	NY	L	67,098,904	57,613,152		42,768,356	45,908,684	76,186,353	784,435	15,675
34. North Carolina	NC	L	11,843,295	4,641,800		1,725,115	2,609,293	2,291,992	138,457	2,497
35. North Dakota	ND	L	912,073	955,735		320,280	333,948	330,783	10,663	
36. Ohio	OH	L	2,650,837	2,754,331		1,130,053	(126,140)	17,642,934	30,990	3,706
37. Oklahoma	OK	L	3,384,131	3,542,492		1,393,115	1,634,270	6,393,863	39,563	1,040
38. Oregon	OR	L	26,649,441	27,130,477		9,250,116	5,260,462	28,019,817	311,551	1,033
39. Pennsylvania	PA	L	61,523,137	46,364,549		25,456,221	30,071,686	24,826,613	719,250	8,162
40. Rhode Island	RI	L	173,461	169,029		103,713	25,129	123,718	2,028	
41. South Carolina	SC	L	2,111,382	2,286,781		839,608	1,438,990	4,579,148	24,684	
42. South Dakota	SD	L	1,257,222	1,227,420		1,639,315	863,744	6,854,387	14,698	500
43. Tennessee	TN	L	2,705,089	2,792,099		1,263,039	1,053,055	7,720,263	31,624	7,416
44. Texas	TX	L	33,526,685	35,300,006		34,448,748	24,684,645	(20,710,234)	391,951	14,346
45. Utah	UT	L	2,739,784	2,890,214		3,196,161	840,574	4,142,343	32,030	1,500
46. Vermont	VT	L	98,820	110,258		3,946	18,696	86,676	1,155	500
47. Virginia	VA	L	1,650,934	1,794,284		1,384,772	178,418	3,686,530	19,301	1,500
48. Washington	WA	L	52,292,544	53,635,895		29,777,022	1,183,150	44,697,807	611,338	10,765
49. West Virginia	WV	L	1,249,454	1,308,666		308,986	369,876	2,074,088	14,607	4,715
50. Wisconsin	WI	L	475,301	550,921		370,164	3,657,185	5,949,434	5,557	
51. Wyoming	WY	L	3,950,800	4,161,201		2,269,420	689,954	1,464,902	46,188	
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N								
55. U.S. Virgin Islands	VI	N								
56. Northern Mariana Islands	MP	N								
57. Canada	CAN	N								
58. Aggregate Other Alien	OT	XXX								
59. Totals		(a) 51	450,250,755	430,936,276		261,955,281	198,739,570	578,907,226	5,263,760	175,579

DETAILS OF WRITE-INS									
58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX								
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX								

(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.

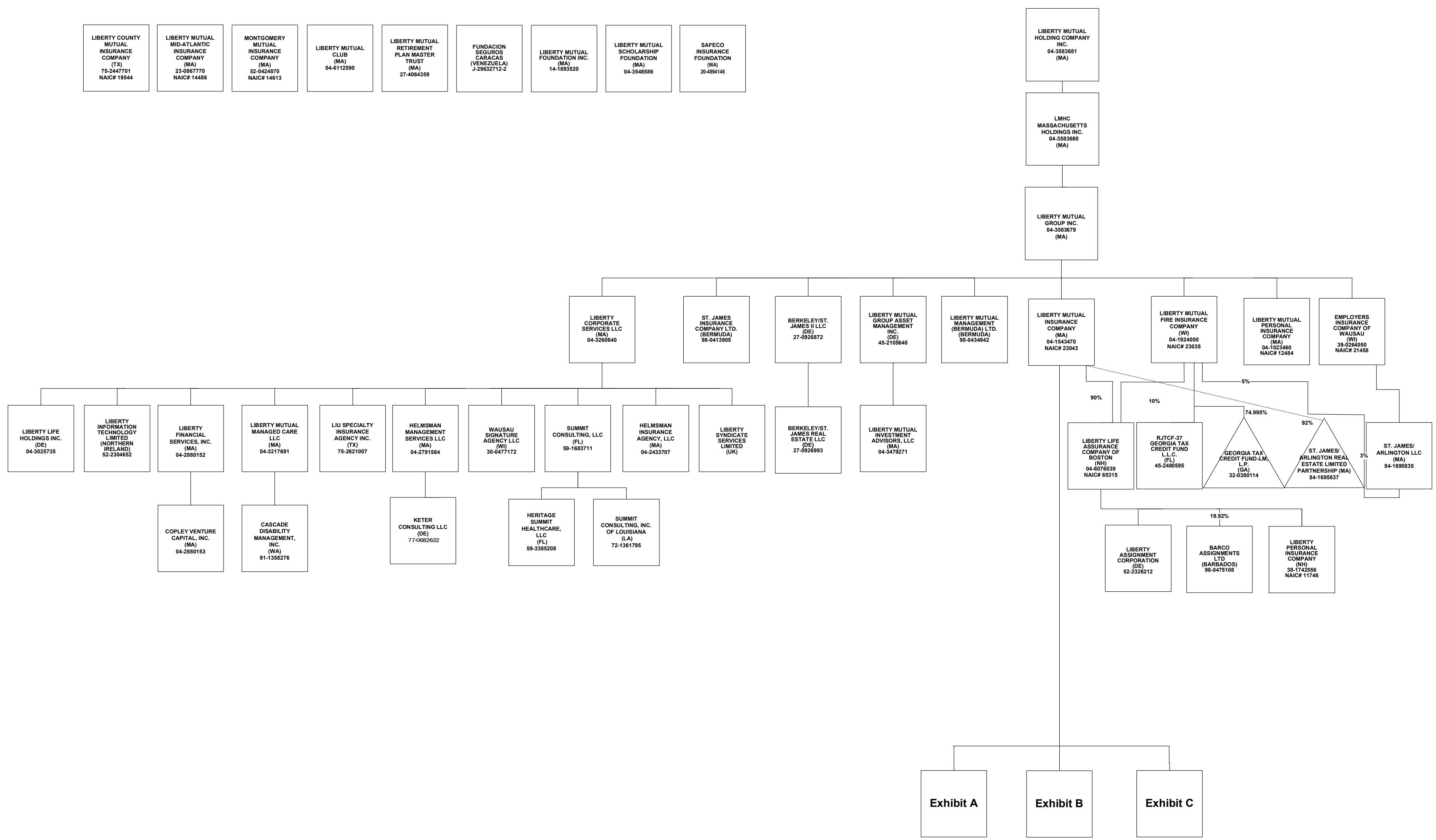
Explanation of basis of allocation of premiums by states, etc.

*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.

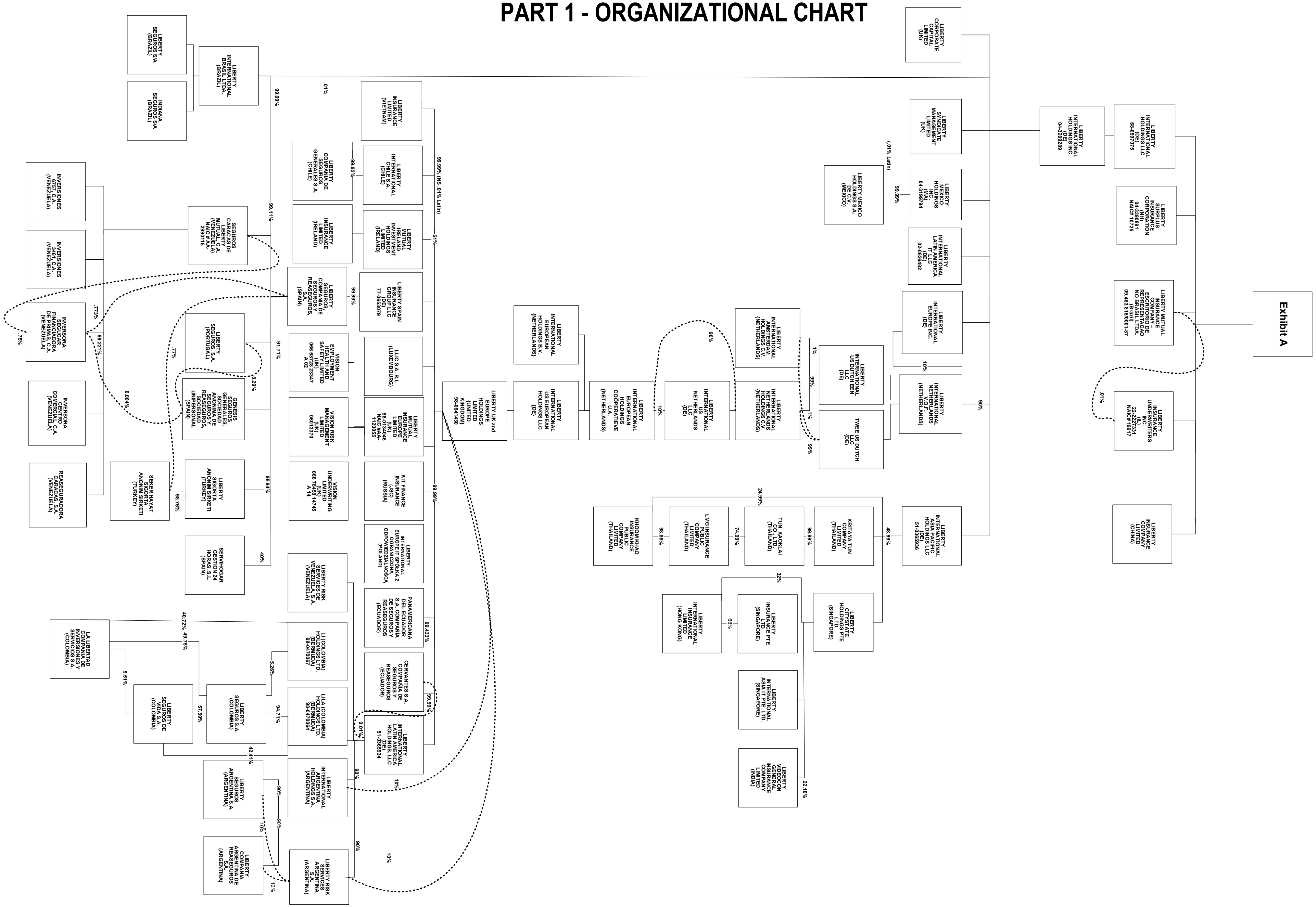
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



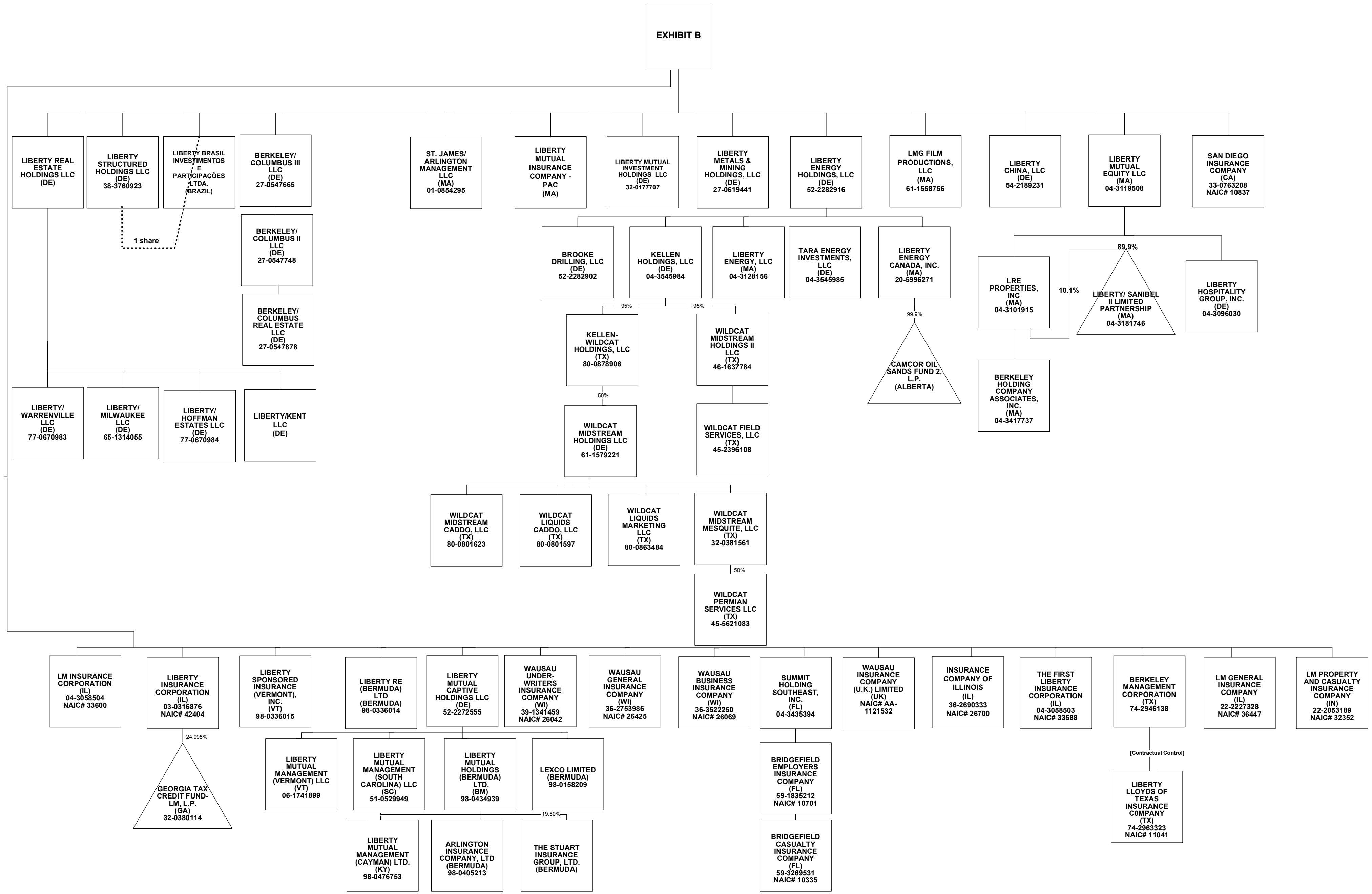
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



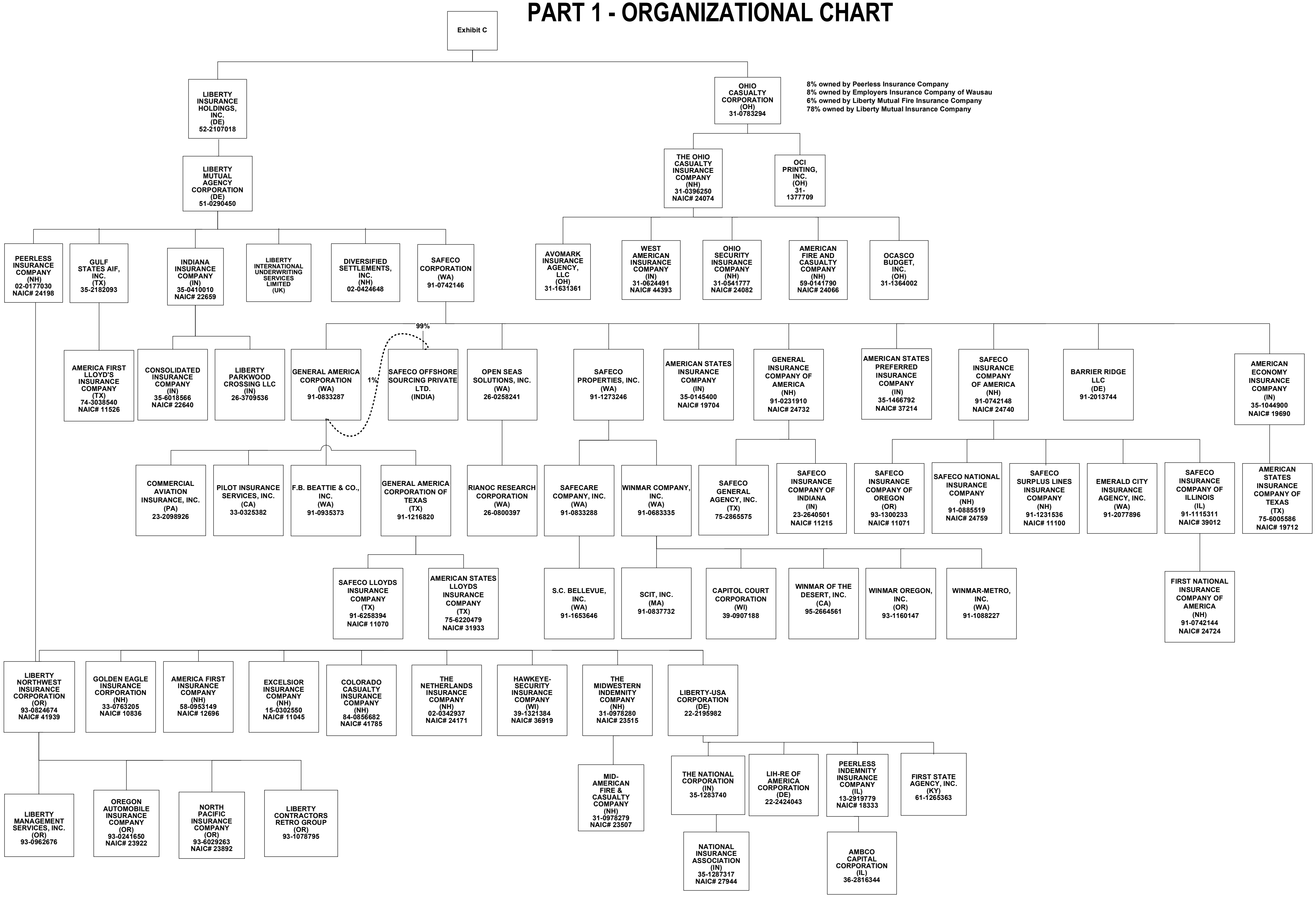
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

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

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT