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, 2012

PROPERTY AND CASUALTY

2012

21458201220100100

ANNUAL STATEMENT

For the Year Ended December 31, 2012
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, US 54401 (City or Town, State, Country and Zip Code)

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

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

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

Internet Web Site Address www.LibertyMutualGroup.com

Statutory Statement Contact 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

James Paul Condrin, III #

	Name	Title
1.	James Paul Condrin, III #	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	Michael Joseph Fallon #	Vice President and Chief Financial Officer
Anthony Alexander Fontanes	Vice President and Chief Investment Officer	Kathryn Mary Winn #	Vice President and General Counsel

DIRECTORS OR TRUSTEES

Kristen Maria Bessette #	James Paul Condrin, III #	John Derek Doyle #	Michael Joseph Fallon #
Michael Henry Hughes #	Dexter Robert Legg	Kathryn Mary Winn #	

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)
James Paul Condrin, III #	Dexter Robert Legg	Laurance Henry Soyer Yahia
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President and Chief Executive Officer	Vice President and Secretary	Vice President and Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to (or affirmed) before me on this
22nd day of January , 2013, by

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

ASSETS

	Current Year 1 Assets	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	2,358,824,894		2,358,824,894	2,346,053,545
2. Stocks (Schedule D):				
2.1 Preferred stocks	39,534,440		39,534,440	33,809,785
2.2 Common stocks	191,984,846		191,984,846	184,561,055
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	95,048,253		95,048,253	71,322,266
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)	17,197,963		17,197,963	19,095,961
4.2 Properties held for the production of income (less $ 0 encumbrances)				
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ 27,653,184, Schedule E - Part 1), cash equivalents ($ 8,269,665, Schedule E - Part 2), and short-term investments ($ 59,036,661, Schedule DA)	94,959,510		94,959,510	55,277,925
6. Contract loans (including $ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	262,914,579		262,914,579	251,987,232
9. Receivables for securities	12,478,340		12,478,340	922,549
10. Securities lending reinvested collateral assets (Schedule DL)	28,304,650		28,304,650	77,211,430
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	3,101,247,475		3,101,247,475	3,040,241,748
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	25,537,658		25,537,658	26,835,764
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	114,425,681	3,042,123	111,383,558	104,335,824
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 635,259 earned but unbilled premiums)	376,832,285	214,244	376,618,041	341,416,351
15.3 Accrued retrospective premiums	26,139,223	2,607,566	23,531,657	32,774,037
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	92,911,628		92,911,628	87,627,977
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	57,627	19,022	38,605	2,267
18.1 Current federal and foreign income tax recoverable and interest thereon	18,793,659		18,793,659	1,370,336
18.2 Net deferred tax asset	135,114,000	25,010,889	110,103,111	86,932,780
19. Guaranty funds receivable or on deposit	1,525,479		1,525,479	1,639,614
20. Electronic data processing equipment and software	82,871		82,871	
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	474,755		474,755	2,188,929
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	81,662,105	3,202,336	78,459,769	70,371,941
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	3,974,804,446	34,096,180	3,940,708,266	3,795,737,568
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	3,974,804,446	34,096,180	3,940,708,266	3,795,737,568

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	51,505,955		51,505,955	47,507,645
2502. Amounts receivable under high deductible policies	17,355,586	24	17,355,562	16,275,993
2503. Equities and deposits in pools and associations	8,185,047		8,185,047	5,955,153
2598. Summary of remaining write-ins for Line 25 from overflow page	4,615,517	3,202,312	1,413,205	633,150
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	81,662,105	3,202,336	78,459,769	70,371,941

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	1,533,247,982	1,420,296,014
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	130,430,776	143,908,141
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	315,686,461	294,381,982
4.	Commissions payable, contingent commissions and other similar charges	10,596,989	8,260,623
5.	Other expenses (excluding taxes, licenses and fees)	41,331,311	33,378,952
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	19,115,386	19,238,959
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))		
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 $ 297,087,016 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)	455,841,915	407,857,552
10.	Advance premium	4,319,712	4,789,922
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	266,169	504,746
12.	Ceded reinsurance premiums payable (net of ceding commissions)	69,126,133	87,394,547
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	5,488,314	10,913,279
14.	Amounts withheld or retained by company for account of others	7,259,381	5,884,287
15.	Remittances and items not allocated		
16.	Provision for reinsurance (including $ 0 certified) (Schedule F, Part 8)	1,483,879	462,852
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding	39,551,182	36,559,486
19.	Payable to parent, subsidiaries and affiliates	41,526,337	16,405,014
20.	Derivatives	2,297,356	
21.	Payable for securities	9,082,360	4,530,938
22.	Payable for securities lending	28,304,650	77,211,430
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	(3,982,389)	(5,046,105)
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	2,710,973,904	2,566,932,619
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	2,710,973,904	2,566,932,619
29.	Aggregate write-ins for special surplus funds	65,541,626	101,080,164
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)	819,192,736	782,724,785
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)	1,229,734,362	1,228,804,949
38.	Totals (Page 2, Line 28, Col. 3)	3,940,708,266	3,795,737,568

	DETAILS OF WRITE-IN LINES		
2501.	Amounts held under uninsured plans	62,704,873	59,807,792
2502.	Other liabilities	34,103,453	40,573,124
2503.	Retroactive reinsurance reserves	(100,790,715)	(105,427,021)
2598.	Summary of remaining write-ins for Line 25 from overflow page		
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(3,982,389)	(5,046,105)
2901.	Special surplus from retroactive reinsurance	65,541,626	65,260,036
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)	65,541,626	101,080,164
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)	986,338,044	872,946,293
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	715,627,547	613,584,861
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	175,397,299	172,598,640
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	312,859,367	236,540,672
5.	Aggregate write-ins for underwriting deductions		(43,829)
6.	Total underwriting deductions (Lines 2 through 5)	1,203,884,213	1,022,680,344
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(217,546,169)	(149,734,051)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	111,049,313	113,303,586
10.	Net realized capital gains (losses) less capital gains tax of $ 10,400,020 (Exhibit of Capital Gains (Losses))	19,314,323	13,009,909
11.	Net investment gain (loss) (Lines 9 + 10)	130,363,636	126,313,495
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 314,127 amount charged off $ 3,901,851)	(3,587,723)	(3,737,559)
13.	Finance and service charges not included in premiums	3,207,520	3,423,880
14.	Aggregate write-ins for miscellaneous income	(3,496,040)	(21,005,021)
15.	Total other income (Lines 12 through 14)	(3,876,243)	(21,318,700)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(91,058,776)	(44,739,256)
17.	Dividends to policyholders	1,968,278	3,254,366
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)	(93,027,054)	(47,993,622)
19.	Federal and foreign income taxes incurred	(45,334,020)	(15,145,335)
20.	Net income (Line 18 minus Line 19) (to Line 22)	(47,693,034)	(32,848,287)
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,228,804,949	1,310,541,122
22.	Net income (from Line 20)	(47,693,034)	(32,848,287)
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ 6,509,426	16,457,016	(6,791,541)
25.	Change in net unrealized foreign exchange capital gain (loss)	2,932,520	(3,512,394)
26.	Change in net deferred income tax	27,438,426	19,814,598
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	38,635,640	(45,035,167)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(1,021,027)	17,634
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)	35,820,128
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	929,413	(81,736,173)
39.	Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	1,229,734,362	1,228,804,949

	DETAILS OF WRITE-IN LINES		
0501.	Private passenger auto escrow		(43,829)
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)
1401.	Other income/(expense)	(1,018,825)	(9,968,687)
1402.	Retroactive reinsurance gain/(loss)	(2,477,215)	(11,036,334)
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(3,496,040)	(21,005,021)
3701.	SSAP 10R incremental change	(35,820,128)	35,820,128
3702.			
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(35,820,128)	35,820,128

CASH FLOW

		1	2
	Cash from Operations	Current Year	Prior Year
1.	Premiums collected net of reinsurance	983,530,027	860,559,637
2.	Net investment income	120,032,512	121,735,263
3.	Miscellaneous income	(11,497,597)	(26,348,719)
4.	Total (Lines 1 through 3)	1,092,064,942	955,946,181
5.	Benefit and loss related payments	615,771,145	583,772,066
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	456,805,153	382,364,863
8.	Dividends paid to policyholders	2,206,855	3,267,391
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	(17,510,677)	2,526,270
10.	Total (Lines 5 through 9)	1,057,272,476	971,930,590
11.	Net cash from operations (Line 4 minus Line 10)	34,792,466	(15,984,409)
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	628,063,321	354,671,907
12.2	Stocks	323,067	21,908,744
12.3	Mortgage loans	4,286,166	6,263,808
12.4	Real estate		
12.5	Other invested assets	263,908,803	199,651,688
12.6	Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds	(12,710,920)	606,890
12.8	Total investment proceeds (Lines 12.1 to 12.7)	883,870,437	583,103,037
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	629,313,925	419,171,661
13.2	Stocks	4,243,368	87,778
13.3	Mortgage loans	28,281,760	3,961,046
13.4	Real estate	203,609	981,816
13.5	Other invested assets	197,371,281	228,349,357
13.6	Miscellaneous applications	(4,551,421)	(4,530,938)
13.7	Total investments acquired (Lines 13.1 to 13.6)	854,862,522	648,020,720
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)	29,007,915	(64,917,683)
	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)	(24,118,796)	107,352,558
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(24,118,796)	57,352,558
	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)	39,681,585	(23,549,534)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	55,277,925	78,827,459
19.2	End of year (Line 18 plus Line 19.1)	94,959,510	55,277,925

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

20.0001	13.1 Cost of Investment Acquired - Bonds		14,340,000
20.0002	13.5 Cost of Investment Acquired - Other Invested Assets	813,758	476,297
20.0003	12.1 - Proceeds from investments sold, matured or repaid - Bonds		6,480,000
20.0004	12.2 - Proceeds from investments sold, matured or repaid - Stocks		7,860,000
20.0005	12.3 - Proceeds from investments sold, matured or repaid - Mortgage loans		476,297
20.0006	12.4 - Proceeds from investments sold, matured or repaid - Mortgage loans	813,758	

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	28,341,288	10,507,395	12,727,373	26,121,310
2. Allied lines	11,521,325	5,194,103	5,747,187	10,968,241
3. Farmowners multiple peril	147,622	12,197	13,612	146,207
4. Homeowners multiple peril	157,599,615	69,582,693	95,067,409	132,114,899
5. Commercial multiple peril	23,961,444	13,306,358	12,595,573	24,672,229
6. Mortgage guaranty				
8. Ocean marine	4,116,735	1,654,202	1,786,761	3,984,176
9. Inland marine	42,768,112	4,311,936	4,567,417	42,512,631
10. Financial guaranty				
11.1 Medical professional liability—occurrence	3,148,775	1,663,192	1,655,115	3,156,852
11.2 Medical professional liability—claims-made	368,845	68,875	123,739	313,981
12. Earthquake	4,201,791	1,515,785	1,994,618	3,722,958
13. Group accident and health	54,375			54,375
14. Credit accident and health (group and individual)				
15. Other accident and health	52,811	5,308	4,798	53,321
16. Workers' compensation	242,666,087	6,997,191	15,744,372	233,918,906
17.1 Other liability—occurrence	73,584,657	30,043,425	31,604,001	72,024,081
17.2 Other liability—claims-made	24,812,612	11,836,537	13,617,263	23,031,886
17.3 Excess workers' compensation	6,200,822	2,910,427	3,202,747	5,908,502
18.1 Products liability—occurrence	10,783,328	6,645,963	6,718,432	10,710,859
18.2 Products liability—claims-made	530,281	97,818	107,402	520,697
19.1,19.2 Private passenger auto liability	234,908,243	110,068,363	119,260,809	225,715,797
19.3,19.4 Commercial auto liability	35,059,951	14,656,908	15,323,484	34,393,375
21. Auto physical damage	106,096,376	75,760,145	82,893,129	98,963,392
22. Aircraft (all perils)	3,423,966	948,496	735,530	3,636,932
23. Fidelity	973,288	350,525	441,556	882,257
24. Surety	475,730	196,424	443,906	228,248
26. Burglary and theft	32,733	8,593	15,790	25,536
27. Boiler and machinery	2,450,128	989,592	1,093,003	2,346,717
28. Credit	147,553		76,319	71,234
29. International				
30. Warranty	520,000		445,674	74,326
31. Reinsurance-nonproportional assumed property	22,747,339	1,878,144	1,990,424	22,635,059
32. Reinsurance-nonproportional assumed liability	2,786,173	626,735	326,432	3,086,476
33. Reinsurance-nonproportional assumed financial lines	2,489			2,489
34. Aggregate write-ins for other lines of business				
35. TOTALS	1,044,484,494	371,837,330	430,323,875	985,997,949

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	12,539,737	187,636			12,727,373
2. Allied lines	5,693,967	53,221			5,747,188
3. Farmowners multiple peril	13,612				13,612
4. Homeowners multiple peril	95,067,409				95,067,409
5. Commercial multiple peril	11,945,976	649,596			12,595,572
6. Mortgage guaranty					
8. Ocean marine	1,555,696	231,064			1,786,760
9. Inland marine	3,039,054	1,528,362			4,567,416
10. Financial guaranty					
11.1 Medical professional liability—occurrence	1,640,107	15,008			1,655,115
11.2 Medical professional liablity—claims-made	123,119	620			123,739
12. Earthquake	1,975,922	18,696			1,994,618
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	4,798				4,798
16. Workers' compensation	40,839,272	1,084,862		(26,179,762)	15,744,372
17.1 Other liability—occurrence	26,363,870	5,334,708		(94,577)	31,604,001
17.2 Other liability—claims-made	10,406,309	3,210,954			13,617,263
17.3 Excess workers' compensation	2,716,640	486,107			3,202,747
18.1 Products liability—occurrence	3,563,327	3,106,333		48,771	6,718,431
18.2 Products liability—claims-made	107,402				107,402
19.1,19.2 Private passenger auto liability	119,126,597	134,212			119,260,809
19.3,19.4 Commercial auto liability	14,294,136	321,822		707,526	15,323,484
21. Auto physical damage	82,799,358	93,771			82,893,129
22. Aircraft (all perils)	735,530				735,530
23. Fidelity	424,253	17,303			441,556
24. Surety	(6,111)	450,016			443,905
26. Burglary and theft	15,790				15,790
27. Boiler and machinery	1,075,859	17,144			1,093,003
28. Credit	76,319				76,319
29. International					
30. Warranty		445,674			445,674
31. Reinsurance-nonproportional assumed property	1,990,424				1,990,424
32. Reinsurance-nonproportional assumed liability	320,000	6,432			326,432
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	438,448,372	17,393,541		(25,518,042)	430,323,871
36. Accrued retrospective premiums based on experience					25,518,042
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					455,841,913

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	403,123	28,354,777	152,788	557,047	12,352	28,341,289
2. Allied lines	282,598	11,552,241	78,304	384,083	7,735	11,521,325
3. Farmowners multiple peril		147,622				147,622
4. Homeowners multiple peril	791,294	157,599,615	7,287	698,447	100,134	157,599,615
5. Commercial multiple peril	28,444,686	112,611,621		116,637,291	457,572	23,961,444
6. Mortgage guaranty						
8. Ocean marine		4,116,735				4,116,735
9. Inland marine	54,267	43,006,910		292,065	1,000	42,768,112
10. Financial guaranty						
11.1 Medical professional liability--occurrence		3,148,775				3,148,775
11.2 Medical professional liability--claims-made		368,845				368,845
12. Earthquake	411,952	4,854,157		1,064,318		4,201,791
13. Group accident and health	2,100	54,375		2,100		54,375
14. Credit accident and health (group and individual)						
15. Other accident and health		52,811				52,811
16. Workers' compensation	201,889,651	769,210,571	34,639,466	734,612,846	28,460,755	242,666,087
17.1 Other liability—occurrence	23,544,583	159,079,743	506	106,402,264	2,637,912	73,584,656
17.2 Other liability—claims-made	457,834	24,812,612		457,834		24,812,612
17.3 Excess workers' compensation		6,175,748		(25,074)		6,200,822
18.1 Products liability—occurrence	1,723,368	27,079,184		18,019,224		10,783,328
18.2 Products liability—claims-made		530,281				530,281
19.1,19.2 Private passenger auto liability		234,908,247				234,908,247
19.3,19.4 Commercial auto liability	12,959,969	150,814,102	363,382	126,725,889	2,351,613	35,059,951
21. Auto physical damage	3,189,142	130,633,946	3,729	27,610,480	119,961	106,096,376
22. Aircraft (all perils)		3,423,966				3,423,966
23. Fidelity	107,464	1,197,547		331,723		973,288
24. Surety	32,037	475,805		32,112		475,730
26. Burglary and theft	72,465	204,691		244,427		32,729
27. Boiler and machinery	980	2,452,157		3,009		2,450,128
28. Credit		147,553				147,553
29. International						
30. Warranty		520,000				520,000
31. Reinsurance-nonproportional assumed property	X X X	22,747,339				22,747,339
32. Reinsurance-nonproportional assumed liability	X X X	2,786,173	4,052		4,052	2,786,173
33. Reinsurance-nonproportional assumed financial lines	X X X	2,489				2,489
34. Aggregate write-ins for other lines of business						
35. TOTALS	274,367,513	1,903,070,638	35,249,514	1,134,050,085	34,153,086	1,044,484,494

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

Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	(229)	17,943,166	36,475	17,906,462	21,168,028	12,125,331	26,949,159	103.169
2. Allied lines	198,050	5,875,850	245,447	5,828,453	6,865,842	4,535,804	8,158,491	74.383
3. Farmowners multiple peril		3,075		3,075			3,075	2.103
4. Homeowners multiple peril		78,179,345	4,686	78,174,659	36,524,829	33,067,599	81,631,889	61.789
5. Commercial multiple peril	23,997,582	65,633,501	74,208,823	15,422,260	29,720,502	27,618,190	17,524,572	71.030
6. Mortgage guaranty								
8. Ocean marine		1,292,140		1,292,140	5,249,477	4,725,717	1,815,900	45.578
9. Inland marine	101,540	28,600,529	345,273	28,356,796	7,122,238	4,707,287	30,771,747	72.383
10. Financial guaranty								
11.1 Medical professional liability—occurrence		104,053		104,053	3,260,420	3,431,096	(66,623)	(2.110)
11.2 Medical professional liability—claims-made		1,618		1,618	362,265	634,439	(270,556)	(86.170)
12. Earthquake		7,683		7,683	205,996	15,056	198,623	5.335
13. Group accident and health	781,400	41,063	781,400	41,063	189,731	197,741	33,053	60.787
14. Credit accident and health (group and individual)								
15. Other accident and health		19,263		19,263	142,459	148,368	13,354	25.045
16. Workers' compensation	200,157,470	710,145,462	754,177,897	156,125,035	861,541,287	805,201,904	212,464,418	90.828
17.1 Other liability—occurrence	45,846,899	80,979,634	80,050,904	46,775,629	175,392,019	152,260,441	69,907,207	97.061
17.2 Other liability—claims-made	17,770	5,744,295	17,770	5,744,295	43,247,918	37,208,887	11,783,326	51.161
17.3 Excess workers' compensation	772,621	1,664,500	772,621	1,664,500	43,265,719	39,585,249	5,344,970	90.462
18.1 Products liability—occurrence	39,212,029	12,191,286	47,581,171	3,822,144	32,274,653	34,363,748	1,733,049	16.180
18.2 Products liability—claims-made	392,873	37,299	392,873	37,299	2,280,098	1,916,701	400,696	76.954
19.1,19.2 Private passenger auto liability	304	137,081,363	597	137,081,070	162,886,652	157,916,045	142,051,677	62.934
19.3,19.4 Commercial auto liability	27,034,213	122,768,292	123,787,038	26,015,467	44,482,986	45,991,330	24,507,123	71.255
21. Auto physical damage	1,735,938	88,029,448	24,886,354	64,879,032	(1,822,594)	1,002,178	62,054,260	62.704
22. Aircraft (all perils)		2,716,393		2,716,393	3,761,200	4,013,469	2,464,124	67.753
23. Fidelity	(97,224)	125,964	(94,072)	122,812	2,175,353	1,884,213	413,952	46.920
24. Surety	712,334	(9,677)	712,334	(9,677)	118,002	93,942	14,383	6.301
26. Burglary and theft	212,204	53,066	233,381	31,889	22,453	25,247	29,095	113.937
27. Boiler and machinery		1,530,427		1,530,427	862,169	392,489	2,000,107	85.230
28. Credit					54,334	2,231	52,103	73.143
29. International								
30. Warranty					30,692	(1,901)	32,593	43.851
31. Reinsurance-nonproportional assumed property	X X X	5,020,683		5,020,683	20,545,477	12,837,297	12,728,863	56.235
32. Reinsurance-nonproportional assumed liability	X X X	31,250,629	26,735,745	4,514,884	30,934,582	34,029,424	1,420,042	46.009
33. Reinsurance-nonproportional assumed financial lines	X X X	54,638		54,638	383,196	366,494	71,340	2866.211
34. Aggregate write-ins for other lines of business								
35. TOTALS	341,075,774	1,397,084,988	1,134,876,717	603,284,045	1,533,247,983	1,420,296,016	716,236,012	72.641

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

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

Line of Business	Reported Losses: 1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Incurred But Not Reported: 5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
1. Fire	3,503	14,857,071	87,440	14,773,134	1,698,473	6,481,623	1,785,203	21,168,027	1,699,690
2. Allied lines	197	5,030,907	6,588	5,024,516	9,562	1,881,792	50,028	6,865,842	1,041,635
3. Farmowners multiple peril									
4. Homeowners multiple peril		19,072,201	1,525	19,070,676	24,355	17,455,032	25,233	36,524,830	9,713,233
5. Commercial multiple peril	19,097,155	78,886,112	76,775,962	21,207,305	19,042,610	55,550,149	66,079,563	29,720,501	11,225,663
6. Mortgage guaranty									
8. Ocean marine		2,942,496		2,942,496	20,570	2,306,981	20,570	5,249,477	795,528
9. Inland marine		2,416,823	93,001	2,323,822	120,961	4,955,740	278,285	7,122,238	900,350
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		166,201		166,201		3,094,219		3,260,420	96,842
11.2 Medical professional liablity—claims-made		38,626		38,626		323,639		362,265	162,222
12. Earthquake		37,140		37,140		371,006	202,151	205,995	120,792
13. Group accident and health	3,365,619	161,386	3,365,619	161,386		28,345		(a) 189,731	15,135
14. Credit accident and health (group and individual)									
15. Other accident and health		42,512		42,512		99,947		(a) 142,459	9,766
16. Workers' compensation	789,659,906	1,429,256,909	1,772,069,758	446,847,057	367,780,898	1,184,034,538	1,137,121,207	861,541,286	125,152,549
17.1 Other liability—occurrence	61,935,295	136,759,908	128,528,652	70,166,551	231,190,447	137,701,862	263,666,841	175,392,019	68,989,520
17.2 Other liability—claims-made	4,644	8,972,239	4,644	8,972,239	2,070,321	34,275,679	2,070,321	43,247,918	13,625,915
17.3 Excess workers' compensation	11,013,977	17,487,577	11,013,977	17,487,577	2,399,886	25,781,190	2,402,934	43,265,719	4,388,708
18.1 Products liability—occurrence	103,994,282	13,351,186	111,439,411	5,906,057	179,776,043	49,211,786	202,619,233	32,274,653	19,704,225
18.2 Products liability—claims-made	552,111	67,280	552,111	67,280	66,484	2,212,818	66,484	2,280,098	1,407,309
19.1,19.2 Private passenger auto liability	215	98,020,669	348	98,020,536		64,866,116		162,886,652	38,048,357
19.3,19.4 Commercial auto liability	93,435,195	138,388,656	203,071,394	28,752,457	4,485,688	67,851,834	56,606,994	44,482,985	9,323,633
21. Auto physical damage		101,205	11,333	89,872		(1,890,260)	22,205	(1,822,593)	5,044,774
22. Aircraft (all perils)		2,571,915		2,571,915	57,787	1,189,284	57,787	3,761,199	983,356
23. Fidelity	8,778	398,679	165,778	241,679	100,144	2,037,083	203,553	2,175,353	335,737
24. Surety	(310,544)	36,880	(310,544)	36,880	7,513	81,122	7,513	118,002	206,243
26. Burglary and theft	11	3,316	892	2,435	(146,419)	88,860	(77,577)	22,453	21,038
27. Boiler and machinery		410,114		410,114	90,535	455,912	94,393	862,168	68,195
28. Credit						54,334		54,334	
29. International									
30. Warranty						30,692		30,692	16,608
31. Reinsurance-nonproportional assumed property	XXX	7,961,361		7,961,361	XXX	12,584,116		20,545,477	229,691
32. Reinsurance-nonproportional assumed liability	XXX	120,214,119	112,259,050	7,955,069	XXX	319,039,543	296,060,030	30,934,582	2,345,984
33. Reinsurance-nonproportional assumed financial lines	XXX	383,851		383,851	XXX	(654)		383,197	13,765
34. Aggregate write-ins for other lines of business									
35. TOTALS	1,082,760,344	2,098,037,339	2,419,136,939	761,660,744	808,795,858	1,992,154,328	2,029,362,951	1,533,247,979	315,686,463

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	183,539,451			183,539,451
1.2 Reinsurance assumed	200,133,831			200,133,831
1.3 Reinsurance ceded	293,144,503			293,144,503
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	90,528,779			90,528,779
2. Commission and brokerage:				
2.1 Direct, excluding contingent		26,515,257		26,515,257
2.2 Reinsurance assumed, excluding contingent		54,161,473		54,161,473
2.3 Reinsurance ceded, excluding contingent		109,924,911		109,924,911
2.4 Contingent—direct		1,927,668		1,927,668
2.5 Contingent—reinsurance assumed		15,023,074		15,023,074
2.6 Contingent—reinsurance ceded		6,059,432		6,059,432
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)		(18,356,871)		(18,356,871)
3. Allowances to manager and agents		18,984,600		18,984,600
4. Advertising	563,018	25,688,356	5,562	26,256,936
5. Boards, bureaus and associations	233,625	2,129,952	281	2,363,858
6. Surveys and underwriting reports	1,624	3,367,644	97,014	3,466,282
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	44,925,588	113,615,483	3,521,630	162,062,701
8.2 Payroll taxes	2,250,439	10,259,641	22,804	12,532,884
9. Employee relations and welfare	10,926,622	47,971,804	171,455	59,069,881
10. Insurance	9,648,852	1,563,027	81,183	11,293,062
11. Directors' fees	63	285	1	349
12. Travel and travel items	3,674,407	7,664,142	132,499	11,471,048
13. Rent and rent items	2,396,637	10,704,244	42,138	13,143,019
14. Equipment	1,403,715	4,209,911	60,343	5,673,969
15. Cost or depreciation of EDP equipment and software	1,646,054	5,648,939	119,892	7,414,885
16. Printing and stationery	439,542	1,880,013	10,006	2,329,561
17. Postage, telephone and telegraph, exchange and express	1,322,001	6,491,206	114,480	7,927,687
18. Legal and auditing	354,106	2,159,235	309,101	2,822,442
19. Totals (Lines 3 to 18)	79,786,293	262,338,482	4,688,389	346,813,164
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 439,832		38,581,976		38,581,976
20.2 Insurance department licenses and fees		2,067,858		2,067,858
20.3 Gross guaranty association assessments		412,926		412,926
20.4 All other (excluding federal and foreign income and real estate)		1,807,613		1,807,613
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		42,870,373		42,870,373
21. Real estate expenses			2,915,361	2,915,361
22. Real estate taxes			714,673	714,673
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	5,078,130	26,007,384	1,020,265	32,105,779
25. Total expenses incurred	175,393,202	312,859,368	9,338,688	(a) 497,591,258
26. Less unpaid expenses—current year	315,686,461	70,274,730	768,956	386,730,147
27. Add unpaid expenses—prior year	294,381,982	59,758,137	1,120,396	355,260,515
28. Amounts receivable relating to uninsured plans, prior year		2,267		2,267
29. Amounts receivable relating to uninsured plans, current year		38,605		38,605
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	154,088,723	302,379,113	9,690,128	466,157,964

DETAILS OF WRITE-IN LINES				
2401. Other expenses	5,078,130	26,007,384	1,020,265	32,105,779
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)	5,078,130	26,007,384	1,020,265	32,105,779

(a) Includes management fees of $ 234,135,468 to affiliates and $ 23,048,533 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 7,009,730	7,358,407
1.1	Bonds exempt from U.S. tax	(a) 31,377,764	31,481,060
1.2	Other bonds (unaffiliated)	(a) 68,740,091	66,869,728
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 1,822,024	1,822,024
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	245	245
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c) 5,041,999	5,141,410
4.	Real estate	(d) 6,531,368	6,531,368
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 175,630	177,597
7.	Derivative instruments	(f) 54,739	78,482
8.	Other invested assets	2,653,589	2,653,589
9.	Aggregate write-ins for investment income	375,699	375,699
10.	Total gross investment income	123,782,878	122,489,609
11.	Investment expenses		(g) 9,338,689
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 2,101,607
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		11,440,296
17.	Net investment income (Line 10 minus Line 16)		111,049,313

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)	375,699	375,699
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)	375,699	375,699
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 $ 1,484,261 accrual of discount less $ 7,641,684 amortization of premium and less $ 1,498,590 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 $ 39,896 paid for accrued interest on purchases.
(d) Includes $ 6,282,188 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.
(e) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.
(f) Includes $ 0 accrual of discount less $ 0 amortization of premium.
(g) Includes $ 0 investment expenses and $ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ 0 interest on surplus notes and $ 0 interest on capital notes.
(i) Includes $ 2,101,607 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	(20,849)		(20,849)		
1.1	Bonds exempt from U.S. tax	368,772		368,772		
1.2	Other bonds (unaffiliated)	10,837,784	(4,417,851)	6,419,933	10,719,194	191,116
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)				5,724,655	
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	(519,498)		(519,498)	164,399	
2.21	Common stocks of affiliates				3,858,593	
3.	Mortgage loans	(265,565)		(265,565)	(4,042)	
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					21
7.	Derivative instruments	(1,377,205)		(1,377,205)	(2,297,356)	
8.	Other invested assets	33,046,496	(7,937,740)	25,108,756	4,801,001	952,750
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	42,069,935	(12,355,591)	29,714,344	22,966,444	1,143,887

	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	3,042,123	3,054,659	12,536
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	214,244	41,636	(172,608)
15.3 Accrued retrospective premiums	2,607,566	3,661,796	1,054,230
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	19,022	958	(18,064)
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	25,010,889	27,252,220	2,241,331
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	3,202,336	2,853,361	(348,975)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	34,096,180	36,864,630	2,768,450
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	34,096,180	36,864,630	2,768,450

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	3,202,312	2,853,361	(348,951)
2502. Amounts receivable under high deductible policies	24		(24)
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	3,202,336	2,853,361	(348,975)

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 $27,138,400.

	State of Domicile	2011	2012
SURPLUS			
EICOW state basis (Page 3, Line 37, Columns 1 & 2)	WI	$ 1,228,804,949	$ 1,229,734,362
Credit for Reinsurance from Unauthorized Insurers		34,768,200	27,138,400
NAIC SAP		$ 1,263,573,149	$ 1,254,084,238

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 2012.

NOTES TO FINANCIAL STATEMENTS

13. The Company has no pharmaceutical rebate receivables.

Note 2 - Accounting Changes and Correction of Errors

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

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

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, 2012; goodwill is being amortized over ten years.

B. Statutory Mergers

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

C. Impairment Loss

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

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

1. The maximum and minimum lending rates for commercial mortgage loans during 2012 were 10.00% and 4.13% respectively.

2. During 2012, the Company did not reduced interest rates of outstanding mortgage loans.

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

		Current Year	Prior Year
4.	As of year end, the Company held mortgages with interest more than 180 days past due with a recorded investment excluding accrued interest	$220,521	$136,285
	a. Total interest due on mortgages with interest more than 180 days past due	$10,005	$16,033
5.	Taxes, assessments and any amounts advanced and not included in the mortgage loan total	$9,109	$12,517
6.	Current year impaired loans with a related allowance for credit losses	$1,263,929	$1,231,895
	a. Related allowance for credit losses	$525,167	$521,125
7.	Impaired Mortgage loans without an allowance for credit losses	$132,044	$ -
8.	Average recorded investment in impaired loans	$32,408	$37,330
9.	Amount of interest income recognized within that period that the loans were impaired	$30,442	$19,856
10.	Amount of interest income recognized on a cash basis during the time within that period the loans were impaired	$38,980	$19,856
11.	Allowance for credit losses:		
	a. Balance at beginning of period	$521,125	$379,286
	b. Additions charged to operations	$295,492	$408,585
	c. Direct write-downs charged against the allowances	$291,450	$266,746
	d. Recoveries of amounts previously charged off	$ -	$ -
	e. Balance at end of period	$525,167	$521,125

12. The Company recognizes interest income on its impaired loans upon receipt.

NOTES TO FINANCIAL STATEMENTS

B. Troubled Debt Restructuring for Creditors

	Current Year	Prior Year
1. The total recorded investment in restructured loans, as of year end	$1,224,599	$1,998,514
2. The realized capital losses related to these loans	$ -	$ -
3. Total contractual commitments to extend credit to debtors owing receivables whose terms have been modified in troubled debt restructurings	$ -	$ -

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

C. Reverse Mortgages

The Company has no reverse mortgages.

D. 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 2012 as of December 31, 2012: None

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

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other-than-temporary impairment	Amortized cost after other-than-temporary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Report
021468AD5	2,927,593	2,581,029	346,564	2,581,029	1,843,097	6/31/2009
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
021468AD5	1,991,125	1,978,682	12,443	1,978,682	1,695,110	3/31/2012
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
02147XAL1	9,415,738	9,246,162	169,576	9,246,162	7,864,750	3/31/2012
02147XAL1	9,032,482	8,844,211	188,271	8,844,211	7,667,143	6/30/2012
02147XAL1	8,621,290	8,546,045	75,245	8,546,045	8,631,257	9/30/2012
02147XAL1	8,275,842	8,275,740	103	8,275,740	8,235,753	12/31/2012
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
02147YAF2	1,870,145	1,821,887	48,259	1,821,887	1,596,005	3/31/2012
02147YAF2	1,771,878	1,744,245	27,634	1,744,245	1,523,325	6/30/2012
02147YAF2	1,678,380	1,663,990	14,390	1,663,990	1,590,613	9/30/2012
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
02147YAH8	7,466,831	7,273,980	192,851	7,273,980	6,374,898	3/31/2012
02147YAH8	7,074,320	6,963,944	110,376	6,963,944	6,084,597	6/30/2012
02147YAH8	6,700,982	6,643,247	57,735	6,643,247	6,353,364	9/30/2012
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

NOTES TO FINANCIAL STATEMENTS

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
74922EAG4	2,993,558	2,949,114	44,444	2,949,114	2,680,174	3/31/2012
32056FAC6	4,321,256	3,941,973	379,283	3,941,973	3,901,366	6/30/2012

4. All impaired Loan Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2012:

a. The aggregate amount of unrealized losses:			
	1. Less than 12 Months	$	(56,458)
	2. 12 Months or Longer	$	(1,220,708)
b. The aggregate related fair value of securities with unrealized losses:			
	3. Less than 12 Months	$	6,239,441
	4. 12 Months or Longer	$	22,820,615

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 has not entered into any repurchase agreements during the year. Refer to Note 17B for the policy on requiring collateral related to securities lending.

2. The Company has not pledged any of its assets as collateral as of December 31, 2012.

3. Aggregate Amount of Contractually open cash collateral positions:

a. Aggregate Amount Cash Collateral Received

	Fair Value
1. Repurchase Agreement	
(a) Open	$ -
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	-
(g) Securities Received	-
(h) Total Collateral Received	$ -
2. Securities Lending	
(a) Open	$ 28,304,650
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	28,304,650
(g) Securities Received	2,870,263
(h) Total Collateral Received	$ 31,174,913
3. Dollar Repurchase Agreement	
(a) Open	$ -
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	-
(g) Securities Received	-
(h) Total Collateral Received	$ -

b. The aggregate fair value of all securities acquired from the sale, trade or use of the accepted collateral (reinvested collateral) $ 28,304,650

NOTES TO FINANCIAL STATEMENTS

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

4. Securities Lending Transactions Administered by an Affiliated Agent

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

5. Collateral Reinvestment

a. Aggregate Amount Cash Collateral Reinvested

	Amortized Cost	Fair Value
1. Repurchase Agreement		
(a) Open	$ -	$ -
(b) 30 Days or Less	-	-
(c) 31 to 60 Days	-	-
(d) 61 to 90 Days	-	-
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	-	-
(l) Securities Received	-	-
(m) Total Collateral Reinvested	$ -	$ -
2. Securities Lending		
(a) Open	$ -	$ -
(b) 30 Days or Less	4,345,619	4,345,619
(c) 31 to 60 Days	11,062,039	11,061,918
(d) 61 to 90 Days	12,902,838	12,897,113
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	28,310,496	28,304,650
(l) Securities Received	-	-
(m) Total Collateral Reinvested	$ 28,310,496	$ 28,304,650
3. Dollar Repurchase Agreement		
(a) Open	$ -	$ -
(b) 30 Days or Less	-	-
(c) 31 to 60 Days	-	-
(d) 61 to 90 Days	-	-
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	-	-
(l) Securities Received	-	-
(m) Total Collateral Reinvested	$ -	$ -

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

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.

NOTES TO FINANCIAL STATEMENTS

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 $7,937,739 during the year.

Note 7 - Investment Income

A. Accrued Investment Income

The Company does not admit investment income due and accrued if amounts are over 90 days past due (over 180 days for mortgage loans in default).

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2012.

Note 8 - Derivative Instruments

The Company has a Derivative Use Policy, which was approved in 2011 by the state of New York 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 immaterial to the underlying investment portfolio.

Beginning in July 2012, the Company, as part of its risk management program, diversification, and economic hedging strategies, entered into total return swap agreements with notional amounts totaling $62,500,000. As of December 31, 2012, the losses on these contracts totaled $3,674,652. Of this total, one position with notional amounts totaling $21,300,000 matured in December 2012 with realized losses of $1,377,205. The remaining losses $2,297,356 are attributable to the unrealized loss on the open positions. The remaining contracts expire at various points during 2013, with the last contract expiring in September 2013.

Note 9 - Income Taxes

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

1.

	12/31/2012		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross Deferred Tax Assets	$ 149,305,800	$ 21,991,200	$ 171,297,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	149,305,800	21,991,200	171,297,000
(d) Deferred Tax Assets Nonadmitted	4,029,592	20,981,296	25,010,888
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	145,276,208	1,009,904	146,286,112
(f) Deferred Tax Liabilities	36,110,830	72,170	36,183,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 109,165,378	$ 937,734	$ 110,103,112

NOTES TO FINANCIAL STATEMENTS

	12/31/2011		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross Deferred Tax Assets	$ 124,989,094	$ 28,255,906	$ 153,245,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	124,989,094	28,255,906	153,245,000
(d) Deferred Tax Assets Nonadmitted	-	27,252,220	27,252,220
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	124,989,094	1,003,686	125,992,780
(f) Deferred Tax Liabilities	39,060,000	-	39,060,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 85,929,094	$ 1,003,686	$ 86,932,780

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	$ 24,316,706	$(6,264,706)	$ 18,052,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	24,316,706	(6,264,706)	18,052,000
(d) Deferred Tax Assets Nonadmitted	4,029,592	(6,270,924)	(2,241,332)
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	20,287,114	6,218	20,293,332
(f) Deferred Tax Liabilities	(2,949,170)	72,170	(2,877,000)
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 23,236,284	$ (65,952)	$ 23,170,332

2.

	12/31/2012		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	$ -	$ -	$ -
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	109,165,378	937,734	110,103,112
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	109,165,378	937,734	110,103,112
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			155,155,907
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	36,110,830	72,170	36,183,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	$ 145,276,208	$ 1,009,904	$ 146,286,112

	12/31/2011		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	$ -	$ -	$ -
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	91,736,644	1,003,686	92,740,330
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	91,736,644	1,003,686	92,740,330
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			158,180,061
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	33,252,450	-	33,252,450
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	$ 124,989,094	$ 1,003,686	$ 125,992,780

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	$ -	$ -	$ -
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	17,428,734	(65,952)	17,362,782
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	17,428,734	(65,952)	17,362,782
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			(3,024,154)
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	2,858,380	72,170	2,930,550
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ 20,287,114	$ 6,218	$ 20,293,332

3.

	2012	2011
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	516.11%	578.53%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	1,119,631,251	1,141,872,169

4.

	12/31/2012			12/31/2011			Change		
	(1) Ordinary Percent	(2) Capital Percent	(3) (Col 1+2) Total Percent	(4) Ordinary Percent	(5) Capital Percent	(6) (Col 4+5) Total Percent	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital Percent	(9) (Col 7+8) Total Percent
Impact of Tax-Planning Strategies									
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%	13%	0%	13%	(13)%	0%	(13)%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0%	0%	0%	23%	0%	23%	(23)%	0%	(23)%

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

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

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

	(1) 12/31/2012	(2) 12/31/2011	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	$ (45,334,020)	$ (15,145,335)	$ (30,188,685)
(b) Foreign	-	-	-
(c) Subtotal	(45,334,020)	(15,145,335)	(30,188,685)
(d) Federal income tax on net capital gains	10,400,020	7,005,335	3,394,685
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	$ (34,934,000)	$ (8,140,000)	$ (26,794,000)
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	$ 46,706,000	$ 41,500,000	$ 5,206,000
(2) Unearned premium reserve	36,960,000	33,931,000	3,029,000
(3) Policyholder reserves	-	-	-
(4) Investments	2,324,000	2,257,000	67,000
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-

NOTES TO FINANCIAL STATEMENTS

(7) Fixed Assets	-	-	-
(8) Compensation and benefits accrual	5,590,000	4,917,000	673,000
(9) Pension accrual	-	-	-
(10) Receivables – nonadmitted	3,180,000	3,364,000	(184,000)
(11) Net operating loss carry-forward	41,639,000	24,738,000	16,901,000
(12) Tax credit carry-forward	4,054,000	4,054,000	-
(13) Other (including items <5% of total ordinary tax assets)	8,852,800	10,228,094	(1,375,294)
(99) Subtotal	149,305,800	124,989,094	24,316,706
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	4,029,592	-	4,029,592
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	145,276,208	124,989,094	20,287,114
(e) Capital			
(1) Investments	21,991,200	28,255,906	(6,264,706)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	21,991,200	28,255,906	(6,264,706)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	20,981,296	27,252,220	(6,270,924)
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	1,009,904	1,003,686	6,218
(i) Admitted deferred tax assets (2d + 2h)	146,286,112	125,992,780	20,293,332
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	23,893,000	21,032,000	2,861,000
(2) Fixed assets	10,255,000	14,091,000	(3,836,000)
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total capital tax liabilities)	1,962,830	3,937,000	(1,974,170)
(99) Subtotal	36,110,830	39,060,000	(2,949,170)
(b) Capital:			
(1) Investments	72,170	-	72,170
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	72,170	-	72,170
(c) Deferred tax liabilities (3a99 + 3b99)	36,183,000	39,060,000	(2,877,000)
4. Net deferred tax assets/liabilities (2i – 3c)	$ 110,103,112	$ 86,932,780	$ 23,170,332

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of dividend received deduction, officers life insurance, IRS interest on audit settlements, tax exempt interest, severance cost, net operating losses generated in 2012, unearned premium reserves, discounting of unpaid losses and LAE reserves, loss based assessment adjustment, tax depreciation, permanent impairments, deferred intercompany transactions, and sale-leasebacks.

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

Year Generated	Amount	Expiration
2011	$ 83,421,000	2031
2012	$ 35,547,000	2032

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

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

NOTES TO FINANCIAL STATEMENTS

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

C. As of December 31, 2012, the Company had the following capital transactions with its parent and subsidiaries:

1. Received return of capital distributions of $225,363.

2. Received dividends in the amount of $ 413,637.

D. At December 31, 2012, the Company reported a net $41,051,582 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 or other related parties.

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

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

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

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

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

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

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

The Company paid $6,958,271 under the LMHC Tax Sharing Agreement and paid $5,362,740 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

On August 30, 2012, the Company became a member of the Federal Home Loan Bank of Chicago. This membership provides the Company with access to a secured asset-based borrowing with loan maturities of up to 30 years. There were no outstanding borrowings as of December 31, 2012.

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 therefor does not have any direct obligations for a defined benefit pension, defined contribution pension, postretirement welfare, deferred compensation, compensated absences or postemployment benefit plans. Services for the operation of the Company are provided under provisions of the management services agreements as described in Note 10 F.

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, 2012. All shares have a stated par value of $1.

   The Company has 5,000,000 preferred shares authorized, but no shares issued and outstanding as of December 31, 2012. All shares have a stated par value of $0.01.

2. Preferred Stock

   Not applicable

3. There are no dividend restrictions.

4. The Company did not pay any dividends to its parent during 2012.

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 Company cannot pay a dividend in 2013 without prior approval.

6. As of December 31, 2012, the Company has pre-tax restricted surplus of $65,541,626 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

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

9. The Company had changes in special surplus funds resulting from prior year’s retroactive reinsurance contracts during 2012.

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is $(46,511,044) after applicable deferred taxes of $(72,170).

11. Surplus Notes

    Not applicable

12. Quasi-reorganization (dollar impact)

    Not applicable

13. Quasi-reorganization (effective date)

    Not applicable

Note 14 - Contingencies

A. Contingent Commitments

Refer to Note 10E.

NOTES TO FINANCIAL STATEMENTS

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 $12,425,670 that is offset by future premium tax credits of $1,154,137. Current assessments are expected to be paid out in the next two years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2013. During 2012 there were no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.

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

a.	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	$ 1,495,426
b.	Decreases current year: Premium tax offset applied	352,388
c.	Increases current year: Premium tax offset increase	11,099
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$ 1,154,137

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	$950,000

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

Note 15 - Leases

A. Lessee Leasing Arrangements

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

NOTES TO FINANCIAL STATEMENTS

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

Year Ending December 31,	Operating Leases
2013	$ 8,989,165
2014	8,572,940
2015	5,500,578
2016	5,156,500
2017	2,806,164
2018 & thereafter	24,423,536
Total	$ 55,448,884

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

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

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

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

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

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

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

A. Transfers of Receivables Reported as Sales

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

B. Transfers and Servicing of Financial Assets

The Company participates in a Securities Lending Program to generate additional income, whereby certain fixed income and mortgage backed securities are loaned for a period of time from the Company's portfolio to qualifying third parties, via a lending agent. The Company does not participate in term loans; therefore, the Company does not have contractual collateral transactions that extend beyond one year from the reporting date. Borrowers of these securities provide collateral equal to or in excess of 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities, such as Treasuries and Agency Bonds. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 102% of the market value of the loaned securities. Additionally, the lending agent indemnifies the Company against borrower defaults. Cash collateral is carried as an asset with an offsetting liability on the balance sheet, as the collateral is unrestricted and the Company can exercise discretion as to how the collateral is invested. The loaned securities remain a recorded asset of the Company.

At December 31, 2012 the total fair value of securities on loan was $30,537,507, with corresponding collateral value of $31,174,913 of which $28,304,650 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

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

NOTES TO FINANCIAL STATEMENTS

Note 20 - Fair Value Measurements

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

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

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

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

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

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

- Level 3 — Valuations based on inputs that are unobservable and reflect the Company's own assumptions about the assumptions that market participants might use.

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

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	$ -	$15,434,446	$ -	$15,434,446
Residential Mortgage-Backed Securities	-	$13,439,281	$ -	$13,439,281
Total Bonds	$ -	$28,873,727	$ -	$28,873,727
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	$ -	$39,534,440	$ -	$39,534,440
Total Preferred Stocks	$ -	$39,534,440	$ -	$39,534,440
Common Stocks				
Industrial and Miscellaneous	$1,733,101	$ -	$1,832,100	$3,565,201
Total Common Stocks	$1,733,101	$ -	$1,832,100	$3,565,201
Total assets at fair value	$1,733,101	$68,408,167	$1,832,100	$71,973,368
Liabilities at fair value				
Derivative Liabilities	$ -	$2,297,356	$ -	$2,297,356
Total liabilities at fair value	$ -	$2,297,356	$ -	$2,297,356

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

2. Rollforward of Level 3 Items

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

1	2	3	4	5	6	7	8	9	10	11
	Balance at 12/31/2011	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31/2012
Bonds	$1,000,000	$ -	($1,000,000)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Preferred Stock	4	-	(4)	-	-	-	-	-	-	-
Common Stock	-	-	-	-	-	1,832,100	-	-	-	1,832,100
Total	$1,000,004	$ -	($1,000,004)	$ -	$ -	$1,832,100	$ -	$ -	$ -	$1,832,100

3. Policy on Transfers Into and Out of Level 3

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

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

Type of Financial Instrument	Aggregate Fair Value	Liabilities	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Derivative Liabilities	$2,297,356	$2,297,356	$ -	$2,297,356	$ -	$ -
Total	$2,297,356	$2,297,356	$ -	$2,297,356	$ -	$ -

B. Other Fair Value Disclosures

Not applicable

C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Cash, Cash Equivalents, and Short Term	$94,959,510	$94,959,510	$94,959,510	$ -	$ -	$ -
Bonds	2,508,816,998	2,358,824,894	20,625,109	2,476,375,346	11,816,543	-
Preferred Stock	39,534,444	39,534,440	-	39,534,440	4	-
Common Stock	3,565,201	3,565,201	1,733,101	-	1,832,100	-
Securities Lending	28,304,650	28,304,650	-	28,304,650	-	-
Mortgage Loans	106,493,779	95,048,253	-	-	106,493,779	-
Surplus Notes	2,417,100	2,163,236	-	2,417,100	-	-
Total	$2,784,091,682	$2,622,400,184	$117,317,720	$2,546,631,536	$120,142,426	$ -

D. Not Practicable 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 2012 and 2011.

b) The Company reported loss recoveries from the Special Disability Trust Fund of $917,275 in 2012 and $1,305,519 in 2011.

c) The amount the Company was assessed by the Special Disability Trust Fund was $109,483 in 2012 and $124,437 in 2011.

2) Assets in the amount of $255,556,825 and $255,044,993 as of December 31, 2012 and 2011, respectively, were on deposit with government authorities or trustees as required by law.

3) Interrogatory 6.1

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

Interrogatory 6.2

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

NOTES TO FINANCIAL STATEMENTS

Interrogatory 6.3

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

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

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable and Non-transferable Tax Credits

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

G. Subprime-Mortgage-Related Risk Exposure

1. The Company has 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 is through Investments in residential mortgage-backed securities.

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
$ 735,437	$ 735,277	$ 764,195	$ -

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

Note 22 - Events Subsequent

A. The Company evaluated subsequent events through February 20, 2013, the date the annual statement was available to be issued.

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

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

Excluding amounts arising pursuant to the Intercompany Reinsurance Agreement, as described in Note 26, 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			$1,281,483,000
U.S. Aircraft Insurance Group		AA-9995043	147,798,000
National Workers' Compensation Reins Pool		AA-9992118	132,217,000
Swiss Re Group:			
Swiss Reinsurance America Corporation	25364	13-1675535	
Swiss Reinsurance Europe Sa		AA-1370021	
Swiss Reinsurance Life and Health America Inc.	82627	06-0839705	
Westport Insurance Corporation	39845	48-0921045	
Total Swiss Re Group			93,049,000
Minnesota WCRA		AA-9991423	89,739,000
Michigan Catastrophic Claims Association		AA-9991159	77,677,000
Lloyds Underwriters		AA-1122000	47,243,000
Total			$1,869,206,000

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 canceled as of December 31, 2012.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	$673,204,693	$25,254,396	$286,582,241	$27,201,139	$386,622,452	$(1,946,743)
b. All Other	7,075,756	2,886,992	10,504,775	2,661,142	(3,429,019)	225,850
c. TOTAL	$680,280,449	$28,141,388	$297,087,016	$29,862,281	$383,193,433	$(1,720,894)
d. Direct Unearned Premium Reserve	$72,648,482					

2. Certain contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2012 are as follows:

	Direct	Assumed	Ceded	Net
a. Contingent Commission	$1,398,581	$ 7,423,318	$5,474,704	$ 3,347,195
b. Sliding Scale Adjustments	-	-	-	-
c. Other Profit Commission Arrangements	-	(9,000,000)	-	(9,000,000)
d. TOTAL	$1,398,581	$(1,576,682)	$5,474,704	$(5,652,805)

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 $2,987,356. This amount is shown below by Income Statement classification and by reinsurer.

a. Losses incurred	$2,892,293
b. Loss adjustment expenses incurred	124,938
c. Premiums earned	-
d. Other	(29,875)
e. Company	Amount
Swiss Re Life and Health America Inc.	$2,887,705
Arlington Insurance Co.	99,651

F. Retroactive Reinsurance

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

	Reported Company	
	As:	
	Assumed	Ceded
a. Reserves Transferred:		
1. Initial Reserves	$(114.512,821)	-
2. Adjustments – Prior Year (s)	18,085,130	-
3. Adjustments – Current Year	4,636,976	-
4. Current Total	$(91,790,715)	-
b. Consideration Paid or Received:		
1. Initial Consideration	$(34,000,590)	-
2. Adjustments – Prior Year (s)	(5,485,637)	-
3. Adjustments – Current Year	(55,325)	-
4. Current Total	$(39,541,552)	-
c. Paid Losses Reimbursed or Recovered:		
1. Prior Year (s)	$(20,595,531)	-
2. Current Year	(2,215,084)	-
3. Current Total	$(22,810,615)	-
d. Special Surplus from the Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	$83,398,864	-
2. Adjustments – Prior Year (s)	(5,861,869)	-
3. Adjustments – Current Year	(2,477,217)	-
4. Current Year Restricted Surplus	65,541,626	-
5. Cumulative Total Transferred to Unassigned Funds	$ 9,518,152	-

NOTES TO FINANCIAL STATEMENTS

e. All cedents and reinsurers involved in all transactions included in summary totals above:		
Company	Assumed Amount	Ceded Amount
Liberty Mutual Insurance Company, 23043	$(91,790,715)	$(251,689)
Arlington Ins Co., 98-0405213	-	249,928
Other	-	1,761
Total	$(91,790,715)	*

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

G. Reinsurance Accounted for as a Deposit

The Company has not entered into any reinsurance agreements that have been accounted for as deposits as of December 31, 2012.

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

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

I. Certified Reinsurers Downgraded or Status Subject to Revocation

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

The Company has not entered into any reinsurance contracts with Certified Reinsurers.

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

The Company is not a Certified Reinsurer.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

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

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

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

D. Medical loss ratio rebates 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	$ 26,139,223
b.	Unsecured amount	-
c.	Less: Nonadmitted amount (10%)	2,607,566
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	-
e.	Admitted amount (a) - (c) - (d)	$ 23,531,657

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributable to insured events on prior years has increases through the fourth quarter of 2012. This increase was primarily the result of an updated reserve analysis in the Workers' Compensation and Other Liability Occurrence lines. The increases were partially offset by decreases in reserve estimates for the Products Liability and Homeowners/Farmowners lines. Prior estimates are revised as additional information becomes known regarding individual claims.

NOTES TO FINANCIAL STATEMENTS

Note 26 - Intercompany Pooling Arrangements

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

		NAIC Company Number	Pooling Percentage	Line of Business
Lead Company:	Liberty Mutual Insurance Company ("LMIC")	23043	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, 2012:

Affiliate:	Amount:
Liberty Mutual Insurance Company	$ (45,670,265)

Pursuant to the approval of the appropriate state insurance departments, effective January 1, 2013, the participants of the Peerless Amended and Restated Reinsurance Pooling Agreement (the PIC Pool) were added to the Liberty Mutual Intercompany Reinsurance Agreement (Liberty Pool). The Liberty Mutual Intercompany Reinsurance Agreement was renamed the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement. Also effective January 1, 2013 the Peerless Amended and Restated Reinsurance Pooling Agreement was terminated.

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

NOTES TO FINANCIAL STATEMENTS

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

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

		NAIC Company Number	Pooling Percentage	Line of Business
Lead Company:	Liberty Mutual Insurance Company ("LMIC")	23043	50.00%	All Lines
Affiliated Pool Companies:	Peerless Insurance Company ("PIC")	24198	20.00%	All Lines
	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	8.00%	All Lines
	The Ohio Casualty Insurance Company ("OCIC")	24074	8.00%	All Lines
	Safeco Insurance Company of America ("SICOA")	24740	6.00%	All Lines
	American Economy Insurance Company ("AEIC")	19690	0.00%	All Lines
	America First Insurance Company ("AFIC")	12696	0.00%	All Lines
	America Fire and Casualty Company ("AFCIC")	24066	0.00%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%	All Lines
	American States Insurance Company ("ASIC")	19704	0.00%	All Lines
	American States Insurance Company of Texas ("ASICT")	19712	0.00%	All Lines
	American States Lloyd's Insurance Company ("ASLCO")	31933	0.00%	All Lines
	American States Preferred Insurance Company ("ASPCO")	37214	0.00%	All Lines
	Colorado Casualty Insurance Company ("CCIC")	41785	0.00%	All Lines
	Consolidated Insurance Company ("CIC")	22640	0.00%	All Lines
	Excelsior Insurance Company ("EIC")	11045	0.00%	All Lines
	First National Insurance Company of America ("FNICA")	24724	0.00%	All Lines
	The First Liberty Insurance Corporation ("FST")	33588	0.00%	All Lines
	General Insurance Company of America ("GICA")	24732	0.00%	All Lines
	Golden Eagle Insurance Corporation ("GEIC")	10836	0.00%	All Lines
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.00%	All Lines
	Insurance Company of Illinois ("ICIL")	26700	0.00%	All Lines
	Indiana Insurance Company ("IIC")	22659	0.00%	All Lines
	Liberty Insurance Corporation ("LIC")	42404	0.00%	All Lines
	Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.00%	All Lines
	Liberty County Mutual Insurance Company ("LCMIC")	19544	0.00%	All Lines
	LM General Insurance Company ("LMGIC")	36447	0.00%	All Lines
	Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.00%	All Lines
	LM Insurance Corporation ("LMC")	33600	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.00%	All Lines
	Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.00%	All Lines
	Liberty Northwest Insurance Corporation ("LNW")	41939	0.00%	All Lines
	Liberty Personal Insurance Company (LPIC")	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation ("LSI")	10725	0.00%	All Lines
	Mid-American Fire & Casualty Company ("MAFCC")	23507	0.00%	All Lines
	Montgomery Mutual Insurance Company ("MMIC")	14613	0.00%	All Lines
	The Midwestern Indemnity Company ("MWIC")	23515	0.00%	All Lines
	National Insurance Association ("NIA")	27944	0.00%	All Lines
	The Netherlands Insurance Company ("NIC")	24171	0.00%	All Lines
	North Pacific Insurance Company ("NPIC")	23892	0.00%	All Lines
	Ohio Security Insurance Company ("OSIC")	24082	0.00%	All Lines
	Oregon Automobile Insurance Company ("OAIC")	23922	0.00%	All Lines
	Peerless Indemnity Insurance Company ("PIIC")	18333	0.00%	All Lines
	Safeco Insurance Company of Illinois ("SICIL")	39012	0.00%	All Lines
	Safeco Insurance Company of Indiana ("SICIN")	11215	0.00%	All Lines
	Safeco Insurance Company of Oregon ("SICOR")	11071	0.00%	All Lines
	Safeco Lloyds Insurance Company ("SLICO")	11070	0.00%	All Lines
	Safeco National Insurance Company ("SNIC")	24759	0.00%	All Lines
	Safeco Surplus Lines Insurance Company ("SSLIC")	11100	0.00%	All Lines
	Wausau Business Insurance Company ("WBIC")	26069	0.00%	All Lines
	Wausau General Insurance Company ("WGIC")	26425	0.00%	All Lines
	Wausau Underwriters Insurance Company ("WUIC")	26042	0.00%	All Lines
	West American Insurance Company ("WAIC")	44393	0.00%	All Lines

NOTES TO FINANCIAL STATEMENTS

			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
	LM Property and Casualty Insurance Company (“LMPAC”)	32352	0.00%	All Lines

Note 27 - Structured Settlements

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of $40,592,513 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 $40,592,513 as of December 31, 2012.

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

Life Insurance Company and Location	Licensed in Company’s State of Domicile (Yes/No)	Statement Value of Annuities
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	$ 23,669,575

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 - Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	$ -
2. Date of the most recent evaluation of this liability	12/31/2012
3. Was anticipated investment income utilized in the calculation?	Yes

Note 31 - High Dollar Deductible Policies

As of December 31, 2012, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $ 446,557,891 and the amount billed and recoverable on paid claims was $ 17,355,586.

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 their respective states at an annual discount rate of 4.0%. Asbestos structured settlements are discounted at 4.5%.

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

Schedule P Lines of Business	Tabular Discount Included in Schedule P, Part 1*	
	1 Case	2 IBNR
1. Homeowners/Farmowners	-	-
2. Private Passenger Auto Liability/Medical	-	-
3. Commercial Auto/Truck Liability/Medical	-	-
4. Workers’ Compensation	52,199,739	54,793,304
5. Commercial Multiple Peril	-	-
6. Medical Professional Liability – occurrence	-	-
7. Medical Professional Liability – claims-made	-	-
8. Special Liability	-	-
9. Other Liability - occurrence	492,035	-
10. Other Liability – claims-made	-	-
11. Special Property	-	-
12. Auto Physical Damage	-	-
13. Fidelity, Surety	-	-
14. Other (including Credit, Accident & Health)	-	-
15. International	-	-
16. Reinsurance Nonproportional Assumed Property	-	-
17. Reinsurance Nonproportional Assumed Liability	-	-
18. Reinsurance Nonproportional Assumed Financial Lines	-	-
19. Products Liability – occurrence	-	-

NOTES TO FINANCIAL STATEMENTS

20. Products Liability – claims-made	-	-
21. Financial Guaranty/Mortgage Guaranty	-	-
22. Warranty	-	-
23. Total	52,691,774	54,793,304

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

B. Nontabular Discount:

Not applicable

Note 33 - Asbestos/Environmental Reserves

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

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

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

In the third quarter of 2011, the Company completed asbestos ground-up and aggregate environmental reserve studies. These studies were completed by a multi-disciplinary team of internal claims, legal, reinsurance and actuarial personnel, and included all major business segments of the Company's direct, assumed, and ceded asbestos and environmental unpaid claim liabilities. As part of the internal review, policyholders with the largest direct asbestos unpaid claim liabilities were individually evaluated using the Company's proprietary stochastic ground-up model, which is consistent with published actuarial methods of asbestos reserving. Among the factors reviewed in depth by the team of specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, injury type, jurisdiction and legal defenses. Reinsurance recoveries for these policyholders were then separately evaluated by the Company's reinsurance and actuarial personnel. Asbestos and environmental unpaid claim liabilities for all other policyholders were evaluated using aggregate methods that utilized information and experience specific to these policyholders. The studies resulted in an increase to reserves.

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

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

NOTES TO FINANCIAL STATEMENTS

The following tables summarize the activity for the Company's asbestos and environmental claims and claim adjustment expenses, a component of the Company's unpaid claims and claim adjustment expenses, for the years ended December 31, 2012, 2011, 2010, 2009, and 2008:

Asbestos:

	2008	2009	2010	2011	2012
Direct Basis					
Beginning Reserves	134,584,562	125,053,750	148,115,683	108,975,288	118,586,551
Incurred losses and LAE	11,411,532	43,943,021	6,149,242	34,562,707	19,489,900
Calendar year payments	20,942,344	20,881,088	45,289,637	24,951,444	20,657,937
Ending Reserves	125,053,750	148,115,683	108,975,288	118,586,551	117,418,515
Assumed Reinsurance Basis					
Beginning Reserves	56,660,129	53,643,035	38,394,860	38,210,211	37,572,346
Incurred losses and LAE	(605,732)	(12,220,554)	3,899,722	1,587,749	33,443
Calendar year payments	2,411,363	3,027,621	4,084,372	2,225,613	3,289,423
Ending Reserves	53,643,035	38,394,860	38,210,211	37,572,346	34,316,367
Net of Ceded Reinsurance Basis					
Beginning Reserves	63,786,791	52,748,542	70,949,606	46,155,496	60,825,527
Incurred losses and LAE	1,139,525	31,644,134	(8,573,773)	26,281,483	12,445,947
Calendar year payments	12,177,774	13,443,070	16,220,337	11,611,452	17,652,587
Ending Reserves	52,748,542	70,949,606	46,155,496	60,825,527	55,618,887

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	$60,995,929
Assumed Reinsurance Basis	26,335,545
Net of Ceded Reinsurance Basis	30,090,375
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	53,134,766
Assumed Reinsurance Basis	2,087,087
Net of Ceded Reinsurance Basis	22,960,256

Environmental:	2008	2009	2010	2011	2012
Direct Basis					
Beginning Reserves	36,069,880	29,859,358	24,523,107	23,484,183	23,734,878
Incurred losses and LAE	546,974	2,252,289	3,155,301	4,958,995	4,955,936
Calendar year payments	6,757,497	7,588,540	4,194,225	4,708,300	4,115,541
Ending Reserves	29,859,358	24,523,107	23,484,183	23,734,878	24,575,273
Assumed Reinsurance Basis					
Beginning Reserves	3,268,416	3,259,270	4,220,123	3,258,105	3,355,033
Incurred losses and LAE	287,223	1,374,929	(44,190)	754,089	703,744
Calendar year payments	296,369	414,076	917,827	657,161	234,616
Ending Reserves	3,259,270	4,220,123	3,258,105	3,355,033	3,824,160
Net of Ceded Reinsurance Basis					
Beginning Reserves	29,090,873	24,926,969	21,095,671	18,490,989	17,046,061
Incurred losses and LAE	(1,056)	(227)	(226,740)	1,119,932	(2,545,784)
Calendar year payments	4,162,848	3,831,071	2,377,942	2,564,861	(781,933)
Ending Reserves	24,926,969	21,095,671	18,490,989	17,046,061	15,282,209

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	16,080,310
Assumed Reinsurance Basis	2,657,968
Net of Ceded Reinsurance Basis	8,856,220
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	12,134,623
Assumed Reinsurance Basis	721,475
Net of Ceded Reinsurance Basis	5,363,815

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

NOTES TO FINANCIAL STATEMENTS

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 [ ] No [ ] N/A [X]

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

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

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control. 0.00 %

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

1 Nationality	2 Type of Entity

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

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

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

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

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

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

GENERAL INTERROGATORIES

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

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
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	$ 12,628,893

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

GENERAL INTERROGATORIES

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

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

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

22.2 If answer is yes:

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

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

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

INVESTMENT

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

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

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

Please reference Note 17B

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

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. $ 31,174,913

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

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

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

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

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

24.101	Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	$ 28,304,650
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	$ 28,304,650
24.103	Total payable for securities lending reported on the liability page	$ 28,304,650

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

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

25.21	Subject to repurchase agreements	$ 0
25.22	Subject to reverse repurchase agreements	$ 0
25.23	Subject to dollar repurchase agreements	$ 0
25.24	Subject to reverse dollar repurchase agreements	$ 0
25.25	Pledged as collateral	$ 0
25.26	Placed under option agreements	$ 0
25.27	Letter stock or securities restricted as to sale	$ 0
25.28	On deposit with state or other regulatory body	$ 255,556,825
25.29	Other	$ 0

GENERAL INTERROGATORIES

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

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

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

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

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

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005
Royal Trust	77 King Street West, Toronto, Ontario M5W 1 P9
Bank of New York Mellon	601 Travis Street, Houston, TX 77002

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

29.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	2,417,861,555	2,567,854,734	149,993,179
30.2 Preferred stocks	39,534,440	39,534,444	4
30.3 Totals	2,457,395,995	2,607,389,178	149,993,183

30.4 Describe the sources or methods utilized in determining the fair values:
The primary source is published unit prices from the NAIC Securities Valuation Office. The secondary source is the pricing vendor, Interactive Data Corporation, followed by backfill from Bloomberg and Markit. Lastly, management determines fair value based on quoted market prices of similar financial instruments or by using industry recognized valuation techniques.

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

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

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

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

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $ 0

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
0	$ 0
0	$ 0
	$ 0

34.1 Amount of payments for legal expenses, if any? $ 0

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

1 Name	2 Amount Paid
0	$ 0
	$ 0
	$ 0

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 0

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

1 Name	2 Amount Paid
0	$ 0
	$ 0
	$ 0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

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	$ 107,696	$ 95,382
2.2	Premium Denominator	$ 986,338,044	$ 872,946,293
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 361,888	$ 377,502
2.5	Reserve Denominator	$ 2,435,207,135	$ 2,266,443,689
2.6	Reserve Ratio (2.4/2.5)	0.00	0.00

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

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

3.21	Participating policies	$ 13,108,339
3.22	Non-participating policies	$ 261,259,171

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

5.21	Out of Attorney's-in-fact compensation	Yes [ ] No [ ] N/A [X]
5.22	As a direct expense of the exchange	Yes [ ] No [ ] N/A [X]

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

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

5.5 If yes, give full information

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:
See Note 21C3

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 21C3

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 21C3

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

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss
The Company cedes 100% of its business to Liberty Mutual Insurance Company, the lead company in the Liberty Mutual Pool. Liberty Mutual Insurance Company purchases external catastrophe reinsurance coverage.

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 $ 17,973,600

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 6,274,252

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? $ 16,861,409

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 $ 543,475,928

12.62 Collateral and other funds $ 118,088,784

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 8,713,626

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 the intercompany pooling agreement.

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

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

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

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

15.2 If yes, give full information

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

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

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

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

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

FIVE – YEAR HISTORICAL DATA

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

	1 2012	2 2011	3 2010	4 2009	5 2008
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,651,706,867	1,639,812,883	1,730,587,256	1,671,402,098	2,052,861,150
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	223,255,090	192,642,155	159,339,461	153,896,732	205,032,468
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	309,595,963	274,957,634	252,891,127	200,256,601	285,741,330
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	2,589,692	1,285,402	1,184,371	1,164,772	(15,675,860)
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	25,540,053	21,299,985	21,198,511	19,882,742	23,163,023
6. Total (Line 35)	2,212,687,665	2,129,998,059	2,165,200,726	2,046,602,945	2,551,122,111
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)	632,063,604	572,158,223	548,653,650	473,034,981	707,669,879
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	192,961,622	160,753,015	131,670,738	130,217,775	183,338,000
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	191,699,510	160,789,996	141,676,547	99,120,718	172,343,529
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	2,223,757	1,065,783	993,170	1,016,830	(15,828,295)
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	25,536,001	21,141,523	21,194,495	19,622,878	23,130,966
12. Total (Line 35)	1,044,484,494	915,908,540	844,188,600	723,013,182	1,070,654,079
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(217,546,169)	(149,734,051)	(66,959,852)	(88,144,551)	(63,124,588)
14. Net investment gain (loss) (Line 11)	130,363,636	126,313,495	177,273,226	94,113,880	161,242,549
15. Total other income (Line 15)	(3,876,243)	(21,318,700)	(8,452,056)	(12,717,686)	(12,274,655)
16. Dividends to policyholders (Line 17)	1,968,278	3,254,366	5,035,828	1,851,061	2,679,073
17. Federal and foreign income taxes incurred (Line 19)	(45,334,020)	(15,145,335)	(12,452,536)	(44,824,523)	(12,921,739)
18. Net income (Line 20)	(47,693,034)	(32,848,287)	109,278,026	36,225,105	96,085,972
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	3,940,708,266	3,795,737,568	3,682,403,162	3,333,261,422	3,719,919,033
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	111,383,558	104,335,824	92,632,496	104,375,332	184,126,048
20.2 Deferred and not yet due (Line 15.2)	376,618,041	341,416,351	288,214,516	264,962,269	305,750,099
20.3 Accrued retrospective premiums (Line 15.3)	23,531,657	32,774,037	45,821,935	35,178,754	47,917,537
21. Total liabilities excluding protected cell business (Page 3, Line 26)	2,710,973,904	2,566,932,619	2,371,862,040	2,257,975,420	2,770,468,781
22. Losses (Page 3, Line 1)	1,533,247,982	1,420,296,014	1,395,263,766	1,341,941,115	1,660,695,040
23. Loss adjustment expenses (Page 3, Line 3)	315,686,461	294,381,982	279,620,381	271,490,026	324,963,843
24. Unearned premiums (Page 3, Line 9)	455,841,915	407,857,552	379,678,164	351,257,899	437,433,448
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)	1,229,734,362	1,228,804,949	1,310,541,122	1,075,286,002	949,450,252
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	34,792,466	(15,984,409)	208,966,111	(391,137,096)	70,786,116
Risk-Based Capital Analysis					
28. Total adjusted capital	1,229,734,362	1,228,804,949	1,310,541,122	1,075,286,002	949,450,252
29. Authorized control level risk-based capital	216,936,062	197,375,116	195,266,163	230,123,596	262,451,971
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)	76.1	77.2	76.8	65.6	72.2
31. Stocks (Lines 2.1 & 2.2)	7.5	7.2	8.5	18.8	15.0
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	3.1	2.3	2.5	2.9	2.7
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.6	0.6	0.7	0.8	0.8
34. Cash, cash equivalents and short-term investments (Line 5)	3.1	1.8	2.6	4.3	2.0
35. Contract loans (Line 6)					
36. Derivatives (Line 7)				XXX	XXX
37. Other invested assets (Line 8)	8.5	8.3	7.7	7.5	7.3
38. Receivables for securities (Line 9)	0.4	0.0	0.1	0.1	0.0
39. Securities lending reinvested collateral assets (Line 10)	0.9	2.5	1.2	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)	188,419,645	184,561,056	197,819,597	425,229,925	370,337,663
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	12,628,893	12,849,322	13,987,153	13,553,366	15,790,504
48. Total of above Lines 42 to 47	201,048,538	197,410,378	211,806,750	472,098,320	419,443,196
49. Total investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	16.3				

FIVE – YEAR HISTORICAL DATA
(Continued)

	1 2012	2 2011	3 2010	4 2009	5 2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	16,457,016	(6,791,541)	119,152,800	58,256,372	(229,657,304)
52. Dividends to stockholders (Line 35)		(50,000,000)			(170,000,000)
53. Change in surplus as regards policyholders for the year (Line 38)	929,413	(81,736,173)	235,255,120	125,835,750	(348,961,718)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,384,151,981	1,373,491,931	1,282,914,379	1,495,172,418	1,308,330,911
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	142,757,245	118,899,207	97,870,869	119,259,855	129,647,773
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	173,352,463	160,721,952	132,790,692	165,732,136	200,369,541
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,573,123	534,027	1,961,763	2,111,753	12,380,041
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	36,325,950	40,792,041	78,969,086	54,112,068	41,584,350
59. Total (Line 35)	1,738,160,762	1,694,439,158	1,594,506,789	1,836,388,230	1,692,312,616
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	377,371,110	387,050,649	312,889,378	619,914,772	484,806,455
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	117,010,315	93,901,180	79,133,548	107,040,308	108,521,834
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	99,138,954	98,012,127	81,252,759	104,869,058	132,135,513
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	173,461	482,405	1,066,522	671,573	10,927,722
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	9,590,205	8,783,697	15,265,200	15,704,578	8,827,470
65. Total (Line 35)	603,284,045	588,230,058	489,607,407	848,200,289	745,218,994
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	72.6	70.3	65.1	65.8	67.8
68. Loss expenses incurred (Line 3)	17.8	19.8	17.9	19.5	15.8
69. Other underwriting expenses incurred (Line 4)	31.7	27.1	25.1	25.8	22.1
70. Net underwriting gain (loss) (Line 8)	(22.1)	(17.2)	(8.1)	(11.1)	(5.7)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0	30.3	28.1	25.6	30.1	24.1
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	90.3	90.1	83.0	85.3	83.5
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	84.9	74.5	64.4	67.2	112.8
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	48,673	41,883	(9,540)	19,291	(33,312)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	4.0	3.2	(0.9)	2.0	(2.6)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	77,521	20,816	(8,848)	(4,012)	23,775
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	5.9	1.9	(0.9)	(0.3)	2.0

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	59,252	18,473	17,626	7,565	343	528	285	50,655	X X X
2. 2003	994,988	241,435	753,553	532,034	119,319	45,872	6,289	71,695	1,086	30,771	522,907	X X X
3. 2004	1,038,764	272,771	765,993	522,217	135,132	42,417	8,422	73,239	3,763	30,282	490,556	X X X
4. 2005	1,069,537	252,462	817,075	623,831	189,968	44,599	9,472	73,427	5,203	29,738	537,214	X X X
5. 2006	1,160,886	264,783	896,103	535,629	104,817	45,035	6,718	78,591	5,526	30,401	542,194	X X X
6. 2007	1,218,096	288,091	930,005	600,736	137,268	47,554	7,407	81,082	6,760	36,987	577,937	X X X
7. 2008	1,280,856	345,523	935,333	702,120	165,993	50,776	7,098	90,138	5,770	33,492	664,173	X X X
8. 2009	1,215,488	379,363	836,125	596,114	158,614	38,688	5,656	85,427	1,180	31,141	554,779	X X X
9. 2010	1,228,458	399,998	828,460	590,021	181,325	32,257	4,633	86,134	583	31,683	521,871	X X X
10. 2011	1,327,001	454,054	872,947	565,064	205,579	21,695	5,561	86,288	656	32,533	461,251	X X X
11. 2012	1,478,787	492,449	986,338	436,369	171,576	9,114	1,696	71,254	327	18,851	343,138	X X X
12. Totals	X X X	X X X	X X X	5,763,387	1,588,064	395,633	70,517	797,618	31,382	306,164	5,266,675	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
	13	14	15	16	17	18	19	20	21	22	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	390,714	138,888	152,796	112,601	26,038	21,441	74,629	33,329	16,698	48	2,657	354,568	X X X
2. 2003	20,265	8,857	33,336	13,720	530	195	3,676	851	1,339	15	479	35,508	X X X
3. 2004	20,727	7,574	37,622	11,253	616	256	7,686	754	1,242	7	641	48,049	X X X
4. 2005	24,242	9,233	36,903	17,321	813	258	6,161	1,073	1,365	1	729	41,598	X X X
5. 2006	29,441	8,114	48,439	14,068	1,119	503	6,869	1,464	1,347	12	1,086	63,054	X X X
6. 2007	41,577	9,319	53,171	13,733	2,031	759	10,709	1,722	760	29	1,603	82,686	X X X
7. 2008	61,442	12,387	63,270	18,548	3,155	726	20,820	3,535	3,285	146	2,360	116,630	X X X
8. 2009	65,473	10,862	80,516	19,335	3,658	784	24,213	3,548	4,267	115	2,599	143,483	X X X
9. 2010	92,228	17,450	106,668	20,995	4,400	891	26,117	4,582	6,090	191	3,832	191,394	X X X
10. 2011	118,611	19,225	168,938	34,641	6,109	1,675	42,703	6,269	12,599	290	5,588	286,860	X X X
11. 2012	169,125	30,267	351,818	85,671	4,584	928	51,552	6,453	32,202	838	17,706	485,124	X X X
12. Totals	1,033,845	272,176	1,133,477	361,886	53,053	28,416	275,135	63,580	81,194	1,692	39,280	1,848,954	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	27	28	29	30	31	32	33	Inter-Company Pooling Participation Percentage	35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	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	292,021	62,547
2. 2003	708,747	150,332	558,415	71.232	62.266	74.104			8.000	31,024	4,484
3. 2004	705,766	167,161	538,605	67.943	61.283	70.315			8.000	39,522	8,527
4. 2005	811,341	232,529	578,812	75.859	92.105	70.840			8.000	34,591	7,007
5. 2006	746,470	141,222	605,248	64.302	53.335	67.542			8.000	55,698	7,356
6. 2007	837,620	176,997	660,623	68.765	61.438	71.034			8.000	71,696	10,990
7. 2008	995,006	214,203	780,803	77.683	61.994	83.479			8.000	93,777	22,853
8. 2009	898,356	200,094	698,262	73.909	52.745	83.512			8.000	115,792	27,691
9. 2010	943,915	230,650	713,265	76.837	57.663	86.095			8.000	160,451	30,943
10. 2011	1,022,007	273,896	748,111	77.016	60.322	85.699			8.000	233,683	53,177
11. 2012	1,126,018	297,756	828,262	76.145	60.464	83.973			8.000	405,005	80,119
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	1,533,260	315,694

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements, which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)										DEVELOPMENT	
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012	11 One Year	12 Two Year
1. Prior	989,233	1,069,524	1,163,590	1,218,811	1,277,862	1,277,813	1,311,496	1,309,382	1,343,579	1,355,536	11,957	46,154
2. 2003	519,040	466,424	453,185	479,454	486,654	486,374	489,285	489,461	488,856	489,321	465	(140)
3. 2004	X X X	521,057	483,647	470,402	473,024	471,972	471,157	473,794	472,527	472,320	(207)	(1,474)
4. 2005	X X X	X X X	567,097	539,617	525,482	517,707	517,649	515,987	515,401	514,258	(1,143)	(1,729)
5. 2006	X X X	X X X	X X X	579,574	553,686	542,828	540,565	535,898	534,208	536,256	2,048	358
6. 2007	X X X	X X X	X X X	X X X	619,377	604,658	589,259	587,799	584,683	590,436	5,753	2,637
7. 2008	X X X	X X X	X X X	X X X	X X X	707,327	701,427	687,526	693,587	700,796	7,209	13,270
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	609,371	620,840	618,184	615,499	(2,685)	(5,341)
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	605,656	617,201	629,442	12,241	23,786
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	643,997	657,032	13,035	X X X
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	730,351	X X X	X X X
										12. Totals	48,673	77,521

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)										11	12
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	000	255,758	416,833	540,516	639,249	723,351	790,822	860,132	913,871	964,711	X X X	X X X
2. 2003	195,981	299,132	350,432	387,250	412,396	427,774	438,591	445,168	449,834	452,298	X X X	X X X
3. 2004	X X X	178,985	276,444	323,138	360,530	385,326	400,797	410,283	416,209	421,080	X X X	X X X
4. 2005	X X X	X X X	206,429	317,419	373,373	410,720	436,060	452,117	461,343	468,990	X X X	X X X
5. 2006	X X X	X X X	X X X	201,529	310,525	372,000	413,706	440,926	457,992	469,129	X X X	X X X
6. 2007	X X X	X X X	X X X	X X X	207,154	333,276	401,434	448,548	481,112	503,615	X X X	X X X
7. 2008	X X X	X X X	X X X	X X X	X X X	253,277	405,164	484,388	540,901	579,805	X X X	X X X
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	216,514	346,332	418,976	470,532	X X X	X X X
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	221,949	360,697	436,320	X X X	X X X
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	254,016	375,619	X X X	X X X
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	272,211	X X X	X X X

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)									
	1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior	237,659	167,918	176,891	172,817	180,065	144,942	158,706	104,441	117,524	94,877
2. 2003	216,588	89,033	40,715	46,882	43,416	35,906	32,340	28,213	25,634	23,840
3. 2004	X X X	239,047	133,377	88,922	68,844	55,838	46,663	42,817	39,253	35,951
4. 2005	X X X	X X X	255,998	139,005	92,283	64,749	50,533	39,421	34,791	28,246
5. 2006	X X X	X X X	X X X	266,818	156,674	105,210	77,610	58,791	48,417	43,508
6. 2007	X X X	X X X	X X X	X X X	284,894	173,760	113,585	82,405	61,432	51,741
7. 2008	X X X	X X X	X X X	X X X	X X X	298,032	181,319	120,441	89,381	68,064
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	270,558	175,753	121,366	86,148
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	263,071	159,298	113,282
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	260,448	176,940
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	315,342

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	4,554,410	3,895,222	(42,556)	3,724,076	3,720,535	26,350,206		
2. Alaska AK	L	5,263,361	5,163,700	267	4,088,514	3,459,357	39,747,940		
3. Arizona AZ	L	3,199,948	3,053,641	(19,815)	4,208,541	5,740,773	16,046,029		
4. Arkansas AR	L	2,334,212	2,473,462	(17,286)	1,542,778	739,584	7,926,822		
5. California CA	L	26,995,133	24,030,656	(32,742)	31,250,424	2,195,356	155,325,327		
6. Colorado CO	L	2,878,243	2,443,137	2,389	4,166,767	830,359	15,848,536		
7. Connecticut CT	L	3,078,101	2,318,154	(4,664)	2,944,372	(117,066)	32,490,120		
8. Delaware DE	L	3,304,640	1,704,181	(293)	1,481,384	(1,685,236)	6,943,770		
9. District of Columbia DC	L	1,691,219	1,929,944	(37)	1,494,105	2,526,567	6,613,144		
10. Florida FL	L	10,789,148	9,963,713	69,641	12,305,983	(6,597,415)	56,901,152		
11. Georgia GA	L	6,271,392	5,771,303	(8,467)	6,852,483	10,040,332	39,854,020		
12. Hawaii HI	L	1,295,418	1,174,716	274	2,980,137	1,720,832	5,862,406		
13. Idaho ID	L	3,807,901	6,246,784	(135,534)	2,675,531	5,434,441	16,486,340		
14. Illinois IL	L	15,646,016	14,990,547	(10,557)	10,128,366	(14,604,609)	66,490,947		
15. Indiana IN	L	6,695,347	6,099,779	19,174	6,658,736	427,179	24,399,921		
16. Iowa IA	L	2,639,351	2,090,199	(3,662)	1,790,681	105,204	9,413,054		
17. Kansas KS	L	3,071,778	3,170,165	(17,724)	9,204,229	13,850,212	20,451,243		
18. Kentucky KY	L	7,226,962	6,709,145	19,957	6,780,121	4,506,992	55,582,628		
19. Louisiana LA	L	2,768,881	2,332,676	(6,182)	5,057,660	899,057	20,174,274		
20. Maine ME	L	984,180	1,008,366	(11,334)	2,391,451	362,163	7,376,402		
21. Maryland MD	L	4,787,085	4,605,786	(5,498)	3,023,059	2,096,547	17,883,644		
22. Massachusetts MA	L	6,825,025	6,757,658	27,500	8,106,454	30,279,042	83,794,954		
23. Michigan MI	L	6,526,093	5,782,700	(23,535)	28,604,444	98,416,136	137,121,458		
24. Minnesota MN	L	6,167,034	5,957,719	12,084	10,136,083	3,378,137	95,975,417		
25. Mississippi MS	L	3,242,369	2,781,597	915	1,222,153	(170,978)	9,822,562		
26. Missouri MO	L	4,609,848	4,961,064	(5,789)	4,239,345	152,315	25,130,393		
27. Montana MT	L	1,560,580	1,342,928	(1,872)	429,424	754,857	6,562,199		
28. Nebraska NE	L	1,662,530	1,725,215	25,449	2,235,716	958,466	12,426,751		
29. Nevada NV	L	2,703,916	2,562,150	135	1,858,673	2,428,130	5,784,280		
30. New Hampshire NH	L	804,414	1,045,873	4,880	1,043,783	(2,637,928)	10,978,839		
31. New Jersey NJ	L	9,574,222	9,313,796	(10,981)	10,140,666	32,650,417	101,908,683		
32. New Mexico NM	L	750,724	904,471	918	672,725	677,221	5,713,608		
33. New York NY	L	14,759,181	13,499,170	(14,556)	26,821,722	(1,851,501)	185,546,305		
34. North Carolina NC	L	5,810,134	5,994,466	26,687	8,482,130	3,574,417	24,041,507		
35. North Dakota ND	L	130,514	133,981	(8)	5,702	2,059,354	2,515,282		
36. Ohio OH	L	2,560,852	2,368,185	(241)	3,295,583	(4,576,985)	10,727,555		
37. Oklahoma OK	L	5,755,170	6,178,799	(4,375)	5,461,000	4,434,581	21,351,675		
38. Oregon OR	L	1,052,302	1,035,730	7,864	2,872,581	(1,716,823)	19,011,286		
39. Pennsylvania PA	L	10,228,408	10,448,092	(19,170)	12,126,940	(1,776,704)	101,437,129		
40. Rhode Island RI	L	755,082	652,080	1,920	366,331	134,064	6,713,655		
41. South Carolina SC	L	6,458,803	6,078,649	(21,073)	4,491,162	2,142,014	20,343,179		
42. South Dakota SD	L	(378,884)	(365,255)	(14,703)	(279,419)	(2,520,832)	15,037,250		
43. Tennessee TN	L	8,857,760	8,502,888	1,756	5,563,036	3,883,079	28,681,599		
44. Texas TX	L	18,099,906	16,602,489	103,615	8,812,494	(3,462,367)	77,416,619		
45. Utah UT	L	(829,870)	(799,413)	(65,836)	1,930,003	669,715	10,773,621		
46. Vermont VT	L	485,217	586,509	(2,516)	450,332	(110,599)	2,992,607		
47. Virginia VA	L	4,360,239	4,313,404	43,499	4,327,155	663,092	24,529,279		
48. Washington WA	L	1,666,515	1,726,622	(19,174)	4,096,931	1,879,494	5,429,018		
49. West Virginia WV	L	2,924,250	2,556,971	(2,732)	2,977,307	3,555,243	3,157,003		
50. Wisconsin WI	L	27,913,432	23,090,933	596,048	54,807,042	30,215,673	183,621,922		
51. Wyoming WY	L	177,009	203,666	(138)	174,738	(25,704)	559,265		
52. American Samoa AS	N								
53. Guam GU	N								
54. Puerto Rico PR	L	(9,770)	(10,080)	(9,362)		(1,639)	10,656		
55. U.S. Virgin Islands VI	L	16,342	3,894			1,436	1,898		
56. Northern Mariana Islands MP	N								
57. Canada CAN	L	(357)	(357)		872,204	(2,859,879)	2,359,241		
58. Aggregate Other Alien OT	XXX	(134,206)	(135,885)	(399)	(18,051)	(458,901)	1,911,585		
59. Totals	(a) 53	274,367,510	256,975,985	432,161	341,075,787	236,387,207	1,891,556,205		

DETAILS OF WRITE-INS									
58001. Other Alien	XXX	(134,206)	(135,885)	(399)	(18,051)	(458,901)	1,911,585		
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX								
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX	(134,206)	(135,885)	(399)	(18,051)	(458,901)	1,911,585		

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

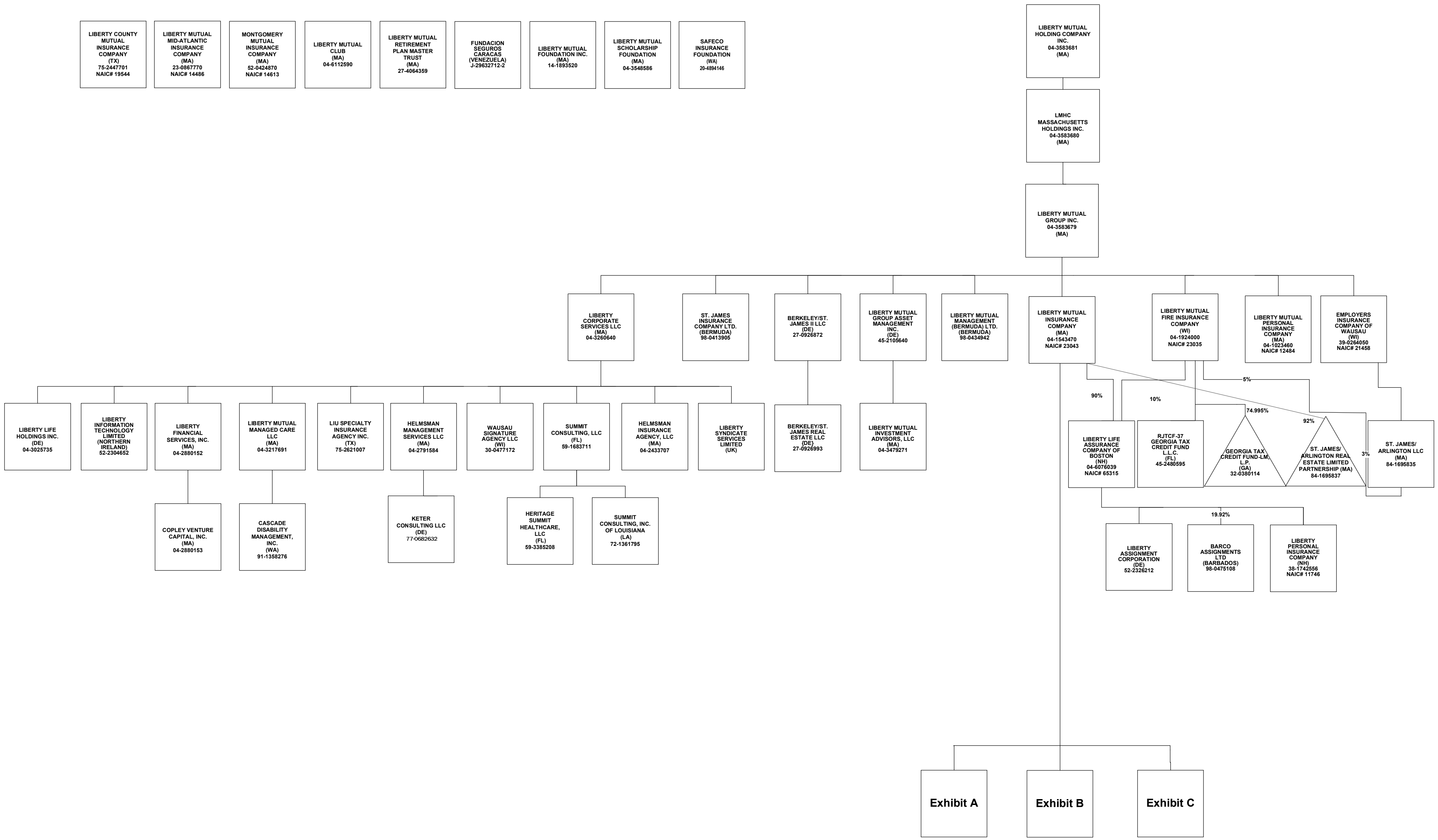
Explanation of basis of allocation of premiums by states, etc.

*Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery
*States employee's main work place - Worker's Compensation
*Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage
*Principal Location of business or location of coverage - Liability other than Auto, Fidelity, Warranty
*Point of origin of shipment or principal location of assured - Inland Marine
*State in which employees regularly work - Group Accident and Health
*Location of Court or Obligee - Surety
*Address of Assured - Other Accident and Health
*Location of Properties covered - Burglary and Theft
*Principal Location of Assured - Ocean Marine, Credit
*Primary residence of Assured - Aircraft (all perils)

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

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

PART 1 - ORGANIZATIONAL CHART



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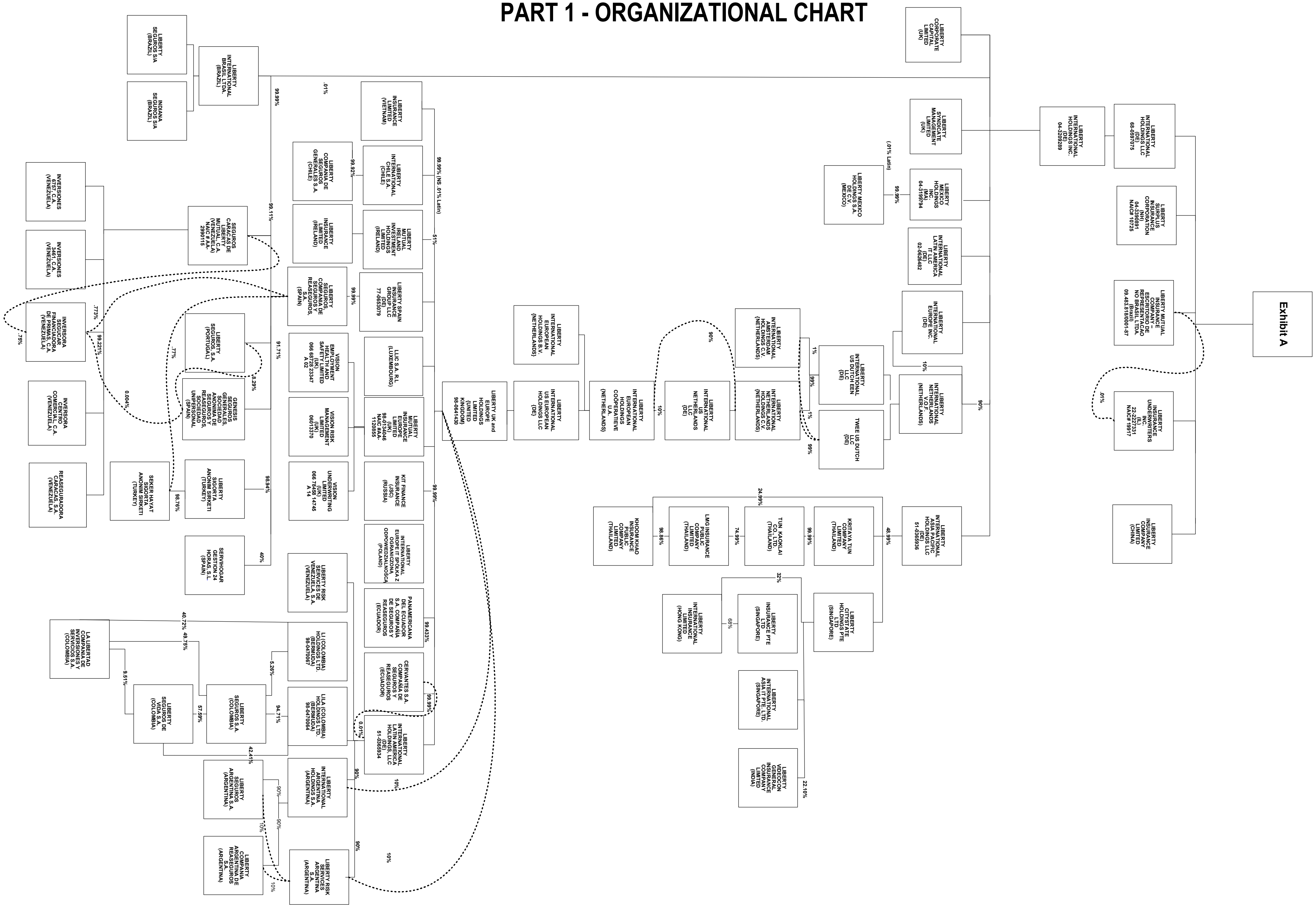

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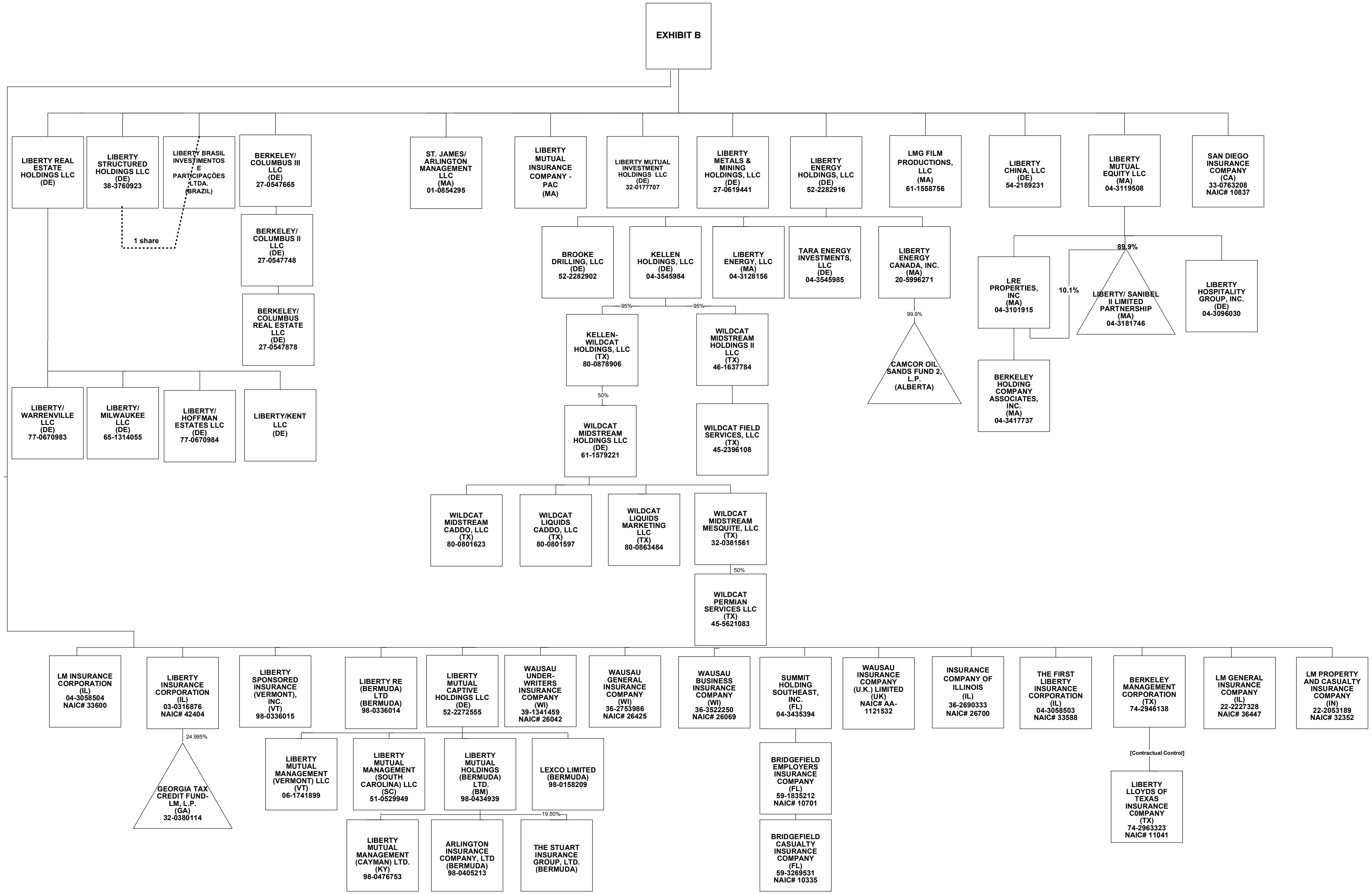

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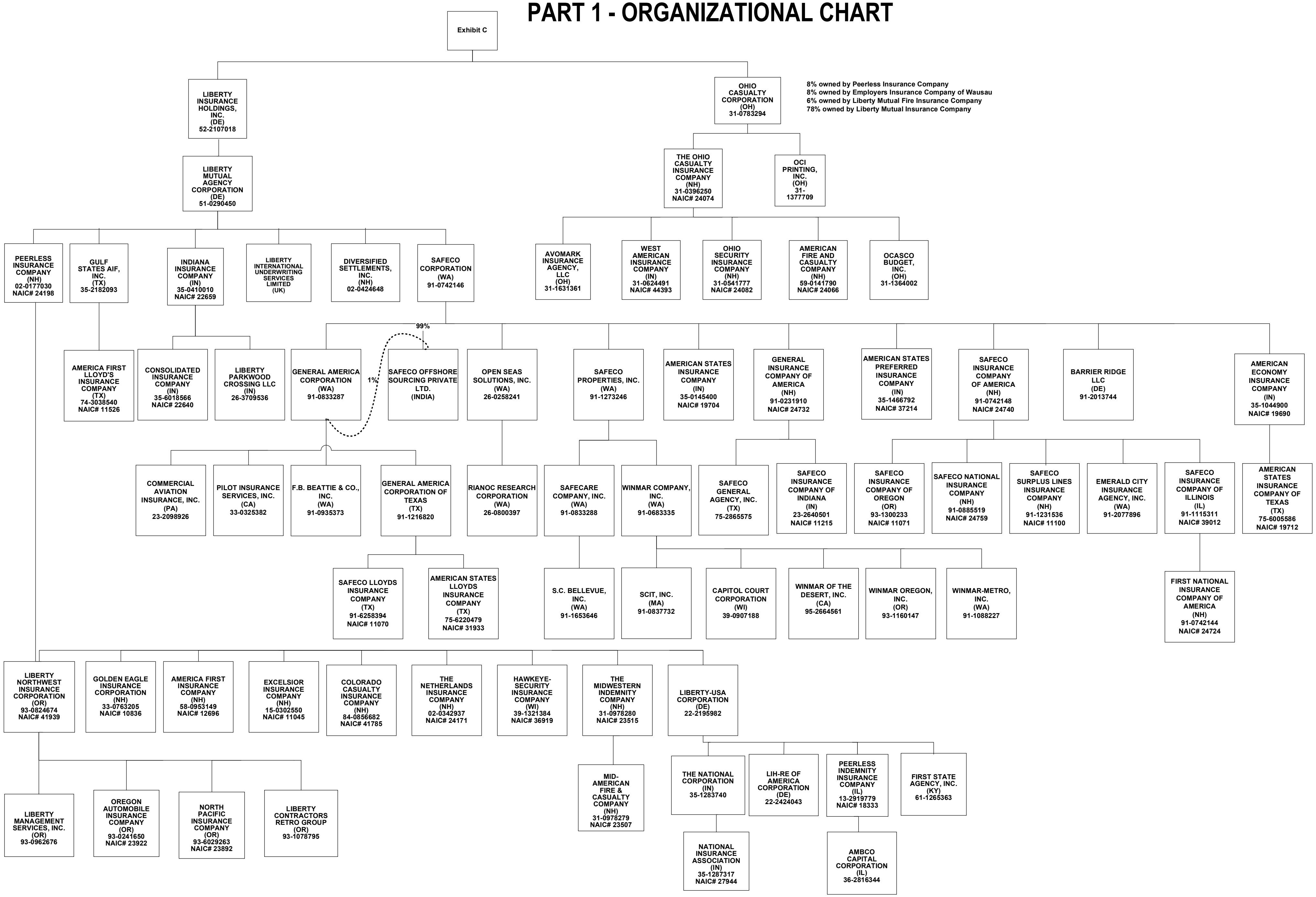

OVERFLOW PAGE FOR WRITE-INS

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	4,615,517	3,202,312	1,413,205	633,150
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	4,615,517	3,202,312	1,413,205	633,150

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT