ANNUAL STATEMENT

OF THE

EMPLOYERS INSURANCE COMPANY OF WAUSAU

of WAUSAU

in the state of WISCONSIN

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2011

PROPERTY AND CASUALTY

2011

21458201120100100

ANNUAL STATEMENT

For the Year Ended December 31, 2011
OF THE CONDITION AND AFFAIRS OF THE

Employers Insurance Company of Wausau

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 21458 **Employer's ID Number** 39-0264050

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

Country of Domicile United States of America

Incorporated/Organized August 21, 1911 **Commenced Business** September 1, 1911

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

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

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

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

Internet Web Site Address www.LibertyMutualGroup.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

Christopher Locke Peirce #

	Name	Title
1.	Christopher Locke Peirce #	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
John Derek Doyle	Vice President and Comptroller	Anthony Alexander Fontanes	Vice President and Chief Investment Officer
Christopher Charles Mansfield	SVP and General Counsel	Mark Joseph Moitoso #	Vice President and Chief Financial Officer

DIRECTORS OR TRUSTEES

Anthony Alexander Fontanes	Dennis James Langwell	Dexter Robert Legg	David Henry Long
Christopher Charles Mansfield	Christopher Locke Peirce #	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)
Christopher Locke Peirce #	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
23rd day of January , 2012, 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)	2,346,053,545		2,346,053,545	2,293,601,710
2. Stocks (Schedule D):				
2.1 Preferred stocks	33,809,785		33,809,785	56,444,790
2.2 Common stocks	184,561,055		184,561,055	198,418,363
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	71,322,266		71,322,266	74,102,433
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)	19,095,961		19,095,961	20,193,277
4.2 Properties held for the production of income (less $ 0 encumbrances)				
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ 26,221,218, Schedule E - Part 1), cash equivalents ($ 1,954,547, Schedule E - Part 2), and short-term investments ($ 27,102,160, Schedule DA)	55,277,925		55,277,925	78,827,459
6. Contract loans (including $ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	251,987,232		251,987,232	228,822,871
9. Receivables for securities	922,549		922,549	1,510,160
10. Securities lending reinvested collateral assets (Schedule DL)	77,211,430		77,211,430	36,419,365
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	3,040,241,748		3,040,241,748	2,988,340,428
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	26,835,764		26,835,764	26,822,526
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	107,390,483	3,054,659	104,335,824	92,632,496
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 0 earned but unbilled premiums)	341,457,987	41,636	341,416,351	288,214,516
15.3 Accrued retrospective premiums	36,435,833	3,661,796	32,774,037	45,821,935
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	87,627,977		87,627,977	83,971,522
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	3,225	958	2,267	4,695
18.1 Current federal and foreign income tax recoverable and interest thereon	1,370,336		1,370,336	
18.2 Net deferred tax asset	114,185,000	27,252,220	86,932,780	81,204,261
19. Guaranty funds receivable or on deposit	1,639,614		1,639,614	2,436,250
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	2,188,929		2,188,929	5,013,477
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	73,225,302	2,853,361	70,371,941	67,941,056
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	3,832,602,198	36,864,630	3,795,737,568	3,682,403,162
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	3,832,602,198	36,864,630	3,795,737,568	3,682,403,162

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	47,507,645		47,507,645	44,866,107
2502. Amounts receivable under high deductible policies	16,275,993		16,275,993	17,797,489
2503. Equities and deposits in pools and associations	5,955,153		5,955,153	4,882,946
2598. Summary of remaining write-ins for Line 25 from overflow page	3,486,511	2,853,361	633,150	394,514
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	73,225,302	2,853,361	70,371,941	67,941,056

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	1,420,296,014	1,395,263,766
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	143,908,141	133,647,167
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	294,381,982	279,620,381
4.	Commissions payable, contingent commissions and other similar charges	8,260,623	7,390,936
5.	Other expenses (excluding taxes, licenses and fees)	33,378,952	20,626,874
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	19,238,959	21,850,197
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))		9,295,934
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 $ 346,771,129 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)	407,857,552	379,678,164
10.	Advance premium	4,789,922	4,649,661
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	504,746	517,771
12.	Ceded reinsurance premiums payable (net of ceding commissions)	87,394,547	77,260,926
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	10,913,279	17,057,073
14.	Amounts withheld or retained by company for account of others	5,884,287	6,624,142
15.	Remittances and items not allocated		
16.	Provision for reinsurance (Schedule F, Part 7)	462,852	480,486
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding	36,559,486	33,929,082
19.	Payable to parent, subsidiaries and affiliates	16,405,014	15,049,418
20.	Derivatives		
21.	Payable for securities	4,530,938	
22.	Payable for securities lending	77,211,430	36,419,365
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	(5,046,105)	(67,499,303)
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	2,566,932,619	2,371,862,040
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	2,566,932,619	2,371,862,040
29.	Aggregate write-ins for special surplus funds	101,080,164	103,508,818
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	340,000,000	340,000,000
35.	Unassigned funds (surplus)	782,724,785	862,032,304
36.	Less treasury stock, at cost:		
	36.1 0 shares common (value included in Line 30 $ 0)		
	36.2 0 shares preferred (value included in Line 31 $ 0)		
37.	Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	1,228,804,949	1,310,541,122
38.	Totals (Page 2, Line 28, Col. 3)	3,795,737,568	3,682,403,162

	DETAILS OF WRITE-IN LINES		
2501.	Amounts held under uninsured plans	59,807,792	63,130,054
2502.	Other liabilities	40,573,124	35,818,409
2503.	Private passenger auto escrow		43,829
2598.	Summary of remaining write-ins for Line 25 from overflow page	(105,427,021)	(166,491,595)
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(5,046,105)	(67,499,303)
2901.	Special surplus from retroactive reinsurance	65,260,036	103,508,818
2902.	SSAP 10R incremental change	35,820,128	
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	101,080,164	103,508,818
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)	872,946,293	828,459,347
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	613,584,861	539,551,029
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	172,598,640	148,043,666
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	236,540,672	207,855,727
5.	Aggregate write-ins for underwriting deductions	(43,829)	(31,223)
6.	Total underwriting deductions (Lines 2 through 5)	1,022,680,344	895,419,199
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(149,734,051)	(66,959,852)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	113,303,586	178,621,489
10.	Net realized capital gains (losses) less capital gains tax of $ 7,005,335 (Exhibit of Capital Gains (Losses))	13,009,909	(1,348,263)
11.	Net investment gain (loss) (Lines 9 + 10)	126,313,495	177,273,226
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 286,410 amount charged off $ 4,023,969)	(3,737,559)	(5,843,450)
13.	Finance and service charges not included in premiums	3,423,880	3,646,074
14.	Aggregate write-ins for miscellaneous income	(21,005,021)	(6,254,680)
15.	Total other income (Lines 12 through 14)	(21,318,700)	(8,452,056)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(44,739,256)	101,861,318
17.	Dividends to policyholders	3,254,366	5,035,828
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)	(47,993,622)	96,825,490
19.	Federal and foreign income taxes incurred	(15,145,335)	(12,452,536)
20.	Net income (Line 18 minus Line 19) (to Line 22)	(32,848,287)	109,278,026
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,310,541,122	1,075,286,002
22.	Net income (from Line 20)	(32,848,287)	109,278,026
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ 3,778,568	(6,791,541)	119,152,800
25.	Change in net unrealized foreign exchange capital gain (loss)	(3,512,394)	578,177
26.	Change in net deferred income tax	19,814,598	(12,749,889)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(45,035,167)	30,106,027
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	17,634	(214,251)
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative effect of changes in accounting principles	798,856	
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments:		
	33.1 Paid in		
	33.2 Transferred to capital (Stock Dividend)		
	33.3 Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders	(50,000,000)	
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	35,820,128	(10,895,770)
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	(81,736,173)	235,255,120
39.	Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	1,228,804,949	1,310,541,122

	DETAILS OF WRITE-IN LINES		
0501.	Private passenger auto escrow	(43,829)	(31,223)
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)	(43,829)	(31,223)
1401.	Other income/(expense)	(9,968,687)	(16,713,411)
1402.	Retroactive reinsurance gain/(loss)	(11,036,334)	10,458,731
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(21,005,021)	(6,254,680)
3701.	SSAP 10R incremental change	35,820,128	(11,382,189)
3702.	Other changes in surplus		486,419
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	35,820,128	(10,895,770)

CASH FLOW

		1	2
	Cash from Operations	Current Year	Prior Year
1.	Premiums collected net of reinsurance	860,559,637	857,234,203
2.	Net investment income	121,735,263	177,488,010
3.	Miscellaneous income	(26,348,719)	(27,202,777)
4.	Total (Lines 1 through 3)	955,946,181	1,007,519,436
5.	Benefit and loss related payments	583,772,066	482,277,745
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	382,364,863	355,370,057
8.	Dividends paid to policyholders	3,267,391	4,710,140
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	2,526,270	(43,804,617)
10.	Total (Lines 5 through 9)	971,930,590	798,553,325
11.	Net cash from operations (Line 4 minus Line 10)	(15,984,409)	208,966,111
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	354,671,907	303,162,273
	12.2 Stocks	21,908,744	392,175,446
	12.3 Mortgage loans	6,263,808	1,885,995
	12.4 Real estate		
	12.5 Other invested assets	199,651,688	24,888,413
	12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds	606,890	1,631,670
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	583,103,037	723,743,797
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	419,171,661	852,097,350
	13.2 Stocks	87,778	42,755,878
	13.3 Mortgage loans	3,961,046	
	13.4 Real estate	981,816	622,251
	13.5 Other invested assets	228,349,357	73,388,592
	13.6 Miscellaneous applications	(4,530,938)	6,421,779
	13.7 Total investments acquired (Lines 13.1 to 13.6)	648,020,720	975,285,850
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)	(64,917,683)	(251,542,053)
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock		
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders	50,000,000	
	16.6 Other cash provided (applied)	107,352,558	7,248,318
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	57,352,558	7,248,318
	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)	(23,549,534)	(35,327,624)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	78,827,459	114,155,083
	19.2 End of year (Line 18 plus Line 19.1)	55,277,925	78,827,459

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

20.0001	13.1 Cost of Investment Acquired - Bonds	14,340,000	353,238,564
20.0002	13.2 Cost of Investment Acquired - Stocks		9,724,000
20.0003	13.5 Cost of Investment Acquired - Other invested assets	476,297	
20.0004	12.1 - Proceeds from investments sold, matured or repaid - Bonds	6,480,000	
20.0005	12.2 - Proceeds from investments sold, matured or repaid - Stocks	7,860,000	235,971,021
20.0006	12.3 - Proceeds from investments sold, matured or repaid - Mortgage loans	476,297	

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	20,991,842	8,734,690	10,507,395	19,219,137
2. Allied lines	10,039,755	4,119,465	5,194,103	8,965,117
3. Farmowners multiple peril	91,702		12,197	79,505
4. Homeowners multiple peril	124,577,208	63,649,187	69,582,693	118,643,702
5. Commercial multiple peril	26,204,005	12,148,554	13,306,358	25,046,201
6. Mortgage guaranty				
8. Ocean marine	3,642,638	1,576,881	1,654,202	3,565,317
9. Inland marine	37,780,080	2,920,630	4,311,936	36,388,774
10. Financial guaranty				
11.1 Medical professional liability—occurrence	4,495,213	624,703	1,663,192	3,456,724
11.2 Medical professional liability—claims-made	253,297	37,976	68,875	222,398
12. Earthquake	3,155,361	1,229,748	1,515,785	2,869,324
13. Group accident and health	65,803			65,803
14. Credit accident and health (group and individual)				
15. Other accident and health	28,893	5,994	5,308	29,579
16. Workers' compensation	216,790,426	1,863,033	6,997,191	211,656,268
17.1 Other liability—occurrence	65,176,161	23,161,123	30,043,425	58,293,859
17.2 Other liability—claims-made	19,220,280	10,555,061	11,836,537	17,938,804
17.3 Excess workers' compensation	5,831,801	3,897,505	2,910,427	6,818,879
18.1 Products liability—occurrence	11,177,075	5,160,802	6,645,963	9,691,914
18.2 Products liability—claims-made	503,893	103,982	97,818	510,057
19.1,19.2 Private passenger auto liability	217,151,700	102,536,621	110,068,363	209,619,958
19.3,19.4 Commercial auto liability	31,558,379	10,997,460	14,656,908	27,898,931
21. Auto physical damage	88,761,428	70,953,000	75,760,145	83,954,283
22. Aircraft (all perils)	4,151,396	1,226,732	948,496	4,429,632
23. Fidelity	756,050	322,756	350,525	728,281
24. Surety	215,037	105,700	196,424	124,313
26. Burglary and theft	24,549	12,116	8,593	28,072
27. Boiler and machinery	2,123,047	712,863	989,592	1,846,318
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-nonproportional assumed property	15,232,397	1,049,397	1,878,144	14,403,650
32. Reinsurance-nonproportional assumed liability	5,908,222	1,325,836	626,735	6,607,323
33. Reinsurance-nonproportional assumed financial lines	904			904
34. Aggregate write-ins for other lines of business				
35. TOTALS	915,908,542	329,031,815	371,837,330	873,103,027

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	10,251,327	256,069			10,507,396
2. Allied lines	4,969,437	224,666			5,194,103
3. Farmowners multiple peril	12,197				12,197
4. Homeowners multiple peril	69,582,693				69,582,693
5. Commercial multiple peril	8,758,561	4,547,797			13,306,358
6. Mortgage guaranty					
8. Ocean marine	1,375,428	278,774			1,654,202
9. Inland marine	1,514,810	2,797,126			4,311,936
10. Financial guaranty					
11.1 Medical professional liability—occurrence	1,663,192				1,663,192
11.2 Medical professional liablity—claims-made	66,923	1,952			68,875
12. Earthquake	1,495,958	19,827			1,515,785
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	5,308				5,308
16. Workers' compensation	41,825,758	2,021,241		(36,849,808)	6,997,191
17.1 Other liability—occurrence	22,409,991	7,416,498		216,937	30,043,426
17.2 Other liability—claims-made	7,623,793	4,212,744			11,836,537
17.3 Excess workers' compensation	2,360,784	549,642			2,910,426
18.1 Products liability—occurrence	3,539,239	2,922,288		184,437	6,645,964
18.2 Products liability—claims-made	97,756	62			97,818
19.1,19.2 Private passenger auto liability	110,068,363				110,068,363
19.3,19.4 Commercial auto liability	14,277,334	(48,640)		428,213	14,656,907
21. Auto physical damage	75,812,348	(52,204)			75,760,144
22. Aircraft (all perils)	948,496				948,496
23. Fidelity	320,032	30,493			350,525
24. Surety	60,581	135,843			196,424
26. Burglary and theft	8,559	34			8,593
27. Boiler and machinery	963,780	25,812			989,592
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-nonproportional assumed property	1,878,144				1,878,144
32. Reinsurance-nonproportional assumed liability	617,147	9,587			626,734
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	382,507,939	25,349,611		(36,020,221)	371,837,329
36. Accrued retrospective premiums based on experience					36,020,221
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					407,857,550

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	 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	110,473	21,012,829	8,285	106,817	32,928	20,991,842
2. Allied lines	346,105	10,074,730	3,314	376,868	7,526	10,039,755
3. Farmowners multiple peril		91,702				91,702
4. Homeowners multiple peril		124,577,208	2,685	1,813	872	124,577,208
5. Commercial multiple peril	27,464,589	112,894,757		113,110,051	1,045,290	26,204,005
6. Mortgage guaranty						
8. Ocean marine		3,642,638				3,642,638
9. Inland marine	51,781	38,233,039		504,740		37,780,080
10. Financial guaranty						
11.1 Medical professional liability--occurrence		4,495,213				4,495,213
11.2 Medical professional liability--claims-made		253,297				253,297
12. Earthquake	386,844	3,812,217		1,042,907	793	3,155,361
13. Group accident and health	4,068	65,803		4,068		65,803
14. Credit accident and health (group and individual)						
15. Other accident and health		28,893				28,893
16. Workers' compensation	175,251,914	842,945,890	24,547,575	796,315,370	29,639,583	216,790,426
17.1 Other liability—occurrence	20,328,987	135,692,557	78	89,085,341	1,760,121	65,176,160
17.2 Other liability—claims-made	516,044	19,220,280		516,044		19,220,280
17.3 Excess workers' compensation		5,900,214		68,413		5,831,801
18.1 Products liability—occurrence	857,016	26,464,587		16,144,528		11,177,075
18.2 Products liability—claims-made		503,893				503,893
19.1,19.2 Private passenger auto liability	(24)	217,151,690		(34)		217,151,700
19.3,19.4 Commercial auto liability	7,479,175	157,894,184	310,313	131,118,339	3,006,955	31,558,378
21. Auto physical damage	2,052,481	116,409,782	5,602	29,620,527	85,910	88,761,428
22. Aircraft (all perils)		4,151,396				4,151,396
23. Fidelity	38,056	877,639		159,645		756,050
24. Surety	55,906	215,037		55,906		215,037
26. Burglary and theft	11,893	122,690	90	110,124		24,549
27. Boiler and machinery	3,166	2,129,493		9,612		2,123,047
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	X X X	15,232,397				15,232,397
32. Reinsurance-nonproportional assumed liability	X X X	5,908,222	158,462		158,462	5,908,222
33. Reinsurance-nonproportional assumed financial lines	X X X	904				904
34. Aggregate write-ins for other lines of business						
35. TOTALS	234,958,474	1,870,003,181	25,036,404	1,178,351,079	35,738,440	915,908,540

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

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

If yes: 1. The amount of such installment premiums $ 157,009,093

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 158,793,463

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

	Losses Paid Less Salvage				5	6	7	8
Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	(86,901)	11,392,792	(77,225)	11,383,116	12,125,331	7,430,356	16,078,091	83.657
2. Allied lines	(38,766)	4,617,069	(35,667)	4,613,970	4,535,804	3,066,685	6,083,089	67.853
3. Farmowners multiple peril		56,468		56,468			56,468	71.024
4. Homeowners multiple peril		81,260,141	6,276	81,253,865	33,067,599	30,853,370	83,468,094	70.352
5. Commercial multiple peril	19,241,835	56,095,090	62,643,775	12,693,150	27,618,190	25,672,379	14,638,961	58.448
6. Mortgage guaranty								
8. Ocean marine		1,113,216		1,113,216	4,725,717	4,378,616	1,460,317	40.959
9. Inland marine	69,736	27,299,564	216,041	27,153,259	4,707,287	7,105,789	24,754,757	68.029
10. Financial guaranty								
11.1 Medical professional liability—occurrence		1,172		1,172	3,431,096	(46,942)	3,479,210	100.651
11.2 Medical professional liability—claims-made		6,258		6,258	634,439	115,269	525,428	236.256
12. Earthquake	2,679	4,226	2,679	4,226	15,056	12,379	6,903	0.241
13. Group accident and health	918,642	44,958	918,642	44,958	197,741	224,421	18,278	27.777
14. Credit accident and health (group and individual)								
15. Other accident and health		17,374		17,374	148,368	154,124	11,618	39.278
16. Workers' compensation	199,533,505	759,860,910	780,388,251	179,006,164	805,201,904	809,682,724	174,525,344	82.457
17.1 Other liability—occurrence	59,650,011	63,220,636	87,752,036	35,118,611	152,260,441	147,789,335	39,589,717	67.914
17.2 Other liability—claims-made	216,552	5,587,834	216,552	5,587,834	37,208,887	35,991,954	6,804,767	37.933
17.3 Excess workers' compensation	1,619,341	3,935,235	1,619,341	3,935,235	39,585,249	32,644,566	10,875,918	159.497
18.1 Products liability—occurrence	38,183,829	10,378,811	45,314,139	3,248,501	34,363,748	29,886,482	7,725,767	79.714
18.2 Products liability—claims-made	285,517	(16,219)	285,517	(16,219)	1,916,701	1,736,821	163,661	32.087
19.1,19.2 Private passenger auto liability	265	138,879,004	206	138,879,063	157,916,045	165,950,614	130,844,494	62.420
19.3,19.4 Commercial auto liability	10,034,607	82,114,663	70,865,240	21,284,030	45,991,330	44,979,389	22,295,971	79.917
21. Auto physical damage	1,002,530	74,556,169	24,827,634	50,731,065	1,002,178	(186,484)	51,919,727	61.843
22. Aircraft (all perils)		2,556,409		2,556,409	4,013,469	3,729,168	2,840,710	64.130
23. Fidelity	(15,582)	408,863	(15,582)	408,863	1,884,213	1,651,067	642,009	88.154
24. Surety	(851,438)	11,210	(851,438)	11,210	93,942	73,282	31,870	25.637
26. Burglary and theft	61,403	18,706	64,565	15,544	25,247	52,568	(11,777)	(41.953)
27. Boiler and machinery	59,774	339,019	59,774	339,019	392,489	153,007	578,501	31.333
28. Credit					2,231		2,231	
29. International								
30. Warranty					(1,901)	2,972	(4,873)	
31. Reinsurance-nonproportional assumed property	X X X	5,081,938		5,081,938	12,837,297	9,839,396	8,079,839	56.096
32. Reinsurance-nonproportional assumed liability	X X X	35,680,165	32,008,344	3,671,821	34,029,424	31,981,340	5,719,905	86.569
33. Reinsurance-nonproportional assumed financial lines	X X X	29,938		29,938	366,494	339,117	57,315	6340.155
34. Aggregate write-ins for other lines of business								
35. TOTALS	329,887,539	1,364,551,619	1,106,209,100	588,230,058	1,420,296,016	1,395,263,764	613,262,310	70.239

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

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

	Reported Losses				Incurred But Not Reported			8	9
Line of Business	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)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire	18,570	8,820,402	31,919	8,807,053	1,330,134	3,349,313	1,361,169	12,125,331	1,017,679
2. Allied lines	16,907	2,379,590	21,946	2,374,551	288,789	2,204,939	332,476	4,535,803	423,877
3. Farmowners multiple peril									
4. Homeowners multiple peril		16,774,316	4,643	16,769,673	6,809	16,298,352	7,236	33,067,598	9,530,158
5. Commercial multiple peril	25,634,661	75,156,738	81,654,836	19,136,563	21,685,332	59,885,734	73,089,441	27,618,188	9,332,883
6. Mortgage guaranty									
8. Ocean marine		2,724,022		2,724,022	820,899	2,001,695	820,899	4,725,717	739,895
9. Inland marine		2,010,537	103,300	1,907,237	148,307	2,871,359	219,617	4,707,286	761,668
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		16,029		16,029		3,415,067		3,431,096	4,802
11.2 Medical professional liablity—claims-made		28,441		28,441		605,998		634,439	346,934
12. Earthquake	3,573	50,938	33,573	20,938	2	166,268	172,152	15,056	1,515
13. Group accident and health	3,873,432	161,509	3,873,432	161,509		36,233		(a) 197,742	15,789
14. Credit accident and health (group and individual)									
15. Other accident and health		39,042		39,042		109,326		(a) 148,368	10,295
16. Workers' compensation	819,364,424	1,397,415,831	1,774,545,523	442,234,732	403,230,468	1,169,894,340	1,210,157,636	805,201,904	113,654,021
17.1 Other liability—occurrence	60,635,134	98,961,691	102,809,808	56,787,017	476,909,419	134,261,100	515,697,096	152,260,440	68,568,597
17.2 Other liability—claims-made	29,387	9,428,027	29,387	9,428,027	2,044,166	27,780,859	2,044,166	37,208,886	12,157,731
17.3 Excess workers' compensation	10,322,638	14,729,533	10,322,638	14,729,533	3,109,305	24,855,717	3,109,305	39,585,250	3,240,922
18.1 Products liability—occurrence	124,051,902	19,295,851	137,161,598	6,186,155	28,471,097	49,639,259	49,932,762	34,363,749	21,332,634
18.2 Products liability—claims-made	452	18,063	452	18,063	67,504	1,898,639	67,504	1,916,702	1,213,539
19.1,19.2 Private passenger auto liability	187	92,512,005	240	92,511,952		65,404,094		157,916,046	36,525,341
19.3,19.4 Commercial auto liability	8,265,877	116,862,693	98,576,454	26,552,116	4,999,400	84,812,079	70,372,264	45,991,331	6,930,451
21. Auto physical damage		122,356	11,471	110,885		913,304	22,010	1,002,179	4,627,530
22. Aircraft (all perils)		3,200,424		3,200,424	57,787	813,045	57,787	4,013,469	1,101,988
23. Fidelity	18,339	69,112	18,339	69,112	(18,956)	1,866,122	32,064	1,884,214	307,503
24. Surety	418,917	45,927	418,917	45,927	102,490	48,015	102,490	93,942	1,135
26. Burglary and theft	247,755	29,832	256,669	20,918	(151,214)	31,960	(123,582)	25,246	25,229
27. Boiler and machinery		232,289		232,289	103,096	163,191	106,087	392,489	29,068
28. Credit						2,231		2,231	
29. International									
30. Warranty						(1,901)		(1,901)	1,238
31. Reinsurance-nonproportional assumed property	X X X	6,578,495		6,578,495	X X X	6,258,801		12,837,296	205,379
32. Reinsurance-nonproportional assumed liability	X X X	121,967,054	112,643,036	9,324,018	X X X	325,435,135	300,729,730	34,029,423	2,269,593
33. Reinsurance-nonproportional assumed financial lines	X X X	367,728		367,728	X X X	(1,235)		366,493	4,588
34. Aggregate write-ins for other lines of business									
35. TOTALS	1,052,902,155	1,989,998,475	2,322,518,181	720,382,449	943,204,834	1,985,019,039	2,228,310,309	1,420,296,013	294,381,982

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	103,857,802			103,857,802
1.2 Reinsurance assumed	201,952,382			201,952,382
1.3 Reinsurance ceded	207,464,080			207,464,080
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	98,346,104			98,346,104
2. Commission and brokerage:				
2.1 Direct, excluding contingent		21,581,893		21,581,893
2.2 Reinsurance assumed, excluding contingent		45,648,019		45,648,019
2.3 Reinsurance ceded, excluding contingent		108,103,405		108,103,405
2.4 Contingent—direct		1,307,171		1,307,171
2.5 Contingent—reinsurance assumed		13,986,690		13,986,690
2.6 Contingent—reinsurance ceded		7,387,189		7,387,189
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)		(32,966,821)		(32,966,821)
3. Allowances to manager and agents		18,339,823		18,339,823
4. Advertising	1,169,871	18,269,908	47,858	19,487,637
5. Boards, bureaus and associations	219,553	1,964,093	1,372	2,185,018
6. Surveys and underwriting reports	3,543	2,830,521	34,047	2,868,111
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	41,584,087	98,040,693	3,075,887	142,700,667
8.2 Payroll taxes	2,510,653	8,669,886	103,291	11,283,830
9. Employee relations and welfare	8,854,247	30,105,551	393,685	39,353,483
10. Insurance	4,695,056	1,048,737	56,649	5,800,442
11. Directors' fees	26	91	1	118
12. Travel and travel items	2,902,448	6,233,783	104,421	9,240,652
13. Rent and rent items	2,904,297	10,155,594	126,302	13,186,193
14. Equipment	1,153,056	5,683,453	68,527	6,905,036
15. Cost or depreciation of EDP equipment and software	1,496,363	3,274,120	146,287	4,916,770
16. Printing and stationery	422,675	1,704,916	13,142	2,140,733
17. Postage, telephone and telegraph, exchange and express	1,395,261	5,930,382	142,573	7,468,216
18. Legal and auditing	328,111	1,870,162	209,253	2,407,526
19. Totals (Lines 3 to 18)	69,639,247	214,121,713	4,523,295	288,284,255
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 538,558		35,309,305		35,309,305
20.2 Insurance department licenses and fees		1,724,704		1,724,704
20.3 Gross guaranty association assessments		376,128		376,128
20.4 All other (excluding federal and foreign income and real estate)		2,162,016		2,162,016
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		39,572,153		39,572,153
21. Real estate expenses			2,044,971	2,044,971
22. Real estate taxes			1,061,609	1,061,609
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	4,613,289	15,813,627	878,476	21,305,392
25. Total expenses incurred	172,598,640	236,540,672	8,508,351	(a) 417,647,663
26. Less unpaid expenses—current year	294,381,982	59,758,137	1,120,396	355,260,515
27. Add unpaid expenses—prior year	279,620,381	48,734,255	1,133,752	329,488,388
28. Amounts receivable relating to uninsured plans, prior year		4,694		4,694
29. Amounts receivable relating to uninsured plans, current year		2,267		2,267
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	157,837,039	225,514,363	8,521,707	391,873,109

DETAILS OF WRITE-IN LINES				
2401. Other expenses	4,613,289	15,813,627	878,476	21,305,392
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)	4,613,289	15,813,627	878,476	21,305,392

(a) Includes management fees of $ 180,455,087 to affiliates and $ 22,023,008 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 7,571,393	7,513,656
1.1	Bonds exempt from U.S. tax	(a) 32,077,885	31,569,441
1.2	Other bonds (unaffiliated)	(a) 68,414,038	69,242,464
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 2,736,768	2,574,268
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	358	358
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c) 4,730,360	4,713,136
4.	Real estate	(d) 6,046,265	6,046,265
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 195,118	139,111
7.	Derivative instruments	(f)	
8.	Other invested assets	2,264,357	2,264,357
9.	Aggregate write-ins for investment income	(171,988)	(171,988)
10.	Total gross investment income	123,864,554	123,891,068
11.	Investment expenses		(g) 8,508,350
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) 2,079,132
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		10,587,482
17.	Net investment income (Line 10 minus Line 16)		113,303,586

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income / (Expense)	(171,988)	(171,988)
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)	(171,988)	(171,988)
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 $ 1,060,687 accrual of discount less $ 7,468,047 amortization of premium and less $ 2,277,610 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 $ 6,450 paid for accrued interest on purchases.
(d) Includes $ 5,801,571 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.
(e) Includes $ 4,161 accrual of discount less $ 20,993 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 $ 2,079,132 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	(25,031)		(25,031)		
1.1	Bonds exempt from U.S. tax	570,322		570,322	48,721	
1.2	Other bonds (unaffiliated)	1,218,761	(2,043,920)	(825,159)	(4,747,971)	(661,441)
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)	386,314		386,314	(2,121,241)	
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	532,733		532,733	(210,611)	
2.21	Common stocks of affiliates				(13,258,541)	
3.	Mortgage loans	(335,567)		(335,567)	(141,839)	
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					(16,305)
7.	Derivative instruments					
8.	Other invested assets	27,408,728	(7,697,096)	19,711,632	17,418,509	(1,867,046)
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	29,756,260	(9,741,016)	20,015,244	(3,012,973)	(2,544,792)

	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	3,054,659	2,791,356	(263,303)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	41,636	36,874	(4,762)
15.3 Accrued retrospective premiums	3,661,796	5,105,428	1,443,632
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	958	2,186	1,228
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	27,252,220	16,944,709	(10,307,511)
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	2,853,361	2,823,494	(29,867)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	36,864,630	27,704,047	(9,160,583)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	36,864,630	27,704,047	(9,160,583)

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	2,853,361	2,818,857	(34,504)
2502. Amounts receivable under high deductible policies		4,637	4,637
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,853,361	2,823,494	(29,867)

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

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

Effective December 31, 1998, the Company entered into a reinsurance treaty with Nationwide Indemnity Company, with Nationwide Mutual Insurance Company as guarantor of the recoverables ceded under the treaty. The Wisconsin Insurance Commissioner has issued a Permitted Practice Decision allowing the guarantee to be used as credit for reinsurance collateral, reducing the provision for reinsurance by $34,768,200.

Reconciliation between WI Surplus and NAIC Surplus:	
Surplus as regards to policyholders, Wisconsin basis	$1,228,804,949
Credit for Reinsurance from Unauthorized Insurers	34,768,200
Surplus as regards to policyholders, NAIC basis	$1,194,036,749

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, *Investment in Subsidiaries, Controlled Entities and Affiliates*, 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 2011.

13. The Company has no pharmaceutical rebate receivables.

NOTES TO FINANCIAL STATEMENTS

Note 2 - Accounting Changes and Correction of Errors

A. The Company adopted SSAP No. 35R, *Guaranty Fund and Other Assessments*, effective January 1, 2011. The cumulative effect of adopting SSAP No. 35R is reported in the Capital and Surplus Account and is not considered material.

The Company adopted SSAP No. 5R, *Liabilities, Contingencies and Impairments of Assets*, effective December 31, 2011. The adoption of SSAP No. 5R has no impact on the Company.

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

On August 24, 2007, the Company and three affiliates (Liberty Mutual Fire Insurance Company ("LMFIC"), a Wisconsin insurance company; Peerless Insurance Company ("PIC"), a New Hampshire insurance company; and Liberty Mutual Insurance Company ("LMIC"), a Massachusetts insurance company) acquired all of the issued and outstanding voting securities of Ohio Casualty Corporation, an insurance holding company, which is the upstream parent of four property casualty insurance companies. The Company directly acquired a 8% ownership interest in Ohio Casualty Corporation, while the affiliates account for the remaining 92% (LMFIC 6%, PIC 8%, and LMIC 78%). The transaction was accounted for as a statutory purchase and the cost was $222,400,560, resulting in goodwill in the amount of $117,712,240. Goodwill amortization relating to the purchase of Ohio Casualty Corporation was $11,771,227 for year ended December 31, 2011; goodwill is being amortized over ten years.

B. Statutory Mergers

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

C. Impairment Loss

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

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

During 2011, the Company participated in direct investment in commercial mortgage loans using an experienced external manager, StanCorp Mortgage Investors.

(1) The maximum and minimum lending rates for mortgage loans during 2011 were 7.00% and 5.00%, respectively.
(2) During 2011, the Company did not reduce interest rates of any outstanding mortgage loans.
(3) The maximum loan to value of any loan written during 2011 was 75%.
(4) As of year end, EICOW held mortgages with interest more than 180 days past due with a recorded investment, excluding accrued of, $136,285.
  a) Total interest due on mortgages with interest more than 180 days past due was $16,033.
(5) There were $12,517 in taxes, assessments and any amounts advanced and not included in the mortgage loan.
(6) Total recorded investment in impaired loans as of December 31, 2011 was $1,231,895, of which there is a related allowance for credit losses of $521,125.
(7) There was no recorded investment in impaired loans without a related allowance for credit losses.
(8) The average recorded investment in impaired loans was $37,330 for 2011.
(9) There was $19,856 interest income recognized for impaired loans during 2011.
(10) There was $19,856 interest income recognized on a cash basis for impaired loans during 2011.
  a) The balance in the allowance for credit losses at the beginning of 2011 was $379,286 and at the beginning of 2010 was $214,860.
  b) There were $ 408,585 of additions to the allowance charged to operations in 2011 and $356,708 in 2010.
  c) There were $266,746 of direct write-downs charged against the allowance in 2011 and $192,282 in 2010.
  d) There were no recoveries of amounts previously charged off.
  e) The balance in the allowance for credit losses was $521,125 in 2011 and $379,286 in 2010.
(11) The Company recognizes interest income on its impaired loans upon receipt.

B. Troubled Debt Restructuring for Creditors

(1) There was $1,998,514 of recorded investment in mortgage loans for which impairment has been recognized.
(2) There was no realized capital loss.
(3) There were no commitments to lend additional funds to debtors owing receivables whose terms have been modified in trouble debt restructuring.
(4) The Company accrues interest income on impaired loans to the extent it is deemed collectible and the loan continues to perform under its original or restructured contractual terms. Interest income on non performing loans is generally recognized on a cash basis.

C. Reverse Mortgages

The Company has no reverse mortgages.

NOTES TO FINANCIAL STATEMENTS

D. Loaned 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 2011 as of December 31, 2011: None

3. Each Loan-Backed Security with a recognized other-than-temporary impairment held by the Company at December 31, 2011:

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 Reported
021468AD5	2,927,593	2,581,029	346,564	2,581,029	1,843,097	6/30/2009
021468AD5	2,581,030	2,477,109	103,920	2,477,109	2,363,766	9/30/2010
021468AD5	2,477,109	2,465,730	11,379	2,465,730	2,363,946	12/31/2010
021468AD5	2,415,714	2,354,903	60,811	2,354,903	2,223,239	3/31/2011
021468AD5	2,283,749	2,253,915	29,834	2,253,915	2,048,352	6/30/2011
021468AD5	2,216,179	2,194,898	21,281	2,194,898	1,932,751	9/30/2011
021468AD5	2,156,210	2,069,105	87,105	2,069,105	1,688,903	12/31/2011
02147XAL1	11,161,828	10,383,761	778,066	10,383,761	8,412,929	9/30/2010
02147XAL1	10,383,761	10,328,705	55,056	10,328,705	8,344,416	12/31/2010
02147XAL1	10,328,705	10,115,867	212,838	10,115,867	9,096,671	3/31/2011
02147XAL1	10,115,867	10,033,103	82,764	10,033,103	8,858,820	6/30/2011
02147XAL1	10,033,103	10,029,995	3,108	10,029,995	8,645,855	9/30/2011
02147XAL1	9,942,018	9,645,341	296,677	9,645,341	8,320,404	12/31/2011
02147YAF2	2,391,415	2,166,040	225,374	2,166,040	1,708,586	9/30/2010
02147YAF2	2,166,040	2,131,426	34,614	2,131,426	1,742,217	12/31/2010
02147YAF2	2,131,427	2,089,434	41,993	2,089,434	1,856,684	3/31/2011
02147YAF2	1,982,305	1,924,746	57,560	1,924,746	1,595,019	12/31/2011
02147YAH8	9,541,834	8,647,557	894,277	8,647,557	7,005,533	9/30/2010
02147YAH8	8,647,557	8,504,817	142,740	8,504,817	6,985,051	12/31/2010
02147YAH8	8,504,817	8,337,868	166,949	8,337,868	7,416,124	3/31/2011
02147YAH8	7,910,335	7,684,828	225,508	7,684,828	6,370,961	12/31/2011
74922EAG4	3,785,534	3,740,563	44,971	3,740,563	3,469,308	12/31/2010
74922EAG4	3,637,377	3,577,745	59,632	3,577,745	3,333,216	3/31/2011
74922EAG4	3,410,859	3,385,276	25,583	3,385,276	2,918,548	6/30/2011
74922EAG4	3,176,342	3,113,518	62,825	3,113,518	2,593,403	12/31/2011

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, 2011:

	1	2
	Less Than 12 Months	12 Months or Longer
Gross Unrealized Loss	(167,335)	(3,723,178)
Fair Value of Securities with Unrealized Losses	17,465,442	15,735,526

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

1. The Company did not enter into any repurchase agreements during the year. Refer to Note 17B for the policy on requiring collateral for securities lending.

2. The Company has not pledged any of its assets as collateral as of December 31, 2011.

NOTES TO FINANCIAL STATEMENTS

3. Aggregate Amount of Contractually open cash collateral positions:

Aging of Collateral	Total Fair Value
Open	$ 77,037,768
30 Days or Less	-
31 to 60 Days	-
61 to 90 Days	-
Greater than 90 Days	-
Sub-Total	77,037,768
Securities Received	-
Total Collateral Received	$ 77,037,768

4. Securities Lending Transactions Administered by an Affiliated Agent

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

5. Collateral Reinvestment

a. Aggregate Amount Cash Collateral Reinvested

	Amortized Cost	Fair Value
Open	$ -	$ -
30 Days or Less	19,130,370	19,130,432
31 to 60 Days	37,762,880	37,763,540
61 to 90 Days	20,325,066	20,326,297
90 to 120 Days	-	-
121 to 180 Days	-	-
181 to 365 Days	-	-
1 to 2 Years	-	-
2 to 3 Years	-	-
Greater than 3 Years	-	-
Subtotal	77,218,316	77,220,269
Securities Received	-	-
Total Collateral Reinvested	$ 77,218,316	$ 77,220,269

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

F. Real Estate

1. The Company did not recognize any impairments on real estate during the year.

2. The Company has not sold or classified real estate investments as held for sale.

3. The Company has not experienced any changes to a plan of sale for investment in real estate.

4. The Company does not engage in retail land sale operations.

5. The Company does not hold real estate investments with participating mortgage loan features.

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 that exceed 10% of its admitted assets.

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

The Company invests in limited partnerships that are reported in accordance with SSAP No. 48. These limited partnerships are valued by the equity method using traditional private equity valuation measures. Interim poor performance which indicates a probable inability to recover the carrying amount of the assets leads to impairment losses being recognized by management. The Company realized impairment losses of $7,697,096 during the year.

NOTES TO FINANCIAL STATEMENTS

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, 2011.

Note 8 - Derivative Instruments

The Company maintains an active Derivative Use Policy as approved by the New York State Insurance Department. Pursuant to the policy, the Company may enter into derivative transactions. The Company may also 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 assets (DTAs) and liabilities (DTLs) recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross Deferred Tax Assets	124,989,094	28,255,906	153,245,000	99,909,196	30,565,975	130,475,171	25,079,898	(2,310,069)	22,769,829
Statutory Valuation Allowance Adjustment	-	-	-	-	-	-	-	-	-
Adjusted Gross Deferred Tax Assets	124,989,094	28,255,906	153,245,000	99,909,196	30,565,975	130,475,171	25,079,898	(2,310,069)	22,769,829
Deferred Tax Liabilities	(39,060,000)	-	(39,060,000)	(31,382,212)	(943,989)	(32,326,201)	(7,677,788)	943,989	(6,733,799)
Net DTA (DTL)	85,929,094	28,255,906	114,185,000	68,526,984	29,621,986	98,148,970	17,402,110	(1,366,080)	16,036,030
Deferred Tax Assets Nonadmitted	-	(27,252,220)	(27,252,220)	(16,944,026)	(683)	(16,944,709)	16,944,026	(27,251,537)	(10,307,511)
Net Admitted DTA (DTL)	85,929,094	1,003,686	86,932,780	51,582,958	29,621,303	81,204,261	34,346,136	(28,617,617)	5,728,519

The Company has elected to admit additional DTAs pursuant to SSAP No. 10R, paragraph 10e. The current period election does not differ from the prior reporting period.

The amount of each result or component of the calculation, by tax character, of paragraphs 10a., 10bi., 10bii., 10c.:

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10a.)	-	-	-	5,599,338	2,618,970	8,218,308	(5,599,338)	(2,618,970)	(8,218,308)
Lesser of:									
Expected to be recognized within one year (10bi.)	50,108,966	1,003,686	51,112,652	45,983,619	27,002,333	72,985,952	4,125,347	(25,998,647)	(21,873,300)
10% of adjusted capital and surplus (10bii.)			105,453,374			113,336,572			(7,883,198)
Adj. gross DTAs offset against existing DTLs (10c.)	39,060,000	-	39,060,000	31,382,212	943,989	32,326,201	7,677,788	(943,989)	6,733,799
Total	89,168,966	1,003,686	90,172,652	82,965,169	30,565,292	113,530,461	6,203,797	(29,561,606)	(23,357,809)

The amount of each result or component of the calculation, by tax character, of paragraphs 10ei., 10eiia., 10eiib., and 10eiii.:

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10ei.)	-	-	-	5,599,338	2,618,970	8,218,308	(5,599,338)	(2,618,970)	(8,218,308)
Lesser of:									
Expected to be recognized within three years (10eiia.)	91,736,644	1,003,686	92,740,330	45,983,619	27,002,333	72,985,952	45,753,025	(25,998,647)	19,754,378
15% of adjusted capital and surplus (10eiib.)			158,180,061			170,004,858			(11,824,797)
Adj. gross DTAs offset against existing DTLs (10eiii.)	33,252,450	-	33,252,450	31,382,212	943,989	32,326,201	1,870,238	(943,989)	926,249
Total	124,989,094	1,003,686	125,992,780	82,965,169	30,565,292	113,530,461	42,023,925	(29,561,606)	12,462,319

NOTES TO FINANCIAL STATEMENTS

Used in SSAP No. 10R, Paragraph 10.d.	December 31, 2011	December 31, 2010	Change
Total Adjusted Capital	1,192,984,819	1,310,541,122	(117,556,303)
Authorized Control Level	197,126,370	195,266,163	1,860,207

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Impact of Tax Planning Strategies			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary Percent	Capital Percent	Total Percent	Ordinary Percent	Capital Percent	Total Percent	Ordinary Percent	Capital Percent	Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	13%	0%	13%	20%	20%	40%	(7%)	(20%)	(27%)
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Gross DTAs)	23%	0%	23%	32%	32%	64%	(9%)	(32%)	(41%)

The following amounts result from the calculation in paragraphs 10a., 10b., and 10c.:

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	50,108,966	1,003,686	51,112,652	51,582,958	29,621,303	81,204,261	(1,473,992)	(28,617,617)	(30,091,609)
Admitted Assets			3,759,917,440			3,682,403,162			77,514,278
Adjusted Statutory Surplus*			1,054,533,742			1,133,365,719			(78,831,977)
Total Adjusted Capital from DTAs			51,112,652			81,204,261			(30,091,609)

* As reported on the statutory balance sheet for the most recently filed statement with the domiciliary state commissioner adjusted in accordance with SSAP No.10R, Paragraph 10bii

Increase due to SSAP No. 10R, Paragraph 10.e.	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	35,820,128	-	35,820,128	-	-	-	35,820,128	-	35,820,128
Admitted Assets	35,820,128	-	35,820,128	-	-	-	35,820,128	-	35,820,128
Statutory Surplus	35,820,128	-	35,820,128	-	-	-	35,820,128	-	35,820,128

B. The Company does not have any DTLs described in SSAP No. 10R, *Income Taxes*, paragraph 6d.

C. The provisions for incurred taxes on earnings for the years ended December 31 are:

	2011	2010
Federal	(15,145,335)	(12,452,091)
Foreign	-	(445)
Realized capital gains	7,005,335	5,367,986
Federal and foreign income taxes incurred	(8,140,000)	(7,084,550)

The Company’s DTAs and DTLs result primarily from limits on unearned premium reserve deductions, discounting of unpaid loss and LAE reserves, depreciation, loss based assessments, investment impairments, partnership investments, unrealized gains and losses, alternative minimum tax credit carry-forward, and net operating loss carry-forward.

The change in deferred income taxes is comprised of the following:

	2011
Change in net deferred income tax (without unrealized gain or loss)	19,814,598
Change in tax effect of unrealized (gains) losses	(3,778,568)
Total change in net deferred income tax	16,036,030

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax exempt income, limits on unearned premium reserve deductions, discounting of unpaid loss and LAE reserve, depreciation, investment impairments, tax free exchange, return to provision adjustments, and net operating losses generated in 2011.

E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is none from the current year and none from the preceding year.

NOTES TO FINANCIAL STATEMENTS

The Company has net operating loss carry-forward available to offset future net income subject to Federal income taxes as follows:

Year Generated	Amount	Expiration
2011	70,680,000	2031

The Company has an alternative minimum tax credit carry-forward of $4,054,000. The alternative minimum tax credit carry-forward does not expire.

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:

Access Insurance Services, Co. (Dissolved 10/24/2011)
AMBCO Capital Corporation
America First Insurance Company
America First Lloyds Insurance Company
American Economy Insurance Company
American Fire & 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
Capitol Agency, Inc., The (Arizona corporation) (Dissolved 1/20/2011)
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, Inc.
Indiana Insurance Company
Insurance Company of Illinois
LEXCO Limited
Liberty-USA Corporation
Liberty Assignment Corporation
Liberty Energy Canada, Inc.
Liberty Financial Services, Inc.
Liberty Hospitality Group, Inc.
Liberty Insurance Corporation
Liberty Insurance Holdings, Inc.
Liberty Insurance Underwriters Inc.*
Liberty International Europe Inc.
Liberty International Holdings Inc.
Liberty Life Assurance Company of Boston
Liberty Life Holdings Inc.
Liberty Lloyds of Texas Insurance Company
Liberty Management Services, Inc.
Liberty Mutual Holding Company 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, Inc.
Summit Consulting, Inc. of Louisiana
Summit Holding Southeast, Inc.
The First Liberty Insurance Corporation
The Midwestern Indemnity Company
The National Corporation
The Netherlands Insurance Company
The Ohio Casualty Insurance Company
Wausau Business Insurance Company
Wausau General Insurance Company
Wausau Underwriters Insurance Company
West American Insurance Company

NOTES TO FINANCIAL STATEMENTS

Liberty Mexico Holdings Inc.
Liberty Mutual Agency Corporation
Liberty Mutual Fire Insurance Company
Liberty Mutual Group Asset Management Inc.**
Liberty Mutual Group Inc.
Winmar Company, Inc.
Winmar of the Desert, Inc.
Winmar Oregon, Inc.
Winmar-Metro, Inc.

* Merged with and into LM Personal Insurance Company and LM Personal Insurance Company changed its name to Liberty Insurance Underwriters Inc. on January 3, 2011.

** This company joined the consolidated group in 2011 and its activity from the date it joined the group is included in the consolidated return.

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.

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

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

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

C. As of December 31, 2011, the Company had the following capital transactions with its parent and subsidiaries:

1. Received return of capital distributions of $673,472.

2. Received dividends in the amount of $ 871,528.

D. At December 31, 2011, the Company reported a net $14,216,085 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, written or otherwise for the benefit of affiliates.

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

There is a service agreement between the Company and Liberty Mutual Insurance Company (“LMIC”), under which LMIC may provide the Company with services of personnel employed by LMIC and through a management services agreement entered into by LMIC and LMGI including, but not limited to, office space, supplies, equipment, telephone and wire services, the use of computers and similar machines to the extent necessary or appropriate.

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

The Company is a party to a service agreement with Peerless Insurance Company ("PIC"). Under the Agreement, the Company provides services to PIC.

The Company is a party to a revolving credit agreement under which the Company may borrow up to $150,000,000 from LMIC. The purpose of the extension of credit is for operating liquidity to accommodate fluctuations in daily cash flow and to promote efficient management of investments. As of December 31, 2011, there have been no drawings under this agreement.

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

The Company paid $2,526,270 under the LMIC Tax Sharing Agreement and paid $5,171,016 under the LMIC, LMGAM, and LMIA investment management agreements. Pursuant to the Inter-Company Reinsurance Agreement with LMIC (Refer to Note 26), the expenses incurred under the Liberty Mutual service agreement are allocated to the Company in accordance with the Company’s “Pool” participation percentage.

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

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

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

J. The Company did not recognize any impairment write down for its investments in subsidiary, controlled, or affiliated entities during the statement period.

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.

NOTES TO FINANCIAL STATEMENTS

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, Postemployment Benefits and Compensated Absences 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, Dividend Restrictions and Quasi-Reorganizations

1. The Company has 5,000,000 common shares authorized, issued and outstanding as of December 31, 2011. All shares have a stated par value of $1.00.

   The Company has 5,000,000 preferred shares authorized, but no shares issued and outstanding as of December 31, 2011. All shares have a stated par value of $0.01.

2. Preferred Stock

   Not applicable

3. There are no dividend restrictions.

4. The Company paid an ordinary dividend of $50,000,000 to its parent in April.

5. The maximum amount of dividends that can be paid by Wisconsin-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the lesser of (a) 10% of surplus, or the greater of (b) or (c); (b) net income for calendar year preceding date of dividend less realized gains for that calendar year, or (c) the aggregate of net income for three calendar years preceding the date of dividend less realized gains for those calendar years less dividends paid/credited within the first two of the preceding three calendar years. The maximum dividend payout that may be made without prior approval in 2012 is $49,644,935.

6. As of December 31, 2011, the Company has restricted surplus of $35,820,128 from recording the increase in admitted deferred tax assets as a result of applying the revised guidance in SSAP No. 10R, *Income Taxes,* (refer to Note 2A) and pre-tax restricted surplus of $65,260,036 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 2011 and from the adoption of the revised guidance on calculating admitted deferred tax assets in SSAP 10R.

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is $(74,372,666) after applicable deferred taxes of $6,437,256.

11. Surplus Notes

    Not applicable

12. Quasi-reorganization (dollar impact)

    Not applicable

13. Quasi-reorganization (effective date)

    Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 14 - Contingencies

A. Contingent Commitments

1. The Company has made no commitments or contingent commitments on behalf of affiliates.

2. The Company has made no guarantees on behalf of affiliates.

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 $15,215,774 that is offset by future premium tax credits of $1,495,426. 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 2012. During 2011 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	$ 2,020,792
b.	Decreases current year: Premium tax offset applied	525,366
c.	Increases current year: Premium tax offset increase	-
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$ 1,495,426

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	$1,314,738

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") and Liberty Mutual Agency Corporation (“LMAC”). LMGI is the plan sponsor of the Liberty Mutual Retirement Benefit Plan, a qualified plan under federal law. LMAC is the plan sponsor of the Liberty Mutual Agency Corporation Retirement Benefit Plan, also 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, or LMAC has not made the minimum required contributions with respect to the Liberty Mutual Agency Corporation 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

The Company leases office space, plant and equipment under various non-cancelable operating lease arrangements. The Company has also entered into sale-leaseback arrangements with unrelated parties on certain property, plant and equipment. The transactions have been accounted for in accordance with SSAP No. 22, *Leases*. The Company has a purchase option for all property, plant and equipment at the end of each respective lease.

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

Year(s)	Sale Lease-back	All Other Operating Lease Arrangements
2012	$ 3,217,160	$ 9,887,069
2013	3,229,188	9,413,736
2014	2,255,191	6,364,593
2015	2,226,181	3,961,872
2016	2,118,255	4,405,249
2017 & thereafter	7,079,587	26,787,695
Total	$ 20,125,563	$ 60,820,213

The Company has not terminated any existing lease agreements early, nor is under lease agreement but no longer using leased property benefits.

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.

At December 31, 2011 the total fair value of securities on loan was $75,419,925, with corresponding collateral value of $77,037,767 of which $77,037,767 represents cash collateral.

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

Net reimbursement for administrative expenses in excess of actual expenses on ASO plans and the net gain was $12,822. Claim payment volume was $370,007.

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

NOTES TO FINANCIAL STATEMENTS

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, 2011:

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	-	$ 85,740,287	$ 1,000,004	$ 86,740,291
Residential Mortgage-Backed Securities	-	15,735,526	-	15,735,526
Total Bonds	-	$ 101,475,813	$ 1,000,004	$ 102,475,817
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	-	$ 33,809,785	-	$ 33,809,785
Total Preferred Stocks	-	$ 33,809,785	-	$ 33,809,785
Common Stocks				
Industrial and Miscellaneous	-	-	-	-
Total Common Stocks	-	-	-	-
Total assets at fair value	-	$ 135,285,598	$ 1,000,004	$ 136,285,602
Liabilities at fair value	-	-	-	-
Total liabilities at fair value	$ 0	$ 0	$ 0	$ 0

The Company did not have significant transfers between Levels 1 and 2 during the period ended December 31, 2011.

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 12/31/2010	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 12/31/2011
Bonds	$ 7	$ -	$ -	$ -	$ 1	$ 1,000,000	$ -	$ (4)	$ -	$ 1,000,004
Preferred Stock	-	-	-	-	-	-	-	-	-	-
Common Stock	-	-	-	-	-	-	-	-	-	-
Total	$ 7	$ -	$ -	$ -	$ 1	$ 1,000,000	$ -	$ (4)	$ -	$ 1,000,004

3. Policy on Transfers Into and Out of Level 3

Transfers in and/or out of Level 3 are due to re-evaluation of the observability of pricing inputs.

NOTES TO FINANCIAL STATEMENTS

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.

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.

NOTES TO FINANCIAL STATEMENTS

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. 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) Florida Special Disability Trust Fund

a) The Company did not take a credit in the determination of its loss reserves in 2011 and 2010.

b) The Company reported loss recoveries from the Special Disability Trust Fund of $1,305,519 in 2011 and $388,373 in 2010.

c) The amount the Company was assessed by the Special Disability Trust Fund was $124,437 in 2011 and $286,092 in 2010.

2) Assets in the amount of $255,044,993 and $301,320,018 as of December 31, 2011 and 2010, respectively, were on deposit with government authorities or trustees as required by law.

3) Interrogatory 6.1

In 2011, as a member of the inter-company reinsurance pooling arrangement in which Liberty Mutual Insurance Company is the pool leader, the Company had the benefit, together with its affiliates that cede business to Liberty Mutual Insurance Company or that are members of the reinsurance pooling arrangement, of Workers' Compensation Catastrophe excess of loss reinsurance with the following limits: (1) $400,000,000 part of $500,000,000 xs $700,000,000 per occurrence; or (2) $261,000,000 part of $500,000,000 xs $200,000,000 (excluding CA EQ) per occurrence, each insured, each location. This Worker's Compensation Catastrophe Excess of Loss reinsurance purchased by Liberty Mutual Insurance Company covers Liberty Mutual's direct and assumed from affiliates workers' compensation business.

Interrogatory 6.2

The Company employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property exposures, the Company employs RiskLink v10.0 and v11.0 from RMS and AIR Clasic/2 v12. For workers' compensation, Liberty Mutual utilizes RiskLink v11.0 from RMS.

Interrogatory 6.3

In 2011, as a member of the inter-company pooling arrangement in which Liberty Mutual Insurance Company is the pool leader, the Company had the benefit, together with its affiliates that cede business to Liberty Mutual Insurance Company or that are members of the reinsurance pooling arrangement, traditional Prop Cat excess of loss reinsurance, with limits of $750,000,000 part of $1,000,000,000 xs $1,300,000,000, and $525,000,000 part of $700,000,000 xs $2,300,000,000 (excluding CA) covering Liberty's direct and assumed from affiliates property business. Additionally, Liberty has purchased $585,000,000 part of $650,000,000 xs $650,000,000 xs $650,000,000 in second event coverage should there be multiple large events in a single year. Liberty also has a 30% QS treaty in place for its US Homeowner's portfolio that covers catastrophe losses up to $1,750,000,000 for Wind and $400,000,000 for EQ.

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.

NOTES TO FINANCIAL STATEMENTS

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable and Non-transferable Tax Credits

The Company does not hold state transferable and/or non-transferable tax credits

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 past acquisitions of insurance companies.

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

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

Actual Cost	Book Adjusted Carrying Value	Fair Value	Other-Than-Temporary Impairments Recognized
$908,140	$908,133	$907,733	$0

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 24, 2012, the date the annual statement was available to be issued.

There were no events subsequent to December 31, 2011 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, the following are the unsecured reinsurance recoverables or ceded unearned premium of an individual reinsurer which exceed 3% of policyholder's surplus.

Reinsurer	NAIC No.	Federal ID No.	Recoverable Amount
Nationwide Group:			
Farmland Mutual Insurance Company	13838	42-0618271	
National Casualty Company	11991	38-0865250	
Nationwide Indemnity Company	10070	31-1399201	
Nationwide Mutual Insurance Company	23787	31-4177100	
Total Nationwide Group			$1,343,900,000
U.S. Aircraft Insurance Group		AA-9995043	144,573,000
National Workers' Compensation Reins Pool		AA-9992118	136,239,000
Minnesota WCRA		AA-9991423	98,991,000
Swiss Re Group:			
Facility Insurance Corporation	10818	74-1194354	
Swiss Reinsurance America Corporation	25364	13-1675535	
Swiss Reinsurance Europe Sa		AA-1371002	
Swiss Reinsurance Life and Health America Inc.	82627	06-0839705	
Westport Insurance Corporation	39845	48-0921045	
Total Swiss Re Group			90,110,000
Lloyds Underwriters		AA-1122000	38,570,000
Total			$1,852,383,000

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 cancelled as of December 31, 2011.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	$692,447,341	$25,085,111	$330,238,757	$29,475,904	$362,208,584	$(4,390,793)
All Other	5,662,228	2,508,271	16,532,372	3,514,016	(10,870,144)	(1,005,745)
Total	$698,109,569	$27,593,382	$346,771,129	$32,989,920	$351,338,440	$(5,396,538)

Direct Unearned Premium Reserve: $56,519,112

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, 2011 are as follows:

Description	Direct	Assumed	Ceded	Net
Contingent commissions	$1,705,841	$9,100,526	$8,261,247	$2,545,120
Sliding scale adjustments	-	-	-	-
Other profit commissions	-	(9,000,000)	-	(9,000,000)
Totals	$1,705,841	$100,526	$8,261,247	$(6,454,880)

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 commuted several ceded reinsurance treaties in the current year with the reinsurers listed below. The net effect of all commutations was a decrease in Net Income of $12,685. This amount is shown below by Income Statement classification and by reinsurer.

Income Statement Classification	Amount
Losses Incurred	$29,683
Loss Expenses Incurred	81,132
Premiums Earned	-
Other Expenses	(123,500)
Total	$(12,685)
Reinsurer	Amount
Swiss Re Life and Health America Inc.	$290,704
Reliastar Life Insurance Co	78,807
Arlington Insurance Co	(204,012)
Transatlantic Reinsurance Co	(166,955)
California Auto Dealers Insurance Co	(11,229)
Total	$(12,685)

F. Retroactive Reinsurance

The Company's retroactive reinsurance is a result of the Intercompany Reinsurance Agreement as described in Note 26.

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial	$(183,428,434)	-
	2. Adjustments – Prior Year(s)	32,536,840	-
	3. Adjustments – Current Year	54,464,573	-
	4. Total	$(96,427,021)	-
b.	Consideration Paid or Received:		
	1. Initial	$(85,667,715)	-
	2. Adjustments – Prior Year(s)	(4,465,864)	-
	3. Adjustments – Current Year	(7,524,574)	-
	4. Total	$(97,658,153)	-
c.	Amounts Recovered / Paid – Cumulative:		
	1. Initial	$(2,898,046)	-
	2. Adjustments – Prior Year(s)	(41,943,907)	-
	3. Adjustments – Current Year	(50,952,815)	-
	4. Total	$(95,794,768)	-

NOTES TO FINANCIAL STATEMENTS

d.	Special Surplus from Retroactive Reinsurance:		
	1. Initial Surplus Gain or Loss	$100,658,765	-
	2. Adjustments – Prior Year(s)	4,941,203	-
	3. Adjustments – Current Year	(11,036,332)	-
	4. Current Year Special Surplus	65,260,036	-
	5. Cumulative Total Transferred to Unassigned Funds	$29,303,600	-
e.	All cedents and reinsurers included in the above transactions:		
	Liberty Mutual Insurance Company, 23043	$(96,427,021)	$(501,617)
	Swiss Reinsurance America Corp., 25364		250,002
	Arlington Ins Co., 98-0405213		249,928
	Other		1,687
	Total	$(96,427,021)	-

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

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, 2011.

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.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Accrued retrospective premiums reported in Line 13.3 of the assets have been determined based upon loss experience on business subject to such experience rating adjustment.

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

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

D. Medical loss ratio rebates 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	$36,435,833
b.	Unsecured amount	
c.	Less: Nonadmitted amount (10%)	3,661,796
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	
e.	Admitted amount (a) - (c) - (d)	$32,774,037

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributed to insured events on prior years has increased overall in 2011. This increase was primarily the result of updated reserve analysis in the Homeowners/Farmowners, Commercial Auto Liability, Auto Physical Damage, Special Liability, Other Liability Occurrence, Assumed Liability and Workers Compensation lines. The increases were partially offset by decreases in reserve estimates for the Property lines – Commercial Multiple Peril, Special Property and Assumed Property – and for the Products Liability Occurrence line. Prior estimates are revised as additional information becomes known regarding individual claims.

Note 26 - Intercompany Pooling Arrangements

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

NOTES TO FINANCIAL STATEMENTS

		NAIC Company Number	Pooling Percentage	Line of Business
Lead Company:	Liberty Mutual Insurance Company ("LMIC")	23043	73.80%	All Lines
Affiliated Pool Companies:	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	12.90%	All Lines
	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
	Liberty Insurance Corporation ("LIC")	42404	4.00%	All Lines
	Wausau Business Insurance Company ("WBIC")	26069	0.40%	All Lines
	Wausau Underwriters Insurance Company ("WUIC")	26042	0.40%	All Lines
	LM Insurance Corporation ("LMC")	33600	0.20%	All Lines
	The First Liberty Insurance Corporation ("FST")	33588	0.10%	All Lines
	LM General Insurance Company ("LMGIC")	36447	0.10%	All Lines
	Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.10%	All Lines
	Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.00%	All Lines
	Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.00%	All Lines
	Liberty Personal Insurance Company ("LPIC")	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation ("LSI")	10725	0.00%	All Lines
	Insurance Company of Illinois ("ICIL")	26700	0.00%	All Lines
	Wausau General Insurance Company ("WGIC")	26425	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.00%	Personal Lines Only
			100.00%	
100% Quota Share Affiliated Companies:	Bridgefield Employers Insurance Company ("BEIC")	10701	0.00%	All Lines
	Bridgefield Casualty Insurance Company ("BCIC")	10335	0.00%	All Lines
	Liberty County Mutual Insurance Company ("LCMIC")	19544	0.00%	All Lines
	LM Property and Casualty Insurance Company ("LMPAC")	32352	0.00%	All Lines

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

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

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

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

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

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

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

(g) Amounts due (to)/from affiliated entities participating in the Liberty Mutual inter-company pool as of December 31, 2011:

Affiliate:	Amount:
Liberty Mutual Insurance Company	$ (6,897,788)

Effective January 3, 2011, the entity formerly named LM Personal Insurance Company (LMPIC), merged with an affiliate, Liberty Insurance Underwriters, Inc. LMPIC, the surviving entity, was renamed Liberty Insurance Underwriters, Inc.

Note 27 - Structured Settlements

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of $42,189,226 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 $42,189,226 as of December 31, 2011.

NOTES TO FINANCIAL STATEMENTS

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

Life Insurance Company and Location	Licensed in Company's State of Domicile (Yes/No)	Statement Value of Annuities
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	$ 24,439,232

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	12/31/2011
3. Was anticipated investment income utilized in the calculation?	Yes

Note 31 - High Dollar Deductible Policies

As of December 31, 2011, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $394,643,924 and the amount billed and recoverable on paid claims was $ 16,275,993.

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 Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. Asbestos structured settlements are discounted at 4.5%. The December 31, 2011 liabilities subject to discount were carried at a value representing a discount of $97,097,353 net of all reinsurance.

For all other lines, the Company does not discount its reserves for unpaid losses and loss adjustment expenses.

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 last few years the Company, as well as the industry generally, has seen decreases in the number of asbestos claims being filed. This turn to a more favorable trend is due to a number of factors. Screening activity used by some lawyers to find new plaintiffs utilized questionable practices discovered in the Federal Silica Multi District Litigation. Court decisions in several key states (e.g., Mississippi) have been favorable to defendants. Most importantly, several states have enacted and sustained legislation in the past few years that contain medical criteria provisions aimed at reducing the number of lawsuits filed by unimpaired plaintiffs and providing prompt and fair compensation to those who meet the criteria.

NOTES TO FINANCIAL STATEMENTS

In the third quarter of 2011, the Company completed ground-up asbestos and environmental reserve studies. The studies were completed by a multi-disciplined team of internal claims, legal, reinsurance and actuarial personnel, and they included all major segments of the Company's direct, assumed, and ceded asbestos and environmental claims. As part of the internal reviews, potential exposures of certain policyholders were individually evaluated using the Company's proprietary stochastic model, which is consistent with published actuarial papers on 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, types of injury, state jurisdictions, legal defenses, and reinsurance potential. The remaining policyholders (those with less potential exposure) were evaluated using aggregate methods that utilized information and experience specific to these insureds. The studies resulted in an increase to reserves. Between comprehensive studies, the Company monitors asbestos and environmental activity to determine whether or not any adjustment to reserves is warranted.

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.

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, 2011, 2010, 2009, 2008, and 2007:

Asbestos:

	2007	2008	2009	2010	2011
Direct Basis					
Beginning Reserves	$147,980,836	$134,584,562	$125,053,750	$148,115,683	$108,975,288
Incurred losses and LAE	18,496,198	11,411,532	43,943,021	6,149,242	34,562,707
Calendar year payments	31,892,471	20,942,344	20,881,088	45,289,638	24,951,444
Ending Reserves	$134,584,562	$125,053,750	$148,115,683	$108,975,288	$118,586,551
Assumed Reinsurance Basis					
Beginning Reserves	$43,477,016	$56,660,129	$53,643,035	$38,394,860	$38,210,211
Incurred losses and LAE	15,331,721	(605,732)	(12,220,554)	3,899,722	1,587,749
Calendar year payments	2,148,607	2,411,363	3,027,621	4,084,372	2,225,613
Ending Reserves	$56,660,129	$53,643,035	$38,394,860	$38,210,211	$37,572,346
Net of Ceded Reinsurance Basis					
Beginning Reserves	$71,761,779	$63,786,791	$52,748,542	$70,949,606	$46,155,496
Incurred losses and LAE	6,810,099	1,139,525	31,644,134	(8,573,773)	25,465,483
Calendar year payments	14,785,088	12,177,774	13,443,070	16,220,337	10,795,452
Ending Reserves	$63,786,791	$52,748,542	$70,949,606	$46,155,496	$60,825,527

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	$70,086,841
Assumed Reinsurance Basis	28,940,316
Net of Ceded Reinsurance Basis	$41,828,335
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	$51,636,084
Assumed Reinsurance Basis	2,136,509
Net of Ceded Reinsurance Basis	$27,847,688

Environmental:	2007	2008	2009	2010	2011
Direct Basis					
Beginning Reserves	$40,441,109	$36,069,880	$29,859,358	$24,523,107	$23,484,183
Incurred losses and LAE	470,495	546,974	2,252,289	3,155,301	4,958,995
Calendar year payments	4,841,723	6,757,497	7,588,540	4,194,225	4,708,300
Ending Reserves	$36,069,880	$29,859,358	$24,523,107	$23,484,183	$23,734,878

NOTES TO FINANCIAL STATEMENTS

Assumed Reinsurance Basis					
Beginning Reserves	$3,835,770	$3,268,416	$3,259,270	$4,220,123	$3,258,105
Incurred losses and LAE	118,033	287,223	1,374,929	(44,190)	754,089
Calendar year payments	685,387	296,369	414,076	917,827	657,161
Ending Reserves	$3,268,416	$3,259,270	$4,220,123	$3,258,105	$3,355,033
Net of Ceded Reinsurance Basis					
Beginning Reserves	$31,629,278	$29,090,873	$24,926,969	$21,095,671	$18,490,989
Incurred losses and LAE	785,521	(1,056)	(227)	(226,740)	3,511,932
Calendar year payments	3,323,926	4,162,848	3,831,071	2,377,942	4,956,861
Ending Reserves	$29,090,873	$24,926,969	$21,095,671	$18,490,989	$17,046,061

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	$15,229,410
Assumed Reinsurance Basis	2,191,714
Net of Ceded Reinsurance Basis	$10,425,472
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	$10,964,064
Assumed Reinsurance Basis	731,866
Net of Ceded Reinsurance Basis	$6,286,116

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? Wisconsin

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009

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). 05/25/2011

3.4 By what department or departments?
State of Wisconsin Office of the Commissioner 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 [X] No [ ] N/A [ ]

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

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

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

4.21 sales of new business? Yes [ ] No [X]
4.22 renewals? Yes [ ] 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
	00000	
	00000	
	00000	

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 Office of Thrift Supervision (OTS), 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 OTS	6 FDIC	7 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?
William Finn
175 Berkeley Street, Boston, MA 02116
Officer of Liberty Mutual Group Inc.

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

12.11	Name of real estate holding company	St. James/ Arlington LLC
12.12	Number of parcels involved	2
12.13	Total book/adjusted carrying value	$ 12,849,322

12.2 If yes, provide explanation:
Employers Insurance Company of Wausau directly owns 100% of St. James/ Arlington LLC and indirectly owns 3% of St. James/ Arlington Real Estate LP via it's ownership in St. James/ Arlington LLC.

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).
In 2011, Code provisions were added for Registered Investment Adviser compliance, as a Liberty Mutual subsidiary obtained SEC approval as a Registered Investment Adviser. Several non-material Code changes were also made to clarify existing 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 with a NAIC rating of 3 or below? Yes [ ] No [X]

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

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate 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]

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

GENERAL INTERROGATORIES

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

24.1 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 24.3) Yes [X] No [ ]

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

24.3 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

24.4 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 [ ]

24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. $ 77,211,430

24.6 If answer to 24.4 is no, report amount of collateral for other programs. $ 0

24.7 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 [ ]

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

24.9 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 [ ]

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 24.3). 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	$ 255,044,993
25.29	Other	$ 1,504,389

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.

GENERAL INTERROGATORIES

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
Royal Trust	77 King Street West, Toronto, Ontario M5W 1 P9

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 Investment Advisors, LLC	175 Berkeley Street, Boston, MA 02116
N/A	Liberty Mutual Group Asset Managemen	175 Berkeley Street, Boston, MA 02116
N/A	StanCorp Mortgage Advisors	1100 SW Sixth Avenue, Portland, OR 97204

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

29.2 If yes, complete the following schedule:

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

GENERAL INTERROGATORIES

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	2,373,155,705	2,497,458,565	124,302,860
30.2 Preferred stocks	33,809,785	33,809,785	0
30.3 Totals	2,406,965,490	2,531,268,350	124,302,860

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

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

34.1 Amount of payments for legal expenses, if any? $ 5,904,778

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 154,073

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

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

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

1.6 Individual policies:

Most current three years:

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

All years prior to most current three years:

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

1.7 Group policies:

Most current three years:

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

All years prior to most current three years:

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

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 95,382	$ 172,251
2.2	Premium Denominator	$ 872,946,293	$ 828,459,347
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 377,502	$ 412,046
2.5	Reserve Denominator	$ 2,266,443,689	$ 2,188,209,478
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 21C

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 21C

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 21C

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 [X] No [ ]

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

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 [X] No [ ]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 1

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 [X]

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 [ ] No [X]

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 $ 26,801,152

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 8,676,956

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? $ 7,509,454

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 4.00 %

12.42 To 7.00 %

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 $ 567,776,387

12.62 Collateral and other funds $ 109,084,390

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 5,698,063

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. 3

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

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

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

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

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

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 2011	2 2010	3 2009	4 2008	5 2007
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)	1,639,812,883	1,730,587,256	1,671,402,098	2,052,861,150	2,034,018,756
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	192,642,155	159,339,461	153,896,732	205,032,468	149,565,834
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	274,957,634	252,891,127	200,256,601	285,741,330	229,684,226
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,285,402	1,184,371	1,164,772	(15,675,860)	21,084,121
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	21,299,985	21,198,511	19,882,742	23,163,023	18,244,675
6. Total (Line 35)	2,129,998,059	2,165,200,726	2,046,602,945	2,551,122,111	2,452,597,612
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)	572,158,223	548,653,650	473,034,981	707,669,879	687,268,655
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	160,753,015	131,670,738	130,217,775	183,338,000	121,217,308
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	160,789,996	141,676,547	99,120,718	172,343,529	132,639,182
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,065,783	993,170	1,016,830	(15,828,295)	20,926,756
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	21,141,523	21,194,495	19,622,878	23,130,966	18,228,777
12. Total (Line 35)	915,908,540	844,188,600	723,013,182	1,070,654,079	980,280,678
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(149,734,051)	(66,959,852)	(88,144,551)	(63,124,588)	(65,390,201)
14. Net investment gain (loss) (Line 11)	126,313,495	177,273,226	94,113,880	161,242,549	180,636,494
15. Total other income (Line 15)	(21,318,700)	(8,452,056)	(12,717,686)	(12,274,655)	(10,555,308)
16. Dividends to policyholders (Line 17)	3,254,366	5,035,828	1,851,061	2,679,073	6,977,259
17. Federal and foreign income taxes incurred (Line 19)	(15,145,335)	(12,452,536)	(44,824,523)	(12,921,739)	(44,359,170)
18. Net income (Line 20)	(32,848,287)	109,278,026	36,225,105	96,085,972	142,072,896
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	3,795,737,568	3,682,403,162	3,333,261,422	3,719,919,033	4,077,177,589
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	104,335,824	92,632,496	104,375,332	184,126,048	152,486,617
20.2 Deferred and not yet due (Line 15.2)	341,416,351	288,214,516	264,962,269	305,750,099	324,193,894
20.3 Accrued retrospective premiums (Line 15.3)	32,774,037	45,821,935	35,178,754	47,917,537	51,079,004
21. Total liabilities excluding protected cell business (Page 3, Line 26)	2,566,932,619	2,371,862,040	2,257,975,420	2,770,468,781	2,778,765,619
22. Losses (Page 3, Line 1)	1,420,296,014	1,395,263,766	1,341,941,115	1,660,695,040	1,659,389,032
23. Loss adjustment expenses (Page 3, Line 3)	294,381,982	279,620,381	271,490,026	324,963,843	338,953,050
24. Unearned premiums (Page 3, Line 9)	407,857,552	379,678,164	351,257,899	437,433,448	484,675,823
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)	1,228,804,949	1,310,541,122	1,075,286,002	949,450,252	1,298,411,970
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(15,984,409)	208,966,111	(391,137,096)	70,786,116	(992,351,339)
Risk-Based Capital Analysis					
28. Total adjusted capital	1,228,804,949	1,310,541,122	1,075,286,002	949,450,252	1,298,411,970
29. Authorized control level risk-based capital	197,375,116	195,266,163	230,123,596	262,451,971	251,726,253
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	77.2	76.8	65.6	72.2	81.0
31. Stocks (Lines 2.1 & 2.2)	7.2	8.5	18.8	15.0	9.1
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	2.3	2.5	2.9	2.7	
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.6	0.7	0.8	0.8	0.7
34. Cash, cash equivalents and short-term investments (Line 5)	1.8	2.6	4.3	2.0	3.5
35. Contract loans (Line 6)					
36. Derivatives (Line 7)			XXX	XXX	XXX
37. Other invested assets (Line 8)	8.3	7.7	7.5	7.3	5.7
38. Receivables for securities (Line 9)	0.0	0.1	0.1	0.0	0.1
39. Securities lending reinvested collateral assets (Line 10)	2.5	1.2	XXX	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)			33,315,029	33,315,029	
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	184,561,056	197,819,597	425,229,925	370,337,663	221,294,436
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	12,849,322	13,987,153	13,553,366	15,790,504	15,248,796
48. Total of above Lines 42 to 47	197,410,378	211,806,750	472,098,320	419,443,196	236,543,232
49. 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)	16.1	16.2	43.9	44.2	18.2

FIVE – YEAR HISTORICAL DATA
(Continued)

		1 2011	2 2010	3 2009	4 2008	5 2007
	Capital and Surplus Accounts (Page 4)					
50.	Net unrealized capital gains (losses) (Line 24)	(6,791,541)	119,152,800	58,256,372	(229,657,304)	(10,861,978)
51.	Dividends to stockholders (Line 35)	(50,000,000)			(170,000,000)	
52.	Change in surplus as regards policyholders for the year (Line 38)	(81,736,173)	235,255,120	125,835,750	(348,961,718)	90,041,151
	Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
53.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,373,491,931	1,282,914,379	1,495,172,418	1,308,330,911	1,940,353,824
54.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	118,899,207	97,870,869	119,259,855	129,647,773	199,812,903
55.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	160,721,952	132,790,692	165,732,136	200,369,541	191,732,607
56.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	534,027	1,961,763	2,111,753	12,380,041	10,623,140
57.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	40,792,041	78,969,086	54,112,068	41,584,350	74,778,627
58.	Total (Line 35)	1,694,439,158	1,594,506,789	1,836,388,230	1,692,312,616	2,417,301,101
	Net Losses Paid (Page 9, Part 2, Col. 4)					
59.	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)	387,050,649	312,889,378	619,914,772	484,806,455	1,225,905,879
60.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	93,901,180	79,133,548	107,040,308	108,521,834	111,891,296
61.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	98,012,127	81,252,759	104,869,058	132,135,513	133,917,063
62.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	482,405	1,066,522	671,573	10,927,722	9,800,941
63.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	8,783,697	15,265,200	15,704,578	8,827,470	40,429,572
64.	Total (Line 35)	588,230,058	489,607,407	848,200,289	745,218,994	1,521,944,751
	Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65.	Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
66.	Losses incurred (Line 2)	70.3	65.1	65.8	67.8	61.9
67.	Loss expenses incurred (Line 3)	19.8	17.9	19.5	15.8	15.9
68.	Other underwriting expenses incurred (Line 4)	27.1	25.1	25.8	22.1	27.8
69.	Net underwriting gain (loss) (Line 8)	(17.2)	(8.1)	(11.1)	(5.7)	(5.5)
	Other Percentages					
70.	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	28.1	25.6	30.1	24.1	34.5
71.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	90.1	83.0	85.3	83.5	77.8
72.	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)	74.5	64.4	67.2	112.8	75.5
	One Year Loss Development (000 omitted)					
73.	Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	41,883	(9,540)	19,291	(33,312)	31,239
74.	Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0)	3.2	(0.9)	2.0	(2.6)	2.6
	Two Year Loss Development (000 omitted)					
75.	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)	20,816	(8,848)	(4,012)	23,775	112,836
76.	Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0)	1.9	(0.9)	(0.3)	2.0	10.5

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	62,096	21,186	18,578	9,309	5,688	605	1,146	55,262	X X X
2. 2002	890,047	180,014	710,033	577,941	130,020	47,825	8,411	67,755	788	29,260	554,302	X X X
3. 2003	994,988	241,435	753,553	528,521	117,856	45,346	6,177	71,778	1,067	30,643	520,545	X X X
4. 2004	1,038,764	272,771	765,993	516,631	133,738	41,376	8,059	73,258	3,737	30,170	485,731	X X X
5. 2005	1,069,537	252,462	817,075	614,567	186,754	42,186	8,656	73,386	5,162	29,532	529,567	X X X
6. 2006	1,160,886	264,783	896,103	521,519	99,967	42,516	6,077	78,406	5,460	29,982	530,937	X X X
7. 2007	1,218,096	288,091	930,005	573,065	129,233	43,886	6,607	79,742	6,702	35,902	554,151	X X X
8. 2008	1,280,856	345,523	935,333	660,715	157,740	43,159	5,233	88,317	5,638	31,776	623,580	X X X
9. 2009	1,215,488	379,363	836,125	545,212	152,170	30,229	4,294	83,099	1,072	29,087	501,004	X X X
10. 2010	1,228,458	399,998	828,460	512,450	170,012	21,432	3,173	82,247	388	29,187	442,556	X X X
11. 2011	1,327,001	454,054	872,947	404,570	157,738	9,223	2,038	67,500	488	20,380	321,029	X X X
12. Totals	X X X	X X X	X X X	5,517,287	1,456,414	385,756	68,034	771,176	31,107	297,065	5,118,664	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						Number of Claims Outstanding Direct and Assumed
	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	
1. Prior	379,838	123,928	161,074	112,806	25,276	20,801	76,777	25,936	9,802	24	4,124	369,272	X X X
2. 2002	24,224	15,800	17,882	15,450	502	195	3,081	864	244	45	429	13,579	X X X
3. 2003	21,033	9,586	35,679	14,550	499	142	3,601	889	282		615	35,927	X X X
4. 2004	23,106	8,463	41,261	11,577	835	198	7,492	835	262	43	807	51,840	X X X
5. 2005	27,565	10,414	42,703	16,969	959	327	6,405	1,223	576	274	989	49,001	X X X
6. 2006	35,573	10,828	54,343	16,237	1,478	536	8,431	2,006	473	7	1,640	70,684	X X X
7. 2007	49,320	10,659	62,555	16,784	2,688	866	14,573	2,512	1,611	9	2,316	99,917	X X X
8. 2008	74,098	15,064	86,450	24,668	3,892	1,093	26,103	5,027	5,539	807	2,935	149,423	X X X
9. 2009	84,225	11,188	120,101	32,227	4,211	840	35,467	6,592	7,471	288	4,000	200,340	X X X
10. 2010	111,845	19,745	155,486	31,813	5,012	871	34,268	5,171	12,066	466	5,449	260,611	X X X
11. 2011	149,376	24,145	296,450	80,991	4,772	792	45,408	7,125	31,528	397	17,259	414,084	X X X
12. Totals	980,203	259,820	1,073,984	374,072	50,124	26,661	261,606	58,180	69,854	2,360	40,563	1,714,678	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	304,178	65,094
2. 2002	739,454	171,573	567,881	83.080	95.311	79.980			8.000	10,856	2,723
3. 2003	706,739	150,267	556,472	71.030	62.239	73.846			8.000	32,576	3,351
4. 2004	704,221	166,650	537,571	67.794	61.095	70.180			8.000	44,327	7,513
5. 2005	808,347	229,779	578,568	75.579	91.015	70.810			8.000	42,885	6,116
6. 2006	742,739	141,118	601,621	63.980	53.296	67.137			8.000	62,851	7,833
7. 2007	827,440	173,372	654,068	67.929	60.180	70.330			8.000	84,432	15,485
8. 2008	988,273	215,270	773,003	77.157	62.303	82.645			8.000	120,816	28,607
9. 2009	910,015	208,671	701,344	74.868	55.006	83.880			8.000	160,911	39,429
10. 2010	934,806	231,639	703,167	76.096	57.910	84.876			8.000	215,773	44,838
11. 2011	1,008,827	273,714	735,113	76.023	60.282	84.210			8.000	340,690	73,394
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	1,420,295	294,383

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	2	3	4	5	6	7	8	9	10	11	12
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	One Year	Two Year
1. Prior	996,605	1,075,605	1,155,594	1,233,597	1,279,442	1,334,936	1,332,290	1,366,308	1,362,868	1,395,725	32,857	29,417
2. 2002	495,926	469,048	469,350	485,413	494,789	498,346	500,943	500,608	501,934	503,275	1,341	2,667
3. 2003	XXX	519,040	466,424	453,185	479,454	486,654	486,373	489,285	489,461	488,856	(605)	(429)
4. 2004	XXX	XXX	521,057	483,647	470,402	473,024	471,971	471,157	473,794	472,527	(1,267)	1,370
5. 2005	XXX	XXX	XXX	567,097	539,617	525,482	517,707	517,649	515,987	515,401	(586)	(2,248)
6. 2006	XXX	XXX	XXX	XXX	579,574	553,686	542,829	540,565	535,898	534,208	(1,690)	(6,357)
7. 2007	XXX	XXX	XXX	XXX	XXX	619,377	604,658	589,259	587,799	584,682	(3,117)	(4,577)
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	707,327	701,427	687,526	693,587	6,061	(7,840)
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	609,371	620,840	618,184	(2,656)	8,813
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	605,656	617,201	11,545	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	643,997	XXX	XXX
									12. Totals		41,883	20,816

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011		
1. Prior	000	230,002	419,001	546,695	642,834	728,867	804,325	866,409	931,779	981,957	XXX	XXX
2. 2002	210,760	325,418	392,177	425,558	453,102	465,802	474,446	479,833	483,773	487,334	XXX	XXX
3. 2003	XXX	195,981	299,132	350,432	387,250	412,396	427,774	438,591	445,168	449,834	XXX	XXX
4. 2004	XXX	XXX	178,985	276,444	323,138	360,530	385,326	400,797	410,283	416,209	XXX	XXX
5. 2005	XXX	XXX	XXX	206,429	317,419	373,373	410,720	436,060	452,117	461,343	XXX	XXX
6. 2006	XXX	XXX	XXX	XXX	201,529	310,525	372,000	413,706	440,926	457,992	XXX	XXX
7. 2007	XXX	XXX	XXX	XXX	XXX	207,154	333,276	401,434	448,548	481,112	XXX	XXX
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	253,277	405,164	484,388	540,901	XXX	XXX
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	216,514	346,332	418,977	XXX	XXX
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	221,949	360,697	XXX	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	254,017	XXX	XXX

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1. Prior	240,884	178,031	141,013	156,600	157,164	166,501	134,667	150,454	97,797	111,970
2. 2002	150,987	59,627	26,906	20,291	15,653	13,564	10,275	8,252	6,644	5,554
3. 2003	XXX	216,588	89,033	40,715	46,882	43,416	35,906	32,340	28,213	25,634
4. 2004	XXX	XXX	239,047	133,377	88,922	68,843	55,838	46,663	42,817	39,253
5. 2005	XXX	XXX	XXX	255,998	139,005	92,283	64,749	50,533	39,421	34,791
6. 2006	XXX	XXX	XXX	XXX	266,818	156,674	105,210	77,610	58,791	48,417
7. 2007	XXX	XXX	XXX	XXX	XXX	284,894	173,760	113,585	82,405	61,432
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	298,032	181,319	120,441	89,381
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	270,558	175,753	121,366
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	263,071	159,298
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	260,448

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

		1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
States, Etc.		Active Status	2 Direct Premiums Written	3 Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	L	3,196,186	4,029,292	(26,408)	3,574,344	351,457	26,353,746		
2. Alaska	AK	L	4,133,606	4,125,248	1,935	4,108,790	2,882,031	40,377,098		
3. Arizona	AZ	L	2,967,363	2,893,931	(8,518)	1,854,794	1,867,368	14,513,797		
4. Arkansas	AR	L	2,606,418	2,949,232	(1,629)	2,303,282	979,347	8,730,017		
5. California	CA	L	15,907,062	16,680,957	84,883	28,214,858	(37,715)	184,380,394		
6. Colorado	CO	L	2,034,185	2,182,295	(2,187)	2,834,413	(2,783,207)	19,184,942		
7. Connecticut	CT	L	2,245,127	2,286,533	16,205	5,394,710	1,021,648	35,551,558		
8. Delaware	DE	L	1,147,106	1,236,466	(853)	1,257,893	1,050,506	10,110,390		
9. District of Columbia	DC	L	1,429,034	1,082,672	15	807,339	45,946	5,580,681		
10. Florida	FL	L	11,902,549	12,372,382	114,512	13,530,651	6,227,679	75,804,549		
11. Georgia	GA	L	4,540,851	4,615,384	(6,696)	5,688,920	3,657,837	36,666,172		
12. Hawaii	HI	L	1,318,876	1,262,201	(993)	620,963	522,450	7,121,712		
13. Idaho	ID	L	4,935,317	4,029,500	(49,869)	2,601,832	2,477,471	13,727,429		
14. Illinois	IL	L	16,016,816	14,459,413	(8,518)	12,253,214	4,205,809	91,223,922		
15. Indiana	IN	L	5,726,189	5,333,127	19,553	6,116,992	1,930,199	30,631,479		
16. Iowa	IA	L	2,254,961	2,566,535	(1,126)	1,972,698	505,074	11,098,531		
17. Kansas	KS	L	2,294,262	2,379,252	(9,792)	8,668,143	3,328,516	15,805,259		
18. Kentucky	KY	L	4,735,060	4,959,639	3,284	7,490,233	2,999,149	57,855,756		
19. Louisiana	LA	L	2,289,512	2,631,867	(38,249)	4,217,746	2,629,267	24,332,875		
20. Maine	ME	L	1,017,174	1,159,482	(62,113)	1,477,342	483,699	9,405,689		
21. Maryland	MD	L	3,868,663	3,698,680	22,848	8,287,533	5,842,736	18,810,157		
22. Massachusetts	MA	L	5,984,003	5,875,987	(8,943)	8,622,096	3,038,454	61,622,367		
23. Michigan	MI	L	4,999,958	6,035,147	(6,303)	9,337,758	4,072,118	67,309,766		
24. Minnesota	MN	L	5,872,110	5,809,236	(113,533)	9,086,074	(1,561,451)	102,733,364		
25. Mississippi	MS	L	1,861,712	2,007,531	467	2,262,238	665,097	11,215,694		
26. Missouri	MO	L	5,134,950	5,072,391	(3,836)	4,279,317	1,993,868	29,217,421		
27. Montana	MT	L	1,147,683	1,033,949	(11,612)	1,478,223	(541,412)	6,236,766		
28. Nebraska	NE	L	2,357,540	2,646,825	4,163	3,402,354	2,843,338	13,704,000		
29. Nevada	NV	L	2,436,250	2,443,798	1	1,841,940	590,456	5,214,824		
30. New Hampshire	NH	L	1,750,370	1,729,612	2,972	12,535,411	748,958	14,660,549		
31. New Jersey	NJ	L	7,179,517	7,076,827	9,211	7,158,029	7,048,729	79,398,932		
32. New Mexico	NM	L	1,250,168	1,167,813	205	546,854	26,189	5,709,112		
33. New York	NY	L	14,075,600	15,145,825	57,132	31,137,740	7,959,582	214,219,530		
34. North Carolina	NC	L	7,513,435	7,305,019	2,446	8,960,688	3,053,732	28,949,224		
35. North Dakota	ND	L	116,050	112,521		70,189	(220,487)	461,630		
36. Ohio	OH	L	2,251,365	2,313,393	(108)	6,286,968	2,414,519	18,600,123		
37. Oklahoma	OK	L	6,140,353	7,403,411	9,411	5,586,441	4,464,650	22,378,094		
38. Oregon	OR	L	1,503,362	1,817,369	3,920	3,494,693	858,196	23,600,689		
39. Pennsylvania	PA	L	11,249,952	9,827,248	26,265	11,547,178	(2,112,729)	115,340,772		
40. Rhode Island	RI	L	373,073	428,910	(571)	351,953	2,293,413	6,945,922		
41. South Carolina	SC	L	6,964,156	6,565,814	(169,893)	3,499,357	4,766,398	22,692,327		
42. South Dakota	SD	L	592,587	679,294	3,180	766,166	(250,105)	17,278,664		
43. Tennessee	TN	L	8,043,247	7,682,105	(883)	8,969,934	5,956,861	30,361,557		
44. Texas	TX	L	13,117,250	12,791,809	(10,608)	8,996,053	307,378	89,691,481		
45. Utah	UT	L	1,012,801	968,529	(10,429)	1,378,259	544,003	12,033,908		
46. Vermont	VT	L	880,747	1,074,328	91	591,215	495,058	3,553,537		
47. Virginia	VA	L	4,212,608	4,152,527	(21,759)	2,712,238	2,802,900	28,193,340		29,710
48. Washington	WA	L	1,419,463	1,489,534	23,982	4,812,206	3,558,378	7,646,453		
49. West Virginia	WV	L	1,553,113	1,501,769	(2,431)	895,056	1,106,140	2,579,068		
50. Wisconsin	WI	L	17,068,275	17,910,465	816,991	43,986,020	29,378,123	208,213,291		
51. Wyoming	WY	L	329,248	324,339	(7)	57,801	111,704	759,707		
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	L	481	464	(2)		(10,375)	12,295		
55. U.S. Virgin Islands	VI	L	182	151			(602)	462		
56. Northern Mariana Islands	MP	N								
57. Canada	CN	L	(316)	(316)		1,942,098	1,035,695	5,953,541		
58. Aggregate Other Alien	OT	X X X	864	(494)		18,302	53,958	2,352,435		
59. Totals		(a) 53	234,958,474	237,327,218	645,803	329,887,539	127,678,001	1,996,106,998		29,710

DETAILS OF WRITE-INS									
5801. Other Alien	X X X	864	(494)		18,302	53,958	2,352,435		
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X	864	(494)		18,302	53,958	2,352,435		

(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.

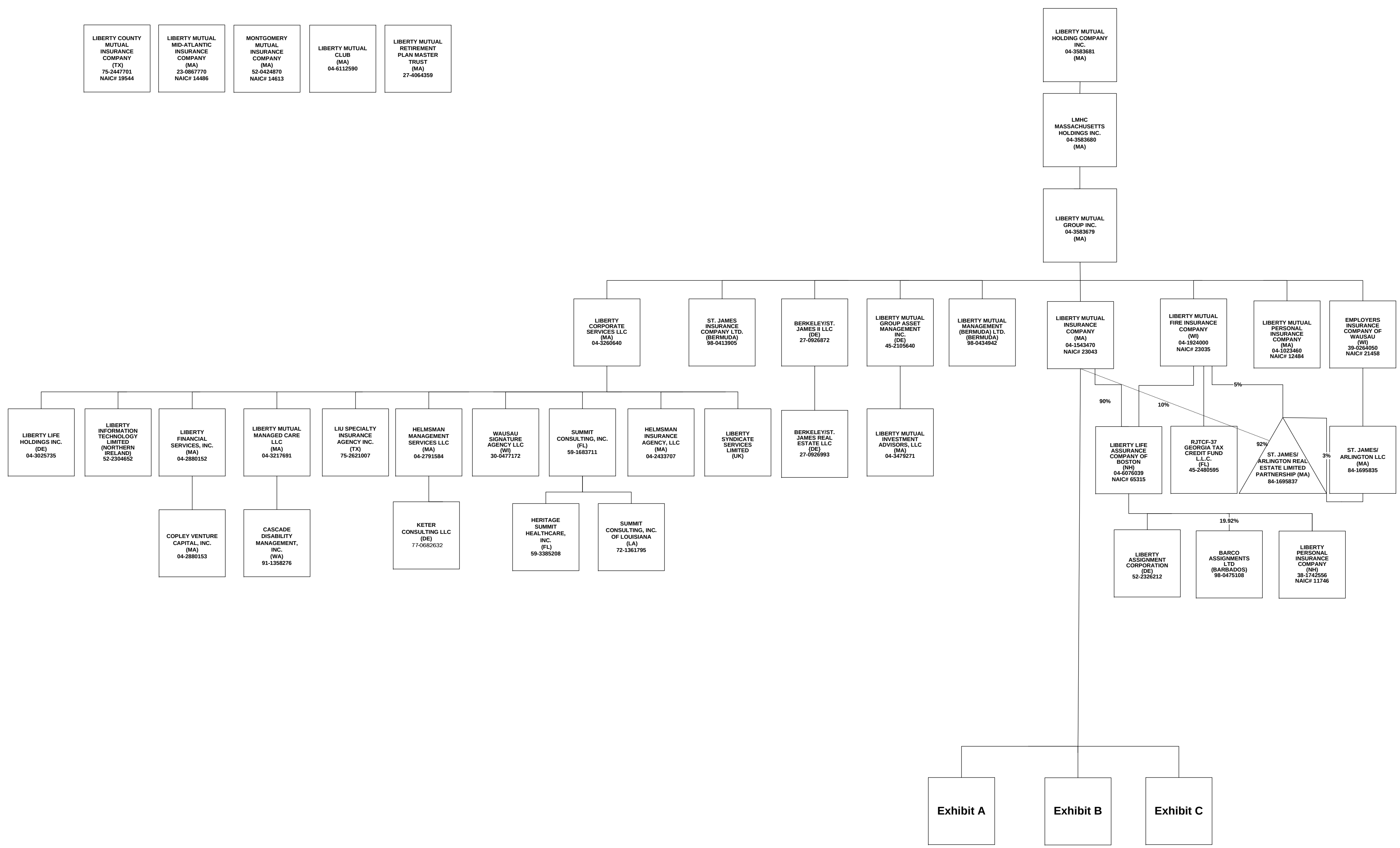
Explanation of basis of allocation of premiums by states, etc.

*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 Court - Surety
*Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage
*Address of Assured - Other Accident and Health
*Principal Location of business or location of coverage - Liability other than Auto, Fidelity, Warranty
*Location of Properties covered - Burglary and Theft
*Point of origin of shipment or principal location of assured - Inland Marine
*Principal Location of Assured - Ocean Marine, Credit
*State in which employees regularly work - Group Accident and Health
*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



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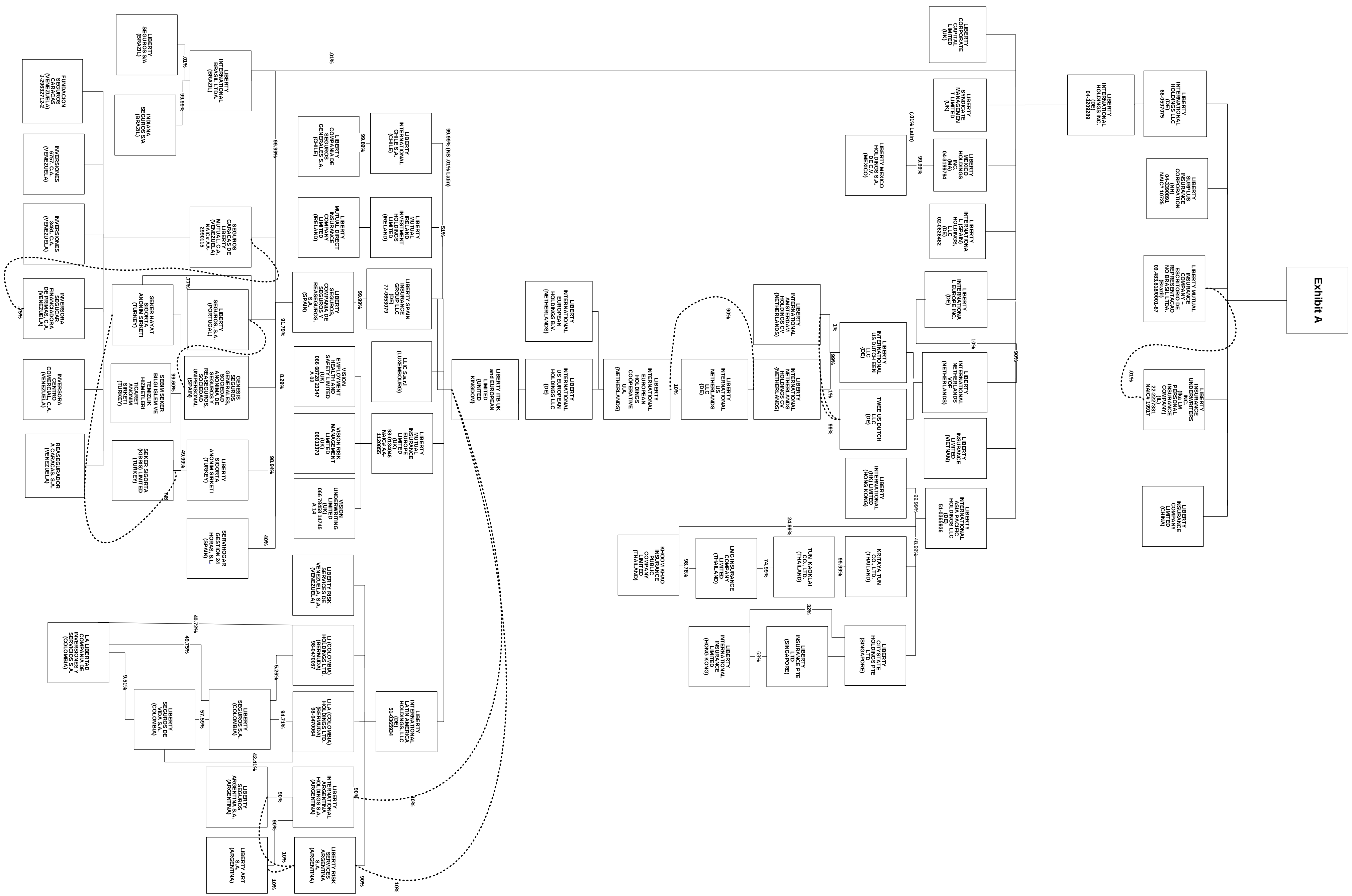

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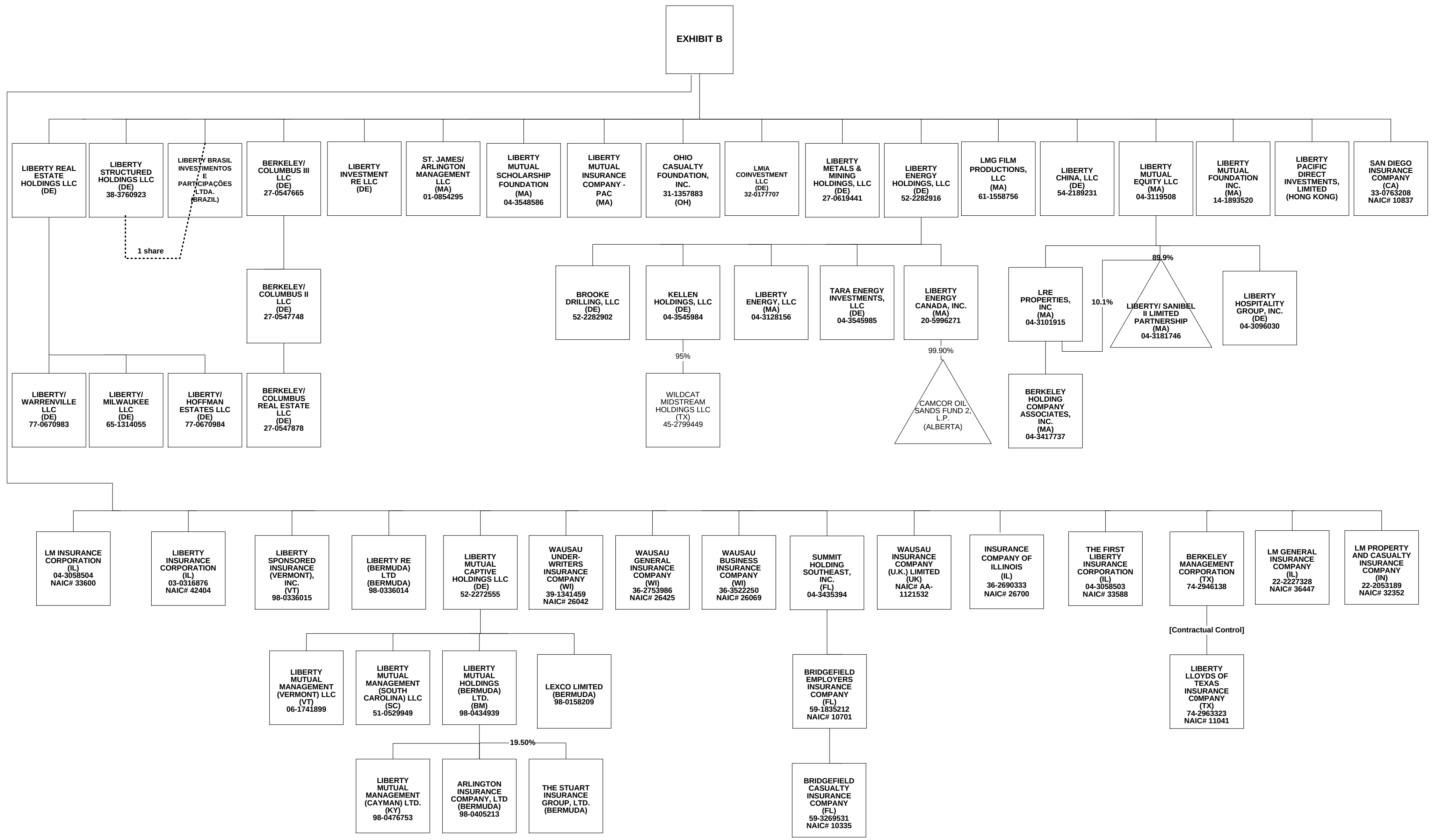

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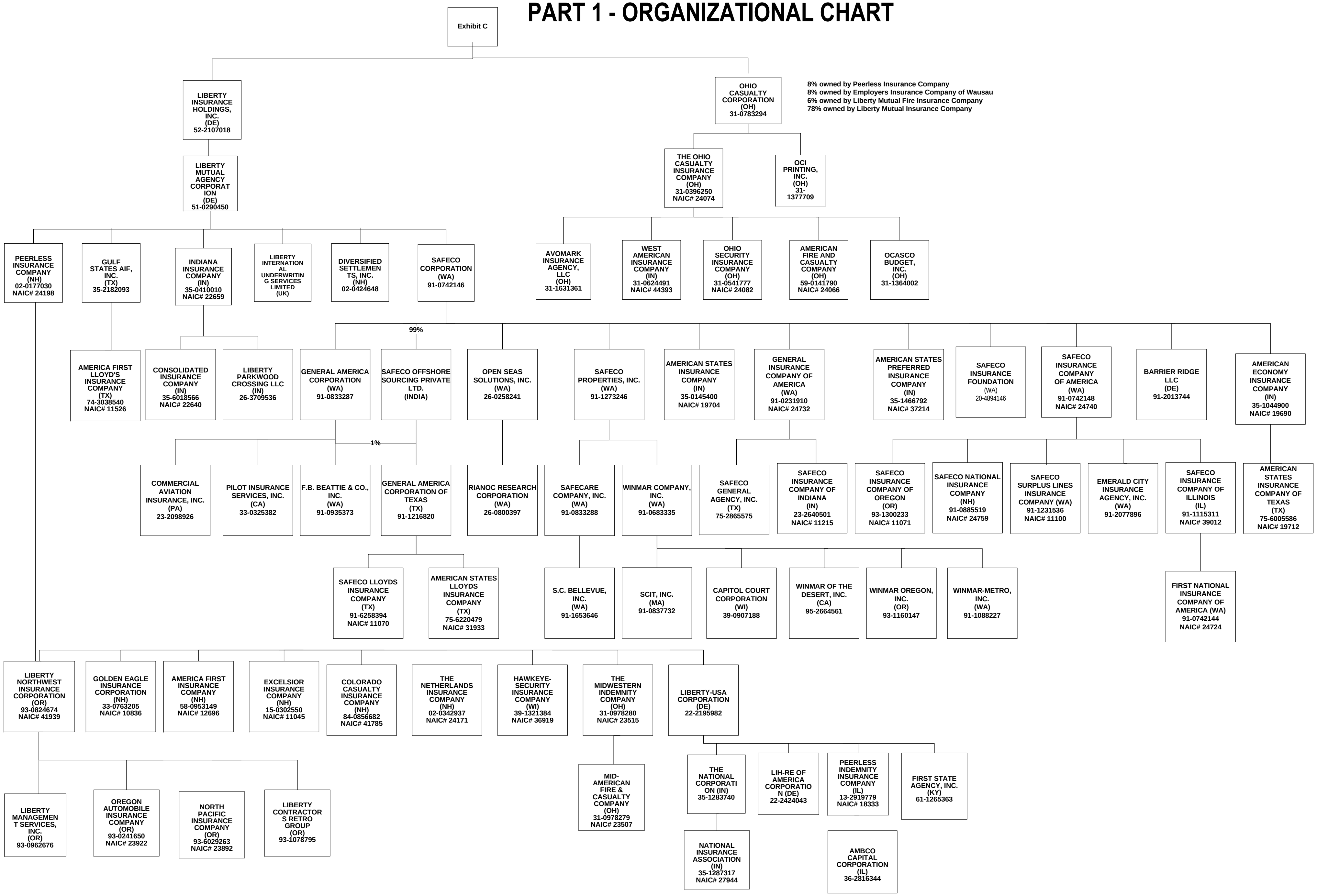

OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Other assets	3,486,511	2,853,361	633,150	394,514
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	3,486,511	2,853,361	633,150	394,514

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES	1 Current Year	2 Prior Year
2504. Retroactive reinsurance reserves	(105,427,021)	(166,491,595)
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	(105,427,021)	(166,491,595)

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT