

ANNUAL STATEMENT

OF THE

GENERAL INSURANCE COMPANY OF AMERICA

of **KEENE**

in the state of **NEW HAMPSHIRE**

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2012

PROPERTY AND CASUALTY

2012



ANNUAL STATEMENT

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

General Insurance Company of America

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) NAIC Company Code 24732 Employer's ID Number 91-0231910
Organized under the Laws of New Hampshire, State of Domicile or Port of Entry New Hampshire
Country of Domicile United States of America
Incorporated/Organized March 20, 1923 Commenced Business May 1, 1923
Statutory Home Office 62 Maple Avenue, Keene, NH, US 03431
Main Administrative Office 175 Berkeley Street, Boston, MA, US 02116
Mail Address 175 Berkeley Street, Boston, MA, US 02116
Primary Location of Books and Records 175 Berkeley Street, Boston, MA, US 02116
Internet Web Site Address WWW.SAFECO.COM
Statutory Statement Contact Pamela Heenan, Statutory.Compliance@LibertyMutual.com

OFFICERS

Chairman of the Board
Timothy Michael Sweeney

Table with 2 columns: Name, Title. Includes Timothy Michael Sweeney (President and Chief Executive Officer), Dexter Robert Legg (Vice President and Secretary), and Laurance Henry Soyer Yahia (Vice President and Treasurer).

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Includes Margaret Dillon (Vice President and Chief Financial Officer), John Derek Doyle (Vice President and Comptroller), Anthony Alexander Fontanes (Vice President and Chief Investment Officer), Elizabeth Julia Morahan (Vice President and General Counsel), and Christopher Locke Peirce (Executive Vice President).

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Includes Margaret Dillon, John Derek Doyle, Paul Ivanovskis, Dexter Robert Legg, and Stephen Joseph McAnena.

State of Massachusetts
County of Suffolk

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...

Signature and Title lines for Timothy Michael Sweeney, Dexter Robert Legg, and Laurance Henry Soyer Yahia.

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			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	1,352,468,545		1,352,468,545	1,466,103,126
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	97,292,205		97,292,205	86,610,892
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	52,211,827		52,211,827	43,312,849
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 178,794, Schedule E - Part 1), cash equivalents (\$ 17,089,771, Schedule E - Part 2), and short-term investments (\$ 81,496,166, Schedule DA)	98,764,731		98,764,731	49,943,700
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	125,823		125,823	128,757
9. Receivables for securities	5,643,064		5,643,064	19,120,267
10. Securities lending reinvested collateral assets (Schedule DL)				22,163,555
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	1,606,506,195		1,606,506,195	1,687,383,146
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	14,469,842		14,469,842	16,994,758
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	34,037,914	4,794,793	29,243,121	36,866,032
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 2,351,639 earned but unbilled premiums)	295,318,594	235,164	295,083,430	277,421,253
15.3 Accrued retrospective premiums	6,968	697	6,271	424,821
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	15,221,118		15,221,118	13,644,563
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				2,078,991
18.2 Net deferred tax asset	73,277,000	47,208,005	26,068,995	51,960,645
19. Guaranty funds receivable or on deposit	870,051		870,051	1,106,143
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	4,376,072		4,376,072	18,684,394
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	9,294,336	1,198,121	8,096,215	7,866,293
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	2,053,378,090	53,436,780	1,999,941,310	2,114,431,039
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	2,053,378,090	53,436,780	1,999,941,310	2,114,431,039

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	5,574,127		5,574,127	5,433,764
2502. Equities and deposits in pools and associations	2,491,158		2,491,158	2,409,954
2503. Other assets	1,229,051	1,198,121	30,930	22,575
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	9,294,336	1,198,121	8,096,215	7,866,293

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	813,417,799	829,322,172
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	55,139,359	61,901,843
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	186,024,412	183,377,922
4. Commissions payable, contingent commissions and other similar charges	29,737,059	25,820,141
5. Other expenses (excluding taxes, licenses and fees)	15,232,933	14,457,103
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	6,462,574	6,825,806
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	18,186,599	
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 \$ 136,094,807 and including warranty reserves of \$ 0 and accrued accident and health experience rating refunds including \$ 0 for medical loss ratio rebate per the Public Health Service Act)	482,563,965	463,599,229
10. Advance premium	3,606,262	3,164,571
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	129,184	126,944
12. Ceded reinsurance premiums payable (net of ceding commissions)	19,579,676	19,847,700
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	1,208,077	909,987
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ 0 certified) (Schedule F, Part 8)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	31,751,398	32,758,805
19. Payable to parent, subsidiaries and affiliates	14,328,550	11,389,409
20. Derivatives		
21. Payable for securities	1,439,409	5,388,345
22. Payable for securities lending		22,163,555
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	13,993,472	15,286,746
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	1,692,800,728	1,696,340,278
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	1,692,800,728	1,696,340,278
29. Aggregate write-ins for special surplus funds	1,614,347	18,684,214
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	170,891,058	170,891,058
35. Unassigned funds (surplus)	129,635,177	223,515,489
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)	307,140,582	418,090,761
38. Totals (Page 2, Line 28, Col. 3)	1,999,941,310	2,114,431,039

DETAILS OF WRITE-IN LINES		
2501. Retroactive reinsurance reserves	7,609,156	8,160,865
2502. Other liabilities	5,918,418	6,630,310
2503. Amounts held under uninsured plans	465,898	495,571
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	13,993,472	15,286,746
2901. Special surplus from retroactive reinsurance	1,614,347	1,934,063
2902. SSAP 10R incremental change		16,750,151
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	1,614,347	18,684,214
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	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	987,751,426	963,354,130
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	536,022,525	596,008,400
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	122,423,473	116,380,432
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	323,118,090	310,593,002
5. Aggregate write-ins for underwriting deductions		(98,468)
6. Total underwriting deductions (Lines 2 through 5)	981,564,088	1,022,883,366
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	6,187,338	(59,529,236)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	67,910,192	71,042,688
10. Net realized capital gains (losses) less capital gains tax of \$ 4,525,885 (Exhibit of Capital Gains (Losses))	8,405,215	148,077
11. Net investment gain (loss) (Lines 9 + 10)	76,315,407	71,190,765
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 15,076 amount charged off \$ 2,623,402)	(2,608,326)	(2,153,243)
13. Finance and service charges not included in premiums	8,447,865	8,133,566
14. Aggregate write-ins for miscellaneous income	(1,588,898)	(3,023,272)
15. Total other income (Lines 12 through 14)	4,250,641	2,957,051
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	86,753,386	14,618,580
17. Dividends to policyholders	2,368,772	1,934,602
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)	84,384,614	12,683,978
19. Federal and foreign income taxes incurred	19,045,115	(464,734)
20. Net income (Line 18 minus Line 19) (to Line 22)	65,339,499	13,148,712
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	418,090,761	409,611,147
22. Net income (from Line 20)	65,339,499	13,148,712
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 4,052,773	7,798,058	(2,604,492)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(1,297,227)	9,530,112
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(4,917,473)	(19,408,597)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles	877,115	737,213
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	(162,000,000)	
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	(16,750,151)	7,076,666
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(110,950,179)	8,479,614
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	307,140,582	418,090,761

DETAILS OF WRITE-IN LINES		
0501. Private passenger auto escrow		(98,468)
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)		(98,468)
1401. Retroactive reinsurance gain/(loss)	3,247,187	(196,384)
1402. Other income/(expense)	(4,836,085)	(2,826,888)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(1,588,898)	(3,023,272)
3701. SSAP 10R incremental change	(16,750,151)	7,076,666
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)	(16,750,151)	7,076,666

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	996,176,311	967,263,806
2. Net investment income	77,096,126	77,430,039
3. Miscellaneous income	4,437,855	2,879,084
4. Total (Lines 1 through 3)	1,077,710,292	1,047,572,929
5. Benefit and loss related payments	561,273,345	575,770,328
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	438,565,557	419,505,183
8. Dividends paid to policyholders	2,366,531	1,893,895
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	3,305,410	(17,761,379)
10. Total (Lines 5 through 9)	1,005,510,843	979,408,027
11. Net cash from operations (Line 4 minus Line 10)	72,199,449	68,164,902
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	623,267,721	319,360,829
12.2 Stocks	29,605,292	27,215,988
12.3 Mortgage loans	3,521,012	1,108,830
12.4 Real estate		
12.5 Other invested assets	190,594,259	76,772,252
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	13,477,203	(18,874,040)
12.8 Total investment proceeds (Lines 12.1 to 12.7)	860,465,487	405,583,859
13. Cost of investments acquired (long-term only):		
13.1 Bonds	500,044,775	290,978,549
13.2 Stocks	31,751,123	44,817,055
13.3 Mortgage loans	12,419,990	4,769,464
13.4 Real estate		
13.5 Other invested assets	168,430,703	89,208,322
13.6 Miscellaneous applications	3,948,937	13,476,406
13.7 Total investments acquired (Lines 13.1 to 13.6)	716,595,528	443,249,796
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)	143,869,959	(37,665,937)
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	162,000,000	
16.6 Other cash provided (applied)	(5,248,377)	(20,980,291)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(167,248,377)	(20,980,291)
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)	48,821,031	9,518,674
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	49,943,700	40,425,026
19.2 End of year (Line 18 plus Line 19.1)	98,764,731	49,943,700

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

20.0001 16.5 - Dividends to stockholders	147,663,447	
20.0002		
20.0003		

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	19,766,122	9,796,926	10,380,244	19,182,804
2. Allied lines	17,459,882	8,373,688	9,530,306	16,303,264
3. Farmowners multiple peril	8,130,770	3,847,538	4,120,263	7,858,045
4. Homeowners multiple peril	173,509,947	81,731,799	92,833,006	162,408,740
5. Commercial multiple peril	170,251,699	86,077,867	83,191,045	173,138,521
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	16,165,985	7,496,837	7,670,716	15,992,106
10. Financial guaranty				
11.1 Medical professional liability—occurrence	67,500	26,785	23,610	70,675
11.2 Medical professional liability—claims-made	6,033	4,213	1,622	8,624
12. Earthquake	3,278,414	1,674,348	1,665,434	3,287,328
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation	73,226,263	31,613,018	25,412,483	79,426,798
17.1 Other liability—occurrence	49,027,413	24,045,744	23,723,679	49,349,478
17.2 Other liability—claims-made	2,090,278	939,776	888,092	2,141,962
17.3 Excess workers' compensation				
18.1 Products liability—occurrence	1,286,835	607,739	648,294	1,246,280
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability	185,920,111	72,393,788	81,983,441	176,330,458
19.3,19.4 Commercial auto liability	70,675,989	36,309,914	33,809,202	73,176,701
21. Auto physical damage	147,459,028	58,470,166	66,016,475	139,912,719
22. Aircraft (all perils)				
23. Fidelity	566,084	483,721	461,437	588,368
24. Surety	65,494,399	39,984,542	38,239,725	67,239,216
26. Burglary and theft	26,757	12,879	13,133	26,503
27. Boiler and machinery	66,215	5,448	8,822	62,841
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-nonproportional assumed property				
32. Reinsurance-nonproportional assumed liability				
33. Reinsurance-nonproportional assumed financial lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	1,004,475,724	463,896,736	480,621,029	987,751,431

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A – RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire	10,380,240	5			10,380,245
2. Allied lines	9,530,299	8			9,530,307
3. Farmowners multiple peril	4,120,028	236			4,120,264
4. Homeowners multiple peril	92,833,006				92,833,006
5. Commercial multiple peril	83,738,213	2,612	(549,780)		83,191,045
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine	7,670,392	325			7,670,717
10. Financial guaranty					
11.1 Medical professional liability—occurrence	23,610				23,610
11.2 Medical professional liability—claims-made	1,622				1,622
12. Earthquake	1,665,433				1,665,433
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation	26,843,538	274	(1,424,362)	(6,968)	25,412,482
17.1 Other liability—occurrence	23,534,452	112,474	76,753		23,723,679
17.2 Other liability—claims-made	936,163	3,969	(52,040)		888,092
17.3 Excess workers' compensation					
18.1 Products liability—occurrence	634,783	49	13,461		648,293
18.2 Products liability—claims-made					
19.1,19.2 Private passenger auto liability	81,983,441				81,983,441
19.3,19.4 Commercial auto liability	33,804,468	4,734			33,809,202
21. Auto physical damage	66,015,731	744			66,016,475
22. Aircraft (all perils)					
23. Fidelity	172,589	288,848			461,437
24. Surety	27,111,673	11,128,052			38,239,725
26. Burglary and theft	13,133				13,133
27. Boiler and machinery	8,822				8,822
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-nonproportional assumed property					
32. Reinsurance-nonproportional assumed liability					
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	471,021,636	11,542,330	(1,935,968)	(6,968)	480,621,030
36. Accrued retrospective premiums based on experience					6,968
37. Earned but unbilled premiums					1,935,966
38. Balance (Sum of Lines 35 through 37)					482,563,964

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		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire	3,531,470	19,766,122		3,531,470		19,766,122
2. Allied lines	3,423,152	17,459,882		3,423,152		17,459,882
3. Farmowners multiple peril		8,130,770				8,130,770
4. Homeowners multiple peril	54,251,783	173,509,947		54,251,783		173,509,947
5. Commercial multiple peril	45,797,587	170,251,699		45,797,587		170,251,699
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	1,161,528	16,165,985		1,161,528		16,165,985
10. Financial guaranty						
11.1 Medical professional liability--occurrence	716,477	67,500		716,477		67,500
11.2 Medical professional liability--claims-made	65,581	6,033		65,581		6,033
12. Earthquake	514,094	3,278,414		514,094		3,278,414
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation	3,160,056	73,226,263		3,160,056		73,226,263
17.1 Other liability—occurrence	12,744,603	49,027,413		12,744,603		49,027,413
17.2 Other liability—claims-made	20,097,859	2,090,278		20,097,859		2,090,278
17.3 Excess workers' compensation						
18.1 Products liability—occurrence	441,672	1,286,835		441,672		1,286,835
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability	54,846,353	185,920,111		54,846,353		185,920,111
19.3,19.4 Commercial auto liability	38,048,347	70,675,989		38,048,347		70,675,989
21. Auto physical damage	49,105,380	147,459,028		49,105,380		147,459,028
22. Aircraft (all perils)						
23. Fidelity	22,144	566,084		22,144		566,084
24. Surety	2,783,071	65,494,399		2,783,071		65,494,399
26. Burglary and theft	4,962	26,757		4,962		26,757
27. Boiler and machinery	162,433	66,215		162,433		66,215
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	X X X					
32. Reinsurance-nonproportional assumed liability	X X X					
33. Reinsurance-nonproportional assumed financial lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	290,878,552	1,004,475,724		290,878,552		1,004,475,724

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	255,438	2,406,047	255,438	2,406,047	126,317	705,281	126,317	3,111,328	316,580
2. Allied lines	680,589	1,612,054	680,589	1,612,054	4,328,625	590,591	4,328,625	2,202,645	454,899
3. Farmowners multiple peril		1,333,470		1,333,470		114,845		1,448,315	512,233
4. Homeowners multiple peril	6,261,708	27,126,556	6,261,708	27,126,556	2,822,957	13,755,534	2,822,957	40,882,090	7,701,771
5. Commercial multiple peril	36,841,923	102,866,209	36,841,923	102,866,209	22,410,941	62,628,557	22,410,941	165,494,766	68,928,964
6. Mortgage guaranty									
8. Ocean marine									
9. Inland marine	13,495	976,937	13,495	976,937	23,070	(112,655)	23,070	864,282	196,013
10. Financial guaranty									
11.1 Medical professional liability—occurrence	100,100	39,440	100,100	39,440	2,321,695	234,558	2,321,695	273,998	141,197
11.2 Medical professional liability—claims-made	50,000	4,600	50,000	4,600	512,667	47,165	512,667	51,765	11,411
12. Earthquake		72		72	(6,644)	(19,147)	(6,644)	(19,075)	1,410
13. Group accident and health								(a)	(235)
14. Credit accident and health (group and individual)									
15. Other accident and health		857,842		857,842		3,289,059		(a)	4,146,901
16. Workers' compensation	59,780,886	168,579,685	59,780,886	168,579,685	23,822,841	112,015,623	23,822,841	280,595,308	32,772,621
17.1 Other liability—occurrence	20,193,542	30,771,207	20,193,542	30,771,207	13,338,151	52,766,003	13,338,151	83,537,210	19,586,031
17.2 Other liability—claims-made	17,253,145	1,768,162	17,253,145	1,768,162	12,655,896	1,262,206	12,655,896	3,030,368	1,580,992
17.3 Excess workers' compensation									32
18.1 Products liability—occurrence	9,534,120	2,393,830	9,534,120	2,393,830	166,961	651,402	166,961	3,045,232	879,782
18.2 Products liability—claims-made									
19.1,19.2 Private passenger auto liability	26,726,978	103,273,925	26,726,978	103,273,925	6,283,229	15,258,147	6,283,229	118,532,072	27,888,083
19.3,19.4 Commercial auto liability	39,263,654	56,552,534	39,263,654	56,552,534	21,853,892	35,524,594	21,853,892	92,077,128	12,934,600
21. Auto physical damage	713,002	2,316,144	713,002	2,316,144	698,983	2,138,008	698,983	4,454,152	2,238,874
22. Aircraft (all perils)		31,935		31,935		215		32,150	1,364
23. Fidelity	13,940	(668)	13,940	(668)	(665,065)	167,504	(665,065)	166,836	76,559
24. Surety	545,635	(8,139,678)	545,635	(8,139,678)	3,292,413	15,039,384	3,292,413	6,899,706	9,298,693
26. Burglary and theft		78		78	34	168	34	246	1,260
27. Boiler and machinery		118		118	(109)	2,037	(109)	2,155	4,055
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-nonproportional assumed property	X X X				X X X				
32. Reinsurance-nonproportional assumed liability	X X X				X X X	2,588,224		2,588,224	6,189
33. Reinsurance-nonproportional assumed financial lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	218,228,155	494,770,499	218,228,155	494,770,499	113,986,854	318,647,303	113,986,854	813,417,802	186,024,411

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	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	9,015,524			9,015,524
1.2 Reinsurance assumed	47,321,353			47,321,353
1.3 Reinsurance ceded	9,015,524			9,015,524
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	47,321,353			47,321,353
2. Commission and brokerage:				
2.1 Direct, excluding contingent		43,484,036		43,484,036
2.2 Reinsurance assumed, excluding contingent		149,832,296		149,832,296
2.3 Reinsurance ceded, excluding contingent		43,484,036		43,484,036
2.4 Contingent—direct		9,693		9,693
2.5 Contingent—reinsurance assumed		18,238,157		18,238,157
2.6 Contingent—reinsurance ceded		9,693		9,693
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)		168,070,453		168,070,453
3. Allowances to manager and agents	7,179	38,306		45,485
4. Advertising	507,784	5,560,284	3,290	6,071,358
5. Boards, bureaus and associations	387,066	1,868,464	166	2,255,696
6. Surveys and underwriting reports	12,779	6,474,982	57,390	6,545,151
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	45,578,710	54,484,469	2,083,273	102,146,452
8.2 Payroll taxes	1,052,513	5,430,295	13,490	6,496,298
9. Employee relations and welfare	7,765,740	26,442,464	101,427	34,309,631
10. Insurance	2,000,947	741,392	48,025	2,790,364
11. Directors' fees	137	722		859
12. Travel and travel items	3,267,876	4,327,179	78,382	7,673,437
13. Rent and rent items	1,726,733	5,819,601	24,927	7,571,261
14. Equipment	1,558,391	3,938,991	35,697	5,533,079
15. Cost or depreciation of EDP equipment and software	279,492	3,594,306	70,924	3,944,722
16. Printing and stationery	682,943	871,470	5,919	1,560,332
17. Postage, telephone and telegraph, exchange and express	4,054,124	3,157,983	67,722	7,279,829
18. Legal and auditing	178,475	559,317	182,854	920,646
19. Totals (Lines 3 to 18)	69,060,889	123,310,225	2,773,486	195,144,600
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 203,493		21,218,211		21,218,211
20.2 Insurance department licenses and fees		3,117,005		3,117,005
20.3 Gross guaranty association assessments		112,016		112,016
20.4 All other (excluding federal and foreign income and real estate)		2,349,501		2,349,501
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		26,796,733		26,796,733
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	6,041,231	4,940,682	603,553	11,585,466
25. Total expenses incurred	122,423,473	323,118,093	3,377,039	(a) 448,918,605
26. Less unpaid expenses—current year	186,024,412	51,432,566		237,456,978
27. Add unpaid expenses—prior year	183,377,922	47,103,050		230,480,972
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	119,776,983	318,788,577	3,377,039	441,942,599

DETAILS OF WRITE-IN LINES				
2401. Other expenses	6,041,231	4,940,682	603,553	11,585,466
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)	6,041,231	4,940,682	603,553	11,585,466

(a) Includes management fees of \$ 10,410,598 to affiliates and \$ 113,101 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 5,886,040	6,177,716
1.1 Bonds exempt from U.S. tax	(a) 26,103,721	23,652,944
1.2 Other bonds (unaffiliated)	(a) 35,871,593	35,508,670
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	2,226,175	2,181,450
2.21 Common stocks of affiliates		
3. Mortgage loans	(c) 3,206,747	3,245,507
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 123,399	126,472
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	394,473	394,473
10. Total gross investment income	73,812,148	71,287,232
11. Investment expenses		(g) 3,377,040
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		3,377,040
17. Net investment income (Line 10 minus Line 16)		67,910,192

DETAILS OF WRITE-IN LINES		
0901. Miscellaneous Income/(Expense)	394,473	394,473
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)	394,473	394,473
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 \$ 851,281 accrual of discount less \$ 7,512,299 amortization of premium and less \$ 1,005,418 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 \$ 18,212 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 22,403 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	45,650		45,650		
1.1 Bonds exempt from U.S. tax	5,506,197	(492,500)	5,013,697	989,725	
1.2 Other bonds (unaffiliated)	8,056,857	(97,452)	7,959,405	2,240,905	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	(66)		(66)		
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	2,884,549	(2,972,136)	(87,587)	8,351,655	
2.21 Common stocks of affiliates				271,479	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets				(2,934)	
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	16,493,187	(3,562,088)	12,931,099	11,850,830	

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	4,794,793	4,763,154	(31,639)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	235,164	57,628	(177,536)
15.3 Accrued retrospective premiums	697	47,152	46,455
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	47,208,005	26,666,355	(20,541,650)
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	1,198,121	1,111,981	(86,140)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	53,436,780	32,646,270	(20,790,510)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	53,436,780	32,646,270	(20,790,510)

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	1,198,121	1,111,981	(86,140)
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,198,121	1,111,981	(86,140)

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

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

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

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

C. Accounting Policies

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

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

1. Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office (SVO Manual).
2. Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the SVO Manual.
3. Common stocks are carried at fair value, except that investments in stocks of subsidiaries, controlled and affiliated ("SCA") companies are carried according to Note 1C(7).
4. Preferred stocks are carried at cost or fair value as specified by the SVO Manual. Preferred stocks of SCA companies are carried according to Note 1C(7).
5. Mortgage loans are carried at unpaid principal balances, less impairments as specified by the SVO Manual.
6. Mortgage backed/asset backed securities are carried at amortized cost or fair value based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are updated monthly using the Bloomberg data service. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.
7. Investments in SCA companies are carried in accordance with SSAP No. 97, *Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88*, and the SVO Manual.
8. Investments in joint ventures, partnerships, and limited liability companies are carried in accordance with SSAP No. 48, *Joint Ventures, Partnerships and Limited Liability Companies*, and the SVO Manual.
9. Derivative Securities, refer to Note 8.
10. Investment income is anticipated as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property Casualty Contracts - Premiums*. Refer to Note 30.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods, for making such estimates and for establishing the resulting liability, are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.
12. The Company did not change its capitalization policy in 2012.
13. The Company has no pharmaceutical rebate receivables.

Note 2 - Accounting Changes and Correction of Errors

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

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

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

NOTES TO FINANCIAL STATEMENTS

B. Statutory Mergers

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

C. Impairment Loss

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

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

During 2012, the Company participated in direct investment in commercial mortgage loans using an experienced external manager, StanCorp Mortgage Investors.

1. The maximum and minimum lending rates for commercial mortgage loans during 2012 were 6.63% 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%

	<u>Current Year</u>	<u>Prior Year</u>
4. As of year end, the Company held mortgages with interest more than 180 days past due with a recorded investment excluding accrued interest	\$ -	\$ -
a. Total interest due on mortgages with interest more than 180 days past due	\$ -	\$ -
5. Taxes, assessments and any amounts advanced and not included in the mortgage loan total	\$1,632	\$2,493
6. Current year impaired loans with a related allowance for credit losses	\$ -	\$ -
a. Related allowance for credit losses	\$ -	\$ -
7. Impaired Mortgage loans without an allowance for credit losses	\$8,022	\$8,133
8. Average recorded investment in impaired loans	\$ -	\$ -
9. Interest income recognized during the period the loans were impaired	\$428	\$ -
10. Amount of interest income recognized on a cash basis during the period the loans were impaired	\$424	\$ -
11. Allowance for credit losses:		
a. Balance at beginning of period	\$ -	\$ -
b. Additions charged to operations	\$ -	\$ -
c. Direct write-downs charged against the allowances	\$ -	\$ -
d. Recoveries of amounts previously charged off	\$ -	\$ -
e. Balance at end of period	\$ -	\$ -

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

B. Troubled Debt Restructuring for Creditors

	<u>Current Year</u>	<u>Prior Year</u>
1. The total recorded investment in restructured loans, as of year end	\$8,022	\$8,133
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.

NOTES TO FINANCIAL STATEMENTS

D. Loan Backed Securities

1. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
2. All Loan Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2012 as of December 31, 2012: None
3. Each Loan Backed Security with a recognized other-than-temporary impairment held by the Company at December 31, 2012:

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other-than- temporary impairment	Amortized cost after other-than- temporary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Report
30605AAX1	2,634,629	1,204,593	1,430,036	1,204,593	1,189,300	3/31/2010
59023XAB2	670,877	586,824	84,053	586,824	586,823	3/31/2009
59023XAB2	444,875	386,128	58,747	386,128	386,128	12/31/2009
59023XAB2	294,274	287,282	6,992	287,282	275,008	3/31/2010
59023XAB2	200,124	198,276	1,848	198,276	137,447	9/30/2011
59023XAB2	182,893	167,745	15,147	167,745	132,953	12/31/2011
59023XAB2	148,292	139,394	8,897	139,394	125,153	3/31/2012
59023XAB2	122,515	106,935	15,579	106,935	66,501	6/30/2012
59023XAB2	88,973	78,074	10,899	78,074	55,584	9/30/2012
59023XAB2	76,107	75,017	1,089	75,017	57,182	12/31/2012
61749BAB9	700,147	665,046	35,101	665,046	665,047	12/31/2009
61749BAB9	584,967	579,799	5,168	579,799	568,632	3/31/2010
61749BAB9	472,189	469,899	2,290	469,899	436,622	12/31/2010
61749BAB9	269,175	252,684	16,491	252,684	237,366	9/30/2012
30604VAD0	2,180,596	1,749,745	430,851	1,749,745	1,749,745	12/31/2010
41162DAF6	2,809,795	2,765,299	44,496	2,765,299	2,548,341	9/30/2012

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 \$ (49,106)
 2. 12 Months or Longer \$ (321,795)
 - b. The aggregate related fair value of securities with unrealized losses:
 1. Less than 12 Months \$ 4,177,658
 2. 12 Months or Longer \$ 4,406,563
5. The Company reviews fixed income securities for impairment on a quarterly basis. Securities are reviewed for both quantitative and qualitative considerations including, but not limited to: (a) the extent of the decline in fair value below book value, (b) the duration of the decline, (c) significant adverse changes in the financial condition or near term prospects of the investment or issuer, (d) significant change in the business climate or credit ratings of the issuer, (e) general market conditions and volatility, (f) industry factors, and (g) the past impairment of the security holding or the issuer. If the Company believes a decline in the value of a particular investment is temporary, the decline is recorded as an unrealized loss in policyholders' surplus. If the decline is believed to be "other-than-temporary," and the Company believes it will not be able to collect all cash flows due on its fixed income securities, then the carrying value of the investment is written down to the expected cash flow amount and a realized loss is recorded as a credit impairment.

E. Repurchase Agreements and Securities Lending

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

F. Real Estate

The Company does not have real estate.

G. Investments in Low-Income Housing Tax Credits

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

Note 6 - Joint Ventures, Partnerships & Limited Liability Companies

A. Investments in joint ventures, partnerships and limited liability companies that exceed 10% of its admitted assets

The Company has no investments in joint ventures, partnerships, or limited liability companies.

NOTES TO FINANCIAL STATEMENTS

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

The Company has no impairments on any investments in joint ventures, partnerships, or limited liability companies.

Note 7 - Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2012.

Note 8 - Derivative Instruments

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

Note 9 - Income Taxes

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

1.

	12/31/2012		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 78,871,700	\$ 3,254,300	\$ 82,126,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	78,871,700	3,254,300	82,126,000
(d) Deferred Tax Assets Nonadmitted	47,208,005	-	47,208,005
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	31,663,695	3,254,300	34,917,995
(f) Deferred Tax Liabilities	3,716,289	5,132,711	8,849,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ 27,947,406	\$ (1,878,411)	\$ 26,068,995

	12/31/2011		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 79,488,637	\$ 4,365,363	\$ 83,854,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	79,488,637	4,365,363	83,854,000
(d) Deferred Tax Assets Nonadmitted	22,671,476	3,994,879	26,666,355
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	56,817,161	370,484	57,187,645
(f) Deferred Tax Liabilities	4,976,050	250,950	5,227,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ 51,841,111	\$ 119,534	\$ 51,960,645

	Change		
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ (616,937)	\$ (1,111,063)	\$ (1,728,000)
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	(616,937)	(1,111,063)	(1,728,000)
(d) Deferred Tax Assets Nonadmitted	24,536,529	(3,994,879)	20,541,650
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	(25,153,466)	2,883,816	(22,269,650)
(f) Deferred Tax Liabilities	(1,259,761)	4,881,761	3,622,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ (23,893,705)	\$ (1,997,945)	\$ (25,891,650)

NOTES TO FINANCIAL STATEMENTS

2.

	12/31/2012		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ 24,348,450	\$ -	\$ 24,348,450
(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)	1,304,684	415,861	1,720,545
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	1,304,684	415,861	1,720,545
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			46,369,740
(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	3,716,289	5,132,711	8,849,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	\$ 29,369,423	\$ 5,548,572	\$ 34,917,995

	12/31/2011		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ 1,709,227	\$ 963	\$ 1,710,190
(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)	50,131,884	118,570	50,250,454
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	51,008,999	118,570	51,127,569
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			50,250,454
(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	4,976,050	250,950	5,227,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	\$ 56,817,161	\$ 370,483	\$ 57,187,644

	Change		
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ 22,639,223	\$ (963)	\$ 22,638,260
(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)	(48,827,200)	297,291	(48,529,909)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	(49,704,315)	297,291	(49,407,024)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			(3,880,714)
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	(1,259,761)	4,881,761	3,622,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ (27,447,738)	\$ 5,178,089	\$ (22,269,649)

NOTES TO FINANCIAL STATEMENTS

3.

	2012	2011
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	320.84%	422.11%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	281,071,587	366,130,116

4.

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

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

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

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	\$ 19,045,115	\$ (464,734)	\$ 19,509,849
(b) Foreign	-	-	-
(c) Subtotal	19,045,115	(464,734)	19,509,849
(d) Federal income tax on net capital gains	4,525,885	79,734	4,446,151
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	\$ 23,571,000	\$ (385,000)	\$ 23,956,000
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 27,663,000	\$ 28,933,000	\$ (1,270,000)
(2) Unearned premium reserve	33,971,000	32,676,000	1,295,000
(3) Policyholder reserves	-	-	-
(4) Investments	229,000	49,000	180,000
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	695,000	1,533,000	(838,000)
(8) Compensation and benefits accrual	6,156,000	6,415,000	(259,000)
(9) Pension accrual	1,165,000	1,858,000	(693,000)
(10) Receivables – nonadmitted	2,180,000	2,093,000	87,000
(11) Net operating loss carry-forward	2,195,000	2,524,000	(329,000)
(12) Tax credit carry-forward	46,000	46,000	-
(13) Other (including items <5% of total ordinary tax assets)	4,571,700	3,361,637	1,210,063
(99) Subtotal	78,871,700	79,488,637	(616,937)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	47,208,005	22,671,476	24,536,529
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	31,663,695	56,817,161	(25,153,466)
(e) Capital			
(1) Investments	3,254,300	4,365,363	(1,111,063)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	3,254,300	4,365,363	(1,111,063)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	3,994,879	(3,994,879)

NOTES TO FINANCIAL STATEMENTS

(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	3,254,300	370,484	2,883,816
(i) Admitted deferred tax assets (2d + 2h)	34,917,995	57,187,645	(22,269,650)
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	1,553,000	703,000	850,000
(2) Fixed assets	172,000	968,000	(796,000)
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total capital tax liabilities)	1,991,289	3,305,050	(1,313,761)
(99) Subtotal	3,716,289	4,976,050	(1,259,761)
(b) Capital:			
(1) Investments	5,132,711	250,950	4,881,761
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	5,132,711	250,950	4,881,761
(c) Deferred tax liabilities (3a99 + 3b99)	8,849,000	5,227,000	3,622,000
4. Net deferred tax assets/liabilities (2i – 3c)	\$ 26,068,995	\$ 51,960,645	\$ (25,891,650)

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

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

Year Generated	Amount	Expiration
2011	\$ 6,272,000	2031

The Company has alternative minimum tax credit carry-forwards of \$46,000. 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.

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

AMBCO Capital Corporation	Liberty Mutual Insurance Company
America First Insurance Company	Liberty Mutual Personal Insurance Company
America First Lloyd's Insurance Company	Liberty Northwest Insurance Corporation
American Economy Insurance Company	Liberty Personal Insurance Company
American Fire and Casualty Company	Liberty RE (Bermuda) Limited
American States Insurance Company	Liberty Sponsored Insurance (Vermont), Inc.
American States Insurance Company of Texas	Liberty Surplus Insurance Corporation
American States Lloyds Insurance Company	LIH-RE of America Corporation
American States Preferred Insurance Company	LIU Specialty Insurance Agency Inc.
Barrier Ridge LLC	LM General Insurance Company
Berkeley Holding Company Associates, Inc.	LM Insurance Corporation
Berkeley Management Corporation	LM Property & Casualty Insurance Company
Bridgefield Casualty Insurance Company	LMHC Massachusetts Holdings Inc.
Bridgefield Employers Insurance Company	LRE Properties, Inc.
Capitol Court Corporation	Mid-American Fire & Casualty Company
Cascade Disability Management, Inc.	North Pacific Insurance Company
Colorado Casualty Insurance Company	Ocasco Budget, Inc.
Commercial Aviation Insurance, Inc.	OCI Printing, Inc.
Consolidated Insurance Company	Ohio Casualty Corporation
Copley Venture Capital, Inc.	Ohio Security Insurance Company
Diversified Settlements, Inc.	Open Seas Solutions, Inc.
Emerald City Insurance Agency, Inc.	Oregon Automobile Insurance Company
Employers Insurance Company of Wausau	Peerless Indemnity Insurance Company
Excelsior Insurance Company	Peerless Insurance Company
F.B. Beattie & Co., Inc.	Pilot Insurance Services, Inc.
First National Insurance Company of America	Rianoc Research Corporation

NOTES TO FINANCIAL STATEMENTS

First State Agency Inc.	S.C. Bellevue, Inc.
General America Corporation	SAFECARE Company, Inc.
General America Corporation of Texas	Safeco Corporation
General Insurance Company of America	Safeco General Agency, Inc.
Golden Eagle Insurance Corporation	Safeco Insurance Company of America
Gulf States AIF, Inc.	Safeco Insurance Company of Illinois
Hawkeye-Security Insurance Company	Safeco Insurance Company of Indiana
Heritage-Summit HealthCare, LLC	Safeco Insurance Company of Oregon
Indiana Insurance Company	Safeco Lloyds Insurance Company
Insurance Company of Illinois	Safeco National Insurance Company
LEXCO Limited	Safeco Properties, Inc.
Liberty-USA Corporation	Safeco Surplus Lines Insurance Company
Liberty Assignment Corporation	San Diego Insurance Company
Liberty Energy Canada, Inc.	SCIT, Inc.
Liberty Financial Services, Inc.	St. James Insurance Company Ltd.
Liberty Hospitality Group, Inc.	Summit Consulting, LLC
Liberty Insurance Corporation	Summit Consulting, Inc. of Louisiana
Liberty Insurance Holdings, Inc.	Summit Holding Southeast, Inc.
Liberty Insurance Underwriters Inc.	The First Liberty Insurance Corporation
Liberty International Europe Inc.	The Midwestern Indemnity Company
Liberty International Holdings Inc.	The National Corporation
Liberty Life Assurance Company of Boston	The Netherlands Insurance Company
Liberty Life Holdings Inc.	The Ohio Casualty Insurance Company
Liberty Lloyds of Texas Insurance Company	Wausau Business Insurance Company
Liberty Management Services, Inc.	Wausau General Insurance Company
Liberty Mexico Holdings Inc.	Wausau Underwriters Insurance Company
Liberty Mutual Agency Corporation	West American Insurance Company
Liberty Mutual Fire Insurance Company	Winmar Company, Inc.
Liberty Mutual Group Asset Management Inc.	Winmar of the Desert, Inc.
Liberty Mutual Group Inc.	Winmar Oregon, Inc.
Liberty Mutual Holding Company Inc.	Winmar-Metro, Inc.

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

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

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

- A. All of the outstanding shares of capital stock of the Company are held by Safeco Corporation (“Safeco”), an insurance holding company incorporated in Washington. Safeco is wholly owned by Liberty Mutual Agency Corporation, an insurance holding company incorporated in Delaware. Liberty Mutual Agency Corporation is wholly owned by Liberty Insurance Holdings, Inc., an insurance holding company incorporated in Delaware. Liberty Insurance Holdings, Inc. is wholly owned by Liberty Mutual Insurance Company (“LMIC”), a Massachusetts insurance company. The ultimate parent of LMIC is Liberty Mutual Holding Company Inc., a Massachusetts company.
- B. Transactions between the Company and its affiliates are listed on Schedule Y Part 2.
- C. There have been no material transactions with the Company’s affiliates during 2012.
- D. At December 31, 2012, the Company reported a net \$9,952,478 due to affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.
- E. The Company has not made any guarantees or initiated any undertakings for the benefit of affiliates which result in a material contingent exposure of the Company’s or affiliates’ assets or liabilities.
- F. Refer to Note 26 for information regarding the Amended and Restated Reinsurance Pooling Agreement.

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

- 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 did not recognize any impairment write downs for its investments.
- J. The Company does not hold any 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.

Note 11 - Debt

- A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

- B. Federal Home Loan Bank Agreements

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

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

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

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

1. The Company has 20,000 shares authorized, issued and outstanding as of December 31, 2012. All shares have a stated par value of \$250.
2. Preferred Stock
Not applicable
3. There are no dividend restrictions.
4. The Company paid dividends to its parent in 2012 of:

	Ordinary	Extraordinary	Total Dividends
March	\$ -	\$ -	\$ -
June	-	-	-
September	-	-	-
December	41,809,076	120,190,924	162,000,000
Total	\$ 41,809,076	\$ 120,190,924	\$ 162,000,000

5. The maximum amount of dividends that can be paid by New Hampshire-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is 10% of surplus. The maximum dividend payout that may be made without prior approval in 2013 is \$30,714,058.

NOTES TO FINANCIAL STATEMENTS

6. As of December 31, 2012, the Company has restricted surplus of \$1,614,347 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 \$13,232,663 after applicable deferred taxes of \$2,310,311.
11. Surplus Notes
Not applicable
12. Quasi-reorganization (dollar impact)
Not applicable
13. Quasi-reorganization (effective date)
Not applicable

Note 14 - Contingencies

A. Contingent Commitments

Refer to Note 10E.

B. Assessments

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

The Company has accrued a liability for guaranty funds and other assessments of \$3,194,561 that is offset by future premium tax credits of \$420,428. 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	\$ 482,708
b. Decreases current year:	
Premium tax offset applied	62,280
c. Increases current year:	
Premium tax offset increase	-
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	\$ 420,428

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	\$46,580

NOTES TO FINANCIAL STATEMENTS

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

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

Indicate whether claim count information is disclosed per claim or per claimant.

(f) Per Claim [X]

(g) Per Claimant []

E. Product Warranties

The Company does not write product warranty business.

F. All Other Contingencies

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

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

Note 15 - Leases

A. Lessee Leasing Arrangements

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

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

Year Ending December 31,	<u>Operating Leases</u>
2013	\$ 3,971,188
2014	3,806,034
2015	2,986,690
2016	2,637,826
2017	1,919,678
2018 & thereafter	1,042,816
Total	<u>\$ 16,364,233</u>

The amount of liability the Company recognized in its financial statements for lease agreements for which it is no longer using the leased property benefits is \$1,247,078.

- 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.

NOTES TO FINANCIAL STATEMENTS

B. Transfers and Servicing of Financial Assets

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

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

C. Wash Sales

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

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

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

In 2008, certain members of the PIC Amended and Restated Reinsurance Pooling Agreement (refer to Note 26) agreed to become participating insurers of the California Earthquake Authority ("CEA"), a publicly-managed, privately funded organization that provides residential earthquake insurance in California. As participating insurers of the CEA, the companies act as third party administrators and perform certain administrative services on behalf of the CEA, including underwriting, policy issuance, premium collection, and claims payment. The CEA reimburses the companies for commissions and claims paid on behalf of the CEA. The companies also receive an administrative fee equal to 3.43% of premium and 9% of claims paid. These administrative fees are subject to the inter-company pooling agreement. In 2012, the Company recorded net CEA administrative fees of \$100,728.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20 - Fair Value Measurements

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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	\$ -	\$12,957,025	\$ -	\$12,957,025
Residential Mortgage-Backed Securities	-	1,723,053	-	1,723,053
Total Bonds	\$ -	\$14,680,078	\$ -	\$14,680,078
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	\$ -	\$ -	\$ -	\$ -
Total Preferred Stocks	\$ -	\$ -	\$ -	\$ -
Common Stocks				
Industrial and Miscellaneous	\$82,913,008	\$ -	\$13,586	\$82,926,594
Total Common Stocks	\$82,913,008	\$ -	\$13,586	\$82,926,594
Total assets at fair value	\$82,913,008	\$14,680,078	\$13,586	\$97,606,672
Liabilities at fair value				
Total liabilities at fair value	\$ -	\$ -	\$ -	\$ -

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

2. Rollforward of Level 3 Items

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

1	2	3	4	5	6	7	8	9	10	11
	Balance at 12/31/2011	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31/2012
Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Preferred Stock	-	-	-	-	-	-	-	-	-	-
Common Stock	12,052	-	-	-	1,534	-	-	-	-	13,586
Total	\$ 12,052	\$ -	\$ -	\$ -	\$ 1,534	\$ -	\$ -	\$ -	\$ -	\$ 13,586

3. Policy on Transfers Into and Out of Level 3

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

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

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

U.S. government and agency

U.S. government and agency securities consist primarily of bonds issued by the U.S. Treasury and mortgage pass-through agencies such as the Federal Home Loan Bank, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. As the fair values of the Company's U.S. Treasury securities are based on unadjusted market prices, they are classified within Level 1. The fair value of U.S. government agency securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, reported trades, bids, offers and credit spreads. Accordingly, the fair value of U.S. government agency securities is classified within Level 2.

NOTES TO FINANCIAL STATEMENTS

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.

Other Investments

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

5. Derivative Fair Values

Not applicable

B. Other Fair Value Disclosures

Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Cash, Cash Equivalents, and Short Term	\$ 98,764,731	\$ 98,764,731	\$ 98,764,731	\$ -	\$ -	\$ -
Bonds	1,439,362,343	1,352,468,545	36,497,130	1,391,427,357	11,437,856	-
Preferred Stock	-	-	-	-	-	-
Common Stock	82,926,593	82,926,593	82,913,008	-	13,585	-
Securities Lending	-	-	-	-	-	-
Mortgage Loans	58,177,670	52,211,827	-	-	58,177,670	-
Surplus Notes	-	-	-	-	-	-
Total	\$1,679,231,337	\$1,586,371,696	\$ 218,174,869	\$1,391,427,357	\$ 69,629,111	\$ -

D. Reasons Not Practical to Estimate Fair Value

Not applicable

Note 21 - Other Items

A. Extraordinary Items

The Company has no extraordinary items to report.

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

- 1) Assets in the amount of \$18,560,697 and \$80,334,833 as of December 31, 2012 and 2011, respectively, were on deposit with government authorities or trustees as required by law.

- 2) Interrogatory 6.1

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

Interrogatory 6.2

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

Interrogatory 6.3

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

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

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable and Non-transferable Tax Credits

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

Description of State Transferable and Non-transferable Tax Credits	State	Carrying Value	Unused Amount
Historical Rehabilitation Credit	CT	\$36,000	\$36,000
Film Credit	CT	\$88,000	\$88,000
Total		\$124,000	\$124,000

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

- (4) State Tax Credits Admitted and Nonadmitted

	<u>Total Admitted</u>	<u>Total Nonadmitted</u>
Transferable	-	-
Non-transferable	124,000	-

G. Subprime-Mortgage-Related Risk Exposure

1. The Company has not purchased securities characterized by the market as subprime. The Company looks at such factors as average FICO scores, loan to value ratios, and levels of documentation when evaluating securities. The Company's only exposure to subprime was inherited through acquisition of collateral assets at the termination of a securities lending agreement in 2008.
2. The Company does not have any direct exposure through investments in subprime mortgage loans.
3. The Company has direct exposure through their investment in residential mortgage-backed securities.

<u>Actual Cost</u>	<u>Book Adjusted Carrying Value</u>	<u>Fair Value</u>	<u>Other-Than-Temporary Impairments Recognized</u>
\$1,012,333	\$ 949,462	\$1,108,198	\$262,301

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

Note 22 - Events Subsequent

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

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

Note 23 - Reinsurance

- A. Unsecured Reinsurance Recoverable

Excluding amounts arising pursuant to the Intercompany Reinsurance Agreement, as described in Note 26, there are no unsecured reinsurance recoverables with an individual reinsurer which exceed 3% of policyholder's surplus.

- B. Reinsurance Recoverable in Dispute

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

- 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.

	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Net</u>	
	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>
a. Affiliates	\$ 482,563,966	\$ 72,384,595	\$ 136,094,807	\$ 20,414,221	\$ 346,469,158	\$ 51,970,374
b. All Other	-	-	-	-	-	-
c. TOTAL	\$ 482,563,966	\$ 72,384,595	\$ 136,094,807	\$ 20,414,221	\$ 346,469,158	\$ 51,970,374

d. Direct Unearned Premium Reserve \$136,094,807

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	\$ -	\$29,441,647	\$ -	\$29,441,647
b. Sliding Scale Adjustments	-	-	-	-
c. Other Profit Commission Arrangements	-	-	-	-
d. TOTAL	\$ -	\$29,441,647	\$ -	\$29,441,647

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

NOTES TO FINANCIAL STATEMENTS

D. Uncollectible Reinsurance

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

E. Commutation of Ceded Reinsurance

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

F. Retroactive Reinsurance

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

	<u>Reported Company</u>	
	As:	
	<u>Assumed</u>	<u>Ceded</u>
a. Reserves Transferred:		
1. Initial Reserves	\$43,683,128	\$ -
2. Adjustments – Prior Year (s)	(35,522,264)	-
3. Adjustments – Current Year	(551,709)	-
4. Current Total	\$7,609,156	\$ -
b. Consideration Paid or Received:		
1. Initial Consideration	\$35,946,459	
2. Adjustments – Prior Year (s)	1,370,150	\$ -
3. Adjustments – Current Year	-	-
4. Current Total	\$37,316,609	-
		\$ -
c. Paid Losses Reimbursed or Recovered:		
1. Prior Year (s)	\$44,875,579	\$ -
2. Current Year	864,921	-
3. Current Total	\$45,740,499	\$ -
d. Special Surplus from the Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	\$(9,083,423)	\$ -
2. Adjustments – Prior Year (s)	(7,983,165)	-
3. Adjustments – Current Year	(313,212)	-
4. Current Year Restricted Surplus	1,614,347	-
5. Cumulative Total Transferred to Unassigned Funds	\$(18,994,147)	\$ -
e. All cedents and reinsurers involved in all transactions included in summary totals above:		
	<u>Assumed</u>	<u>Ceded</u>
<u>Company</u>	<u>Amount</u>	<u>Amount</u>
Peerless Insurance Company	\$7,609,156	\$ -
Total	\$7,609,156	\$ -

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

NOTES TO FINANCIAL STATEMENTS

- B. Accrued retrospective premiums are recorded as a component of written premiums.
- C. For detail of net premium written subject to retrospective rating features refer to Schedule P, Part 7A.
- D. Medical Loss Ratio Rebates

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.

1. Total accrued retro premium	\$ 6,968
2. Unsecured amount	-
3. Less: Nonadmitted amount (10%)	697
4. Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	-
5. Admitted amount (a) - (c) - (d)	\$ 6,271

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

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

Note 26 - Intercompany Pooling Arrangements

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

Lead Company:		NAIC Company Number	Pooling Percentage	Line of Business
Peerless Insurance Company ("PIC")		24198	25.20%	All Lines
Affiliated Pool Companies:	The Ohio Casualty Insurance Company ("OCIC")	24074	20.40%	All Lines
	Safeco Insurance Company of America ("SICOA")	24740	15.20%	All Lines
	General Insurance Company of America ("GICA")	24732	9.20%	All Lines
	American States Insurance Company ("ASIC")	19704	7.60%	All Lines
	American Economy Insurance Company ("AEIC")	19690	5.60%	All Lines
	Indiana Insurance Company ("IIC")	22659	4.80%	All Lines
	Golden Eagle Insurance Corporation ("GEIC")	10836	3.00%	All Lines
	Peerless Indemnity Insurance Company ("PIIC")	18333	3.00%	All Lines
	Safeco Insurance Company of Illinois ("SICIL")	39012	2.00%	All Lines
	The Netherlands Insurance Company ("NIC")	24171	1.80%	All Lines
	American States Preferred Insurance Company ("ASPCO")	37214	0.80%	All Lines
	First National Insurance Company of America ("FNICA")	24724	0.80%	All Lines
	American Fire and Casualty Company ("AFCIC")	24066	0.60%	All Lines
	America First Insurance Company ("AFIC")	12696	0.00%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%	All Lines
	American States Insurance Company of Texas ("ASICT")	19712	0.00%	All Lines
	American States Lloyds Insurance Company ("ASLCO")	31933	0.00%	All Lines
	Colorado Casualty Insurance Company ("CCIC")	41785	0.00%	All Lines
	Consolidated Insurance Company ("CIC")	22640	0.00%	All Lines
	Excelsior Insurance Company ("EIC")	11045	0.00%	All Lines
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.00%	All Lines
	Mid-American Fire & Casualty Company ("MAFCC")	23507	0.00%	All Lines
	The Midwestern Indemnity Company ("MWIC")	23515	0.00%	All Lines
	Montgomery Mutual Insurance Company ("MMIC")	14613	0.00%	All Lines
	National Insurance Association ("NIA")	27944	0.00%	All Lines
	Ohio Security Insurance Company ("OSIC")	24082	0.00%	All Lines
	Safeco Insurance Company of Indiana ("SICIN")	11215	0.00%	All Lines
	Safeco Insurance Company of Oregon ("SICOR")	11071	0.00%	All Lines

NOTES TO FINANCIAL STATEMENTS

	Safeco Lloyds Insurance Company ("SLICO")	11070	0.00%	All Lines
	Safeco National Insurance Company ("SNIC")	24759	0.00%	All Lines
	Safeco Surplus Lines Insurance Company ("SSLIC")	11100	0.00%	All Lines
	West American Insurance Company ("WAIC")	44393	0.00%	All Lines
			100.0%	
100%	Liberty Northwest Insurance Corporation ("LNW")	41939	0.00%	All Lines
Quota	North Pacific Insurance Company ("NPIC")	23892	0.00%	All Lines
Share	Oregon Automobile Insurance Company ("OAIC")	23922	0.00%	All Lines
Affiliated	Liberty Mutual Mid-Atlantic Insurance Company	14486	0.00%	All Lines
Companies:	("LMMAIC")			

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

- (a) Each Affiliated Pool Company cedes its net underwriting activity to the Lead Company. Each 100% Quota Share Affiliated Company cedes its net underwriting activity to the Lead Company.
- (b) After recording the assumed affiliate transactions noted above, the Lead Company records 100% of its external assumed and ceded reinsurance activity.
- (c) The Lead Company's remaining underwriting activity, after processing all internal and external reinsurance is retroceded to the pool members in accordance with each company's pool participation percentage, as noted above.
- (d) There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement that have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.
- (e) There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the Lead Company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.
- (f) The write-off of uncollectible reinsurance is pooled and the Provision for Reinsurance is recognized by the entity placing the outbound external reinsurance
- (g) Amounts due (to)/from affiliated entities participating in the PIC Amended and Restated Reinsurance Pooling Agreement as of December 31, 2012:

Affiliate:	Amount:
Peerless Insurance Company	\$ (11,459,847)

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

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

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

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

		NAIC Company <u>Number</u>	Pooling <u>Percentage</u>	Line of <u>Business</u>
Lead	Liberty Mutual Insurance Company ("LMIC")	23043	50.0%	All Lines
Company:				
Affiliated	Peerless Insurance Company ("PIC")	24198	20.0%	All Lines
Pool	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
Companies:	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	8.00%	All Lines
	The Ohio Casualty Insurance Company ("OCIC")	24074	8.00%	All Lines
	Safeco Insurance Company of America ("SICOA")	24740	6.0%	All Lines
	American Economy Insurance Company ("AEIC")	19690	0.0%	All Lines
	America First Insurance Company ("AFIC")	12696	0.0%	All Lines
	America Fire and Casualty Company ("AFCIC")	24066	0.0%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.0%	All Lines
	American States Insurance Company ("ASIC")	19704	0.0%	All Lines
	American States Insurance Company of Texas ("ASICT")	19712	0.0%	All Lines

NOTES TO FINANCIAL STATEMENTS

American States Lloyd's Insurance Company ("ASLCO")	31933	0.0%	All Lines
American States Preferred Insurance Company ("ASPCO")	37214	0.0%	All Lines
Colorado Casualty Insurance Company ("CCIC")	41785	0.0%	All Lines
Consolidated Insurance Company ("CIC")	22640	0.0%	All Lines
Excelsior Insurance Company ("EIC")	11045	0.0%	All Lines
First National Insurance Company of America ("FNICA")	24724	0.0%	All Lines
The First Liberty Insurance Corporation ("FST")	33588	0.0%	All Lines
General Insurance Company of America ("GICA")	24732	0.0%	All Lines
Golden Eagle Insurance Corporation ("GEIC")	10836	0.0%	All Lines
Hawkeye-Security Insurance Company ("HSIC")	36919	0.0%	All Lines
Insurance Company of Illinois ("ICIL")	26700	0.0%	All Lines
Indiana Insurance Company ("IIC")	22659	0.0%	All Lines
Liberty Insurance Corporation ("LIC")	42404	0.0%	All Lines
Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.0%	All Lines
Liberty County Mutual Insurance Company ("LCMIC")	19544	0.0%	All Lines
LM General Insurance Company ("LMGIC")	36447	0.0%	All Lines
Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.0%	All Lines
LM Insurance Corporation ("LMC")	33600	0.0%	All Lines
Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.0%	All Lines
Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.0%	All Lines
Liberty Northwest Insurance Corporation ("LNW")	41939	0.0%	All Lines
Liberty Personal Insurance Company (LPIC")	11746	0.0%	All Lines
Liberty Surplus Insurance Corporation ("LSI")	10725	0.0%	All Lines
Mid-American Fire & Casualty Company ("MAFCC")	23507	0.0%	All Lines
Montgomery Mutual Insurance Company ("MMIC")	14613	0.0%	All Lines
The Midwestern Indemnity Company ("MWIC")	23515	0.0%	All Lines
National Insurance Association ("NIA")	27944	0.0%	All Lines
The Netherlands Insurance Company ("NIC")	24171	0.0%	All Lines
North Pacific Insurance Company ("NPIC")	23892	0.0%	All Lines
Ohio Security Insurance Company ("OSIC")	24082	0.0%	All Lines
Oregon Automobile Insurance Company ("OAIC")	23922	0.0%	All Lines
Peerless Indemnity Insurance Company ("PIIC")	18333	0.0%	All Lines
Safeco Insurance Company of Illinois ("SICIL")	39012	0.0%	All Lines
Safeco Insurance Company of Indiana ("SICIN")	11215	0.0%	All Lines
Safeco Insurance Company of Oregon ("SICOR")	11071	0.0%	All Lines
Safeco Lloyds Insurance Company ("SLICO")	11070	0.0%	All Lines
Safeco National Insurance Company ("SNIC")	24759	0.0%	All Lines
Safeco Surplus Lines Insurance Company ("SSLIC")	11100	0.0%	All Lines
Wausau Business Insurance Company ("WBIC")	26069	0.0%	All Lines
Wausau General Insurance Company ("WGIC")	26425	0.0%	All Lines
Wausau Underwriters Insurance Company ("WUIC")	26042	0.0%	All Lines
West American Insurance Company ("WAIC")	44393	0.0%	All Lines
		<u>100.00%</u>	
100% Quota Share Affiliated Companies:			
Bridgefield Employers Insurance Company ("BEIC")	10701	0.0%	All Lines
Bridgefield Casualty Insurance Company ("BCIC")	10335	0.0%	All Lines
LM Property and Casualty Insurance Company ("LMPAC")	32352	0.0%	All Lines

Note 27 - Structured Settlements

- A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of \$10,550,402 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 \$10,550,402 as of December 31, 2012.
- B. A summary of purchased structured settlement annuities exceeding 1% of policyholders' surplus and whereby the Company has not obtained a release of liability from the claimant is as follows:

Life Insurance Company and Location	Licensed in Company's State of Domicile (Yes/No)	Statement Value of Annuities
Symetra Life Insurance Company Bellevue, Washington	Yes	\$ 4,387,639

Note 28 - Health Care Receivables

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 29 - Participating Policies

Not applicable

Note 30 - Premium Deficiency Reserves

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

Note 31 - High Dollar Deductible Policies

Not applicable

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

For workers Compensation the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on the Unit Stastical Plan tables as approved by their respective states at an annual discount rate of 4.0%.

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

Schedule P Lines of Business	Tabular Discount Included in Schedule P, Part 1*	
	1 Case	2 IBNR
1. Homeowners/Farmowners	-	-
2. Private Passenger Auto Liability/Medical	-	-
3. Commercial Auto/Truck Liability/Medical	-	-
4. Workers' Compensation	\$ 6,667,029	\$ 4,633,020
5. Commercial Multiple Peril	-	-
6. Medical Professional Liability – occurrence	-	-
7. Medical Professional Liability – claims-made	-	-
8. Special Liability	-	-
9. Other Liability - occurrence	-	-
10. Other Liability – claims-made	-	-
11. Special Property	-	-
12. Auto Physical Damage	-	-
13. Fidelity, Surety	-	-
14. Other (including Credit, Accident & Health)	-	-
15. International	-	-
16. Reinsurance Nonproportional Assumed Property	-	-
17. Reinsurance Nonproportional Assumed Liability	-	-
18. Reinsurance Nonproportional Assumed Financial Lines	-	-
19. Products Liability – occurrence	-	-
20. Products Liability – claims-made	-	-
21. Financial Guaranty/Mortgage Guaranty	-	-
22. Warranty	-	-
23. Total	\$ 6,667,029	\$ 4,633,020

* 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.

NOTES TO FINANCIAL STATEMENTS

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.

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	14,883,165	15,399,176	14,407,212	12,964,655	9,446,252
Incurring losses and LAE	2,269,209	196,666	(1,193)	(2,520,334)	(424,363)
Calendar year payments	1,753,198	1,188,630	1,441,365	907,895	847,573
Ending Reserves	15,399,176	14,407,212	12,964,655	9,446,252	8,174,315
Assumed Reinsurance Basis					
Beginning Reserves	12,236,513	10,474,367	14,591,949	12,731,801	14,119,246
Incurring losses and LAE	(415,782)	5,177,706	(5,131)	2,257,322	410,759
Calendar year payments	1,346,364	1,060,124	1,855,017	869,878	1,087,521
Ending Reserves	10,474,367	14,591,949	12,731,801	14,119,246	13,442,484
Net of Ceded Reinsurance Basis					
Beginning Reserves	21,974,828	21,080,626	24,822,188	21,833,382	19,082,743
Incurring losses and LAE	1,107,884	5,845,956	11,682	(163,774)	(588,978)
Calendar year payments	2,002,086	2,104,394	3,000,488	2,586,865	561,770
Ending Reserves	21,080,626	24,822,188	21,833,382	19,082,743	17,931,995
Ending Reserves for Bulk + IBNR included above (Loss & LAE)					
Direct Basis					3,168,826
Assumed Reinsurance Basis					8,257,167
Net of Ceded Reinsurance Basis					9,802,205

NOTES TO FINANCIAL STATEMENTS

Ending Reserves for LAE included above (Case, Bulk & IBNR)

Direct Basis	2,339,513
Assumed Reinsurance Basis	287,190
Net of Ceded Reinsurance Basis	1,757,023

Environmental:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Direct Basis					
Beginning Reserves	17,105,887	14,613,911	12,448,627	11,142,897	11,781,256
Incurring losses and LAE	376,637	(634,355)	(66,579)	2,239,605	(84,076)
Calendar year payments	2,868,613	1,530,929	1,239,152	1,601,246	1,305,603
Ending Reserves	14,613,911	12,448,627	11,142,897	11,781,256	10,391,577
Assumed Reinsurance Basis					
Beginning Reserves	3,284,348	3,158,132	2,273,299	2,080,249	1,597,520
Incurring losses and LAE	185	(804,884)	41,844	(223,488)	272,431
Calendar year payments	126,401	79,950	234,893	259,242	288,716
Ending Reserves	3,158,132	2,273,299	2,080,249	1,597,520	1,581,235
Net of Ceded Reinsurance Basis					
Beginning Reserves	18,818,738	16,049,789	12,839,497	11,433,014	12,320,553
Incurring losses and LAE	(331,366)	(1,696,036)	7,154	(1,380)	2,750,800
Calendar year payments	2,437,583	1,514,256	1,413,637	(888,919)	4,264,104
Ending Reserves	16,049,789	12,839,497	11,433,014	12,320,553	10,807,249

Ending Reserves for Bulk + IBNR included above (Loss & LAE)

Direct Basis	4,290,553
Assumed Reinsurance Basis	981,893
Net of Ceded Reinsurance Basis	4,447,059

Ending Reserves for LAE included above (Case, Bulk & IBNR)

Direct Basis	1,918,988
Assumed Reinsurance Basis	78,883
Net of Ceded Reinsurance Basis	1,729,943

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 - Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes 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 No N/A
- 1.3 State Regulating? New Hampshire
- 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
- 2.2 If yes, date of change: 01/13/2012
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2009
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2009
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/21/2011
- 3.4 By what department or departments?
Washington State Office of the Insurance Commissioner

- 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
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 4.12 renewals? Yes 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
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 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

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 No N/A

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

.....

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

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

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

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

	0
\$	0

12.2 If yes, provide explanation:

.....

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

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

.....

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

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

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

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 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 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	\$ <u>0</u>
20.12 To stockholders not officers	\$ <u>0</u>
20.13 Trustees, supreme or grand (Fraternal only)	\$ <u>0</u>

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	\$ <u>0</u>
20.22 To stockholders not officers	\$ <u>0</u>
20.23 Trustees, supreme or grand (Fraternal only)	\$ <u>0</u>

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	\$ <u>0</u>
21.22 Borrowed from others	\$ <u>0</u>
21.23 Leased from others	\$ <u>0</u>
21.24 Other	\$ <u>0</u>

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	\$ <u>0</u>
22.22 Amount paid as expenses	\$ <u>0</u>
22.23 Other amounts paid	\$ <u>0</u>

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes 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 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 No N/A

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

\$ 0

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

\$ 0

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes No N/A

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

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

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 No

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

25.21	Subject to repurchase agreements	\$ <u>0</u>
25.22	Subject to reverse repurchase agreements	\$ <u>0</u>
25.23	Subject to dollar repurchase agreements	\$ <u>0</u>
25.24	Subject to reverse dollar repurchase agreements	\$ <u>0</u>
25.25	Pledged as collateral	\$ <u>0</u>
25.26	Placed under option agreements	\$ <u>0</u>
25.27	Letter stock or securities restricted as to sale	\$ <u>0</u>
25.28	On deposit with state or other regulatory body	\$ <u>18,560,697</u>
25.29	Other	\$ <u>0</u>

GENERAL INTERROGATORIES

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	0
.....	0
.....	0

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005
Bank of New York	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 Investment Advisors, LLC	175 Berkeley Street, Boston, MA 02116
N/A	Liberty Mutual Group Asset Managemen	175 Berkeley Street, Boston, MA 02116
N/A	Stancorp Mortgage Investors	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

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? \$ 165,520

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? \$ 21,971

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

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding
0

.....

.....

.....

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ 0

1.62 Total incurred claims \$ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned \$ 0

1.65 Total incurred claims \$ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ 0

1.72 Total incurred claims \$ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned \$ 0

1.75 Total incurred claims \$ 0

1.76 Number of covered lives 0

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ <u>0</u>		\$ <u>0</u>	
2.2 Premium Denominator	\$ <u>987,751,426</u>		\$ <u>963,354,130</u>	
2.3 Premium Ratio (2.1/2.2)	<u>0.00</u>		<u>0.00</u>	
2.4 Reserve Numerator	\$ <u>4,637,699</u>		\$ <u>4,839,519</u>	
2.5 Reserve Denominator	\$ <u>1,536,797,550</u>		\$ <u>1,538,201,166</u>	
2.6 Reserve Ratio (2.4/2.5)	<u>0.00</u>		<u>0.00</u>	

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

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

3.21 Participating policies \$ 0

3.22 Non-participating policies \$ 0

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

.....

.....

.....

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

5.5 If yes, give full information

.....

.....

.....

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit loss:
See Note 21C2

.....

.....

.....

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
See Note 21C2
.....
.....
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
See Note 21C2
.....
.....
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [] No [X]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss
Refer to Note 21C
.....
.....
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. _____ 0
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information
.....
.....
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or, Yes [] No [X]
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [X] No []

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes No N/A
- 11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes No
- 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 | | \$ | 31,178,939 |
| 12.12 Unpaid underwriting expenses (including loss adjustment expenses) | | \$ | 2,957,118 |
- 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? \$ 6,968
- 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 No N/A
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | | | |
|------------|--|--|--------|
| 12.41 From | | | 0.00 % |
| 12.42 To | | | 9.00 % |
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes No
- 12.6 If yes, state the amount thereof at December 31 of current year:
- | | | | |
|----------------------------------|--|----|------------|
| 12.61 Letters of Credit | | \$ | 68,413,858 |
| 12.62 Collateral and other funds | | \$ | 13,090,691 |
- 13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 29,532,000
- 13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes No
- 13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 1
- 14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes No
- 14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

- 14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes No
- 14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes No
- 14.5 If the answer to 14.4 is no, please explain:
 0

- 15.1 Has the reporting entity guaranteed any financed premium accounts? Yes No
- 15.2 If yes, give full information

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

		1	2	3	4	5
		Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned	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 administered 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	2	3	4	5
	2012	2011	2010	2009	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)	512,421,370	525,738,898	548,260,874	579,391,011	773,491,159
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	261,896,774	249,930,572	255,427,801	215,277,207	508,013,126
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	452,170,434	403,119,408	379,987,972	356,423,054	379,131,460
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	68,865,698	72,964,834	69,971,572	53,652,971	109,872,047
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)				10	2,455
6. Total (Line 35)	1,295,354,276	1,251,753,712	1,253,648,219	1,204,744,253	1,770,510,247
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)	382,300,422	386,066,379	395,668,789	433,042,214	511,916,829
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	204,156,188	190,329,527	190,222,541	158,506,060	310,584,442
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	351,958,631	332,971,786	316,839,625	288,257,482	302,198,913
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	66,060,483	68,897,969	67,210,349	51,218,974	103,716,469
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)				10	2,455
12. Total (Line 35)	1,004,475,724	978,265,661	969,941,304	931,024,740	1,228,419,108
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	6,187,338	(59,529,236)	(13,636,054)	40,479,716	33,878,242
14. Net investment gain (loss) (Line 11)	76,315,407	71,190,765	83,208,127	80,476,846	60,157,872
15. Total other income (Line 15)	4,250,641	2,957,051	(7,504,158)	(1,625,861)	2,066,492
16. Dividends to policyholders (Line 17)	2,368,772	1,934,602	(324,233)	4,123,899	1,528,468
17. Federal and foreign income taxes incurred (Line 19)	19,045,115	(464,734)	(2,905,339)	27,483,031	20,532,444
18. Net income (Line 20)	65,339,499	13,148,712	65,297,487	87,723,771	74,041,694
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	1,999,941,310	2,114,431,039	2,079,615,242	2,260,231,867	2,302,042,774
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	29,243,121	36,866,032	33,025,969	36,449,767	114,460,712
20.2 Deferred and not yet due (Line 15.2)	295,083,430	277,421,253	265,612,010	258,811,213	192,480,558
20.3 Accrued retrospective premiums (Line 15.3)	6,271	424,821	842,799	1,502,332	537,089
21. Total liabilities excluding protected cell business (Page 3, Line 26)	1,692,800,728	1,696,340,278	1,670,004,095	1,712,233,782	1,854,423,971
22. Losses (Page 3, Line 1)	813,417,799	829,322,172	821,610,206	864,827,432	891,773,290
23. Loss adjustment expenses (Page 3, Line 3)	186,024,412	183,377,922	183,372,265	205,900,191	207,882,820
24. Unearned premiums (Page 3, Line 9)	482,563,965	463,599,229	446,490,508	423,304,339	464,642,504
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)	307,140,582	418,090,761	409,611,147	547,998,085	447,618,803
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	72,199,449	68,164,902	(12,372,452)	(52,997,703)	95,069,666
Risk-Based Capital Analysis					
28. Total adjusted capital	307,140,582	418,090,761	409,611,147	547,998,085	447,618,803
29. Authorized control level risk-based capital	87,605,533	86,737,443	86,611,961	89,691,682	105,596,083
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)	84.2	86.9	90.1	91.6	85.3
31. Stocks (Lines 2.1 & 2.2)	6.1	5.1	4.4	2.0	2.6
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	3.3	2.6	2.4	0.8	
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	6.1	3.0	2.4	5.6	11.7
35. Contract loans (Line 6)					
36. Derivatives (Line 7)				X X X	X X X
37. Other invested assets (Line 8)	0.0	0.0	0.0		
38. Receivables for securities (Line 9)	0.4	1.1	0.0		0.3
39. Securities lending reinvested collateral assets (Line 10)		1.3	0.6	X X X	X X X
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	14,365,611	14,094,132	13,764,548	13,461,491	13,017,640
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					
48. Total of above Lines 42 to 47	14,365,611	14,094,132	13,764,548	13,461,491	13,017,640
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)	4.7				

FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2012	2011	2010	2009	2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	7,798,058	(2,604,492)	2,055,218	5,665,895	(63,901,178)
52. Dividends to stockholders (Line 35)	(162,000,000)		(206,000,000)		(123,000,000)
53. Change in surplus as regards policyholders for the year (Line 38)	(110,950,179)	8,479,614	(138,386,938)	100,379,282	(146,728,573)
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)	303,907,652	434,491,258	388,958,632	362,597,376	496,946,725
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	139,661,750	141,869,248	136,445,301	169,484,882	273,704,542
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	240,745,748	270,514,448	205,900,092	186,666,067	255,007,682
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	26,502,449	17,430,860	13,634,990	6,476,901	5,400,655
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	651,072	725,470	1,969,810	41,628,040	5,925,868
59. Total (Line 35)	711,468,671	865,031,284	746,908,825	766,853,266	1,036,985,472
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)	217,579,997	233,699,041	293,289,908	228,227,063	293,734,129
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	107,630,977	108,003,531	97,477,450	109,317,858	176,639,184
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	200,273,144	228,501,578	168,861,089	142,776,221	201,239,486
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	25,791,708	17,366,815	13,299,628	7,016,330	5,246,594
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	651,072	725,470	1,969,810	28,421,541	4,859,322
65. Total (Line 35)	551,926,898	588,296,435	574,897,885	515,759,013	681,718,715
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	54.3	61.9	56.0	50.7	55.5
68. Loss expenses incurred (Line 3)	12.4	12.1	11.8	11.9	11.5
69. Other underwriting expenses incurred (Line 4)	32.7	32.2	33.6	33.2	30.3
70. Net underwriting gain (loss) (Line 8)	0.6	(6.2)	(1.4)	4.2	2.7
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	31.7	31.4	33.6	34.6	31.2
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	66.7	73.9	67.8	62.6	67.0
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	327.0	234.0	236.8	169.9	274.4
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)	(38,559)	(25,921)	(11,150)	(70,964)	(35,823)
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)	(9.2)	(6.3)	(2.0)	(15.9)	(6.0)
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)	(49,466)	(23,259)	(56,711)	(102,257)	(51,404)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(12.1)	(4.2)	(12.7)	(17.2)	(5.9)

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 Number of Claims Reported Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4	5	6	7	8	9			
				Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	X X X	X X X	X X X	12,286	7,895	2,916	654	696	(1,021)	548	8,370	X X X
2. 2003	915,697	76,479	839,218	449,577	39,403	31,865	2,310	67,214	3,194	28,085	503,749	X X X
3. 2004	985,440	54,370	931,070	461,660	18,914	29,516	1,044	65,924	1,410	35,194	535,732	X X X
4. 2005	1,026,606	41,581	985,025	474,777	19,583	31,251	1,144	69,306	1,086	33,459	553,521	X X X
5. 2006	1,025,245	45,788	979,457	482,409	11,691	31,478	1,305	70,775	1,566	29,313	570,100	X X X
6. 2007	1,046,436	51,106	995,330	486,035	10,828	32,369	1,107	70,168	986	32,621	575,651	X X X
7. 2008	1,044,380	38,828	1,005,552	542,590	16,860	32,147	1,286	78,412	805	28,436	634,198	X X X
8. 2009	979,856	61,280	918,576	446,298	27,682	24,218	1,392	69,654	593	26,736	510,503	X X X
9. 2010	968,488	19,584	948,904	431,442	2,928	18,548	112	74,441	141	31,325	521,250	X X X
10. 2011	981,160	17,806	963,354	456,347	1,480	12,522	135	68,080	123	38,812	535,211	X X X
11. 2012	1,005,794	18,042	987,752	299,518	808	4,337	44	57,026	3	22,108	360,026	X X X
12. Totals	X X X	X X X	X X X	4,542,939	158,072	251,167	10,533	691,696	8,886	306,637	5,308,311	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13	14	15	16	17	18	19	20	21	22			
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	123,386	32,562	49,223	8,139	4,097	425	8,941	1,210	10,646	5	4,773	153,952	X X X
2. 2003	6,255	1,023	3,106	747	162	1	808	67	630		695	9,123	X X X
3. 2004	8,638	1,924	3,470	823	213		924	78	875	1	1,014	11,294	X X X
4. 2005	9,722	697	4,412	997	244		1,597	83	1,114		1,469	15,312	X X X
5. 2006	9,857	2,066	6,520	1,237	327		2,379	183	1,299	1	4,968	16,895	X X X
6. 2007	18,821	992	9,884	1,443	494		2,998	263	1,760	3	1,848	31,256	X X X
7. 2008	26,123	2,167	11,940	1,918	682	7	6,204	385	2,570	8	5,198	43,034	X X X
8. 2009	42,326	1,572	19,714	2,201	987	16	10,241	466	4,522	25	4,212	73,510	X X X
9. 2010	63,180	434	30,624	2,931	1,156	5	18,941	652	7,134	41	6,584	116,972	X X X
10. 2011	95,164	492	59,732	2,848	1,697	51	25,280	364	12,923	60	14,989	190,981	X X X
11. 2012	135,631	404	145,123	1,815	1,544	5	33,990	150	23,389	185	26,276	337,118	X X X
12. Totals	539,103	44,333	343,748	25,099	11,603	510	112,303	3,901	66,862	329	72,026	999,447	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		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	131,908	22,044
2. 2003	559,617	46,745	512,872	61.114	61.121	61.113			9.200	7,591	1,532
3. 2004	571,220	24,194	547,026	57.966	44.499	58.752			9.200	9,361	1,933
4. 2005	592,423	23,590	568,833	57.707	56.733	57.748			9.200	12,440	2,872
5. 2006	605,044	18,049	586,995	59.015	39.419	59.931			9.200	13,074	3,821
6. 2007	622,529	15,622	606,907	59.490	30.568	60.975			9.200	26,270	4,986
7. 2008	700,668	23,436	677,232	67.089	60.359	67.349			9.200	33,978	9,056
8. 2009	617,960	33,947	584,013	63.066	55.397	63.578			9.200	58,267	15,243
9. 2010	645,466	7,244	638,222	66.647	36.989	67.259			9.200	90,439	26,533
10. 2011	731,745	5,553	726,192	74.580	31.186	75.382			9.200	151,556	39,425
11. 2012	700,558	3,414	697,144	69.652	18.923	70.579			9.200	278,535	58,583
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	813,419	186,028

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT		
	1	2	3	4	5	6	7	8	9	10	11	12	
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	One Year	Two Year	
1. Prior	530,432	531,405	537,376	542,160	544,250	529,779	557,315	568,805	576,042	572,936	(3,106)	4,131	
2. 2003	476,996	468,253	456,588	454,227	457,364	453,846	452,186	450,362	449,963	448,687	(1,276)	(1,675)	
3. 2004	X X X	536,435	523,420	516,607	494,130	491,123	485,459	484,145	483,040	482,203	(837)	(1,942)	
4. 2005	X X X	X X X	559,784	538,486	511,864	508,604	502,407	501,058	499,538	499,977	439	(1,081)	
5. 2006	X X X	X X X	X X X	550,915	539,677	525,583	513,834	515,517	516,401	517,034	633	1,517	
6. 2007	X X X	X X X	X X X	X X X	590,505	574,842	538,901	538,620	537,141	536,584	(557)	(2,036)	
7. 2008	X X X	X X X	X X X	X X X	X X X	639,147	610,077	607,691	600,579	597,643	(2,936)	(10,048)	
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	545,616	528,418	519,359	510,994	(8,365)	(17,424)	
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	578,281	564,909	557,373	(7,536)	(20,908)	
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	660,851	645,833	(15,018)	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	617,240	X X X	X X X	
											12. Totals	(38,559)	(49,466)

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
1. Prior	000	137,672	229,194	285,574	323,049	352,669	370,962	392,199	416,792	423,446	X X X	X X X
2. 2003	222,710	320,713	367,698	398,348	419,042	428,076	433,515	436,452	438,454	439,728	X X X	X X X
3. 2004	X X X	231,074	347,024	401,104	433,226	452,199	461,575	466,074	469,332	471,217	X X X	X X X
4. 2005	X X X	X X X	236,563	351,254	406,170	441,862	464,220	475,035	480,661	485,301	X X X	X X X
5. 2006	X X X	X X X	X X X	240,921	357,936	408,890	450,030	475,448	490,911	500,891	X X X	X X X
6. 2007	X X X	X X X	X X X	X X X	250,353	371,862	427,689	468,149	493,349	506,469	X X X	X X X
7. 2008	X X X	X X X	X X X	X X X	X X X	290,279	429,241	489,763	530,180	556,591	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	242,461	351,422	404,018	441,443	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	266,307	389,473	446,950	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	335,446	467,255	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	303,004	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	2	3	4	5	6	7	8	9	10
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Prior	221,507	154,934	121,116	105,484	86,675	79,928	85,185	83,720	66,372	54,994
2. 2003	133,380	66,423	37,986	26,305	19,145	14,029	9,532	6,046	5,018	3,566
3. 2004	X X X	167,468	83,341	55,032	29,671	21,819	11,804	8,663	6,470	4,060
4. 2005	X X X	X X X	187,073	93,032	47,040	29,165	16,611	11,461	8,333	5,407
5. 2006	X X X	X X X	X X X	168,734	84,947	51,789	24,941	14,164	9,544	8,026
6. 2007	X X X	X X X	X X X	X X X	174,448	91,001	42,879	23,325	14,302	11,792
7. 2008	X X X	X X X	X X X	X X X	X X X	189,686	83,458	49,789	27,951	16,421
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	166,277	84,196	49,225	27,826
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	164,191	77,789	46,527
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	169,911	82,260
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	177,471

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.	Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
		1							
1. Alabama	AL	L	998,744	1,118,794	192,891	(78,371)	2,465,288	11,676	94,494
2. Alaska	AK	L	338,261	306,476	33,998	118,201	183,347	3,955	12,658
3. Arizona	AZ	L	1,209,495	1,202,898	626,784	393,121	4,872,677	14,140	142,764
4. Arkansas	AR	L	338,932	402,778	551,102	371,117	360,384	3,962	38,600
5. California	CA	L	64,095,554	52,590,314	24,851,836	16,051,955	55,096,850	749,323	848,716
6. Colorado	CO	L	2,623,902	2,686,238	1,230,928	1,294,450	2,026,713	30,675	103,377
7. Connecticut	CT	L	16,880,231	13,826,936	6,053,640	7,645,657	8,602,026	197,342	137,941
8. Delaware	DE	L	195,532	177,440	38,782	(113,253)	78,031	2,286	14,427
9. District of Columbia	DC	L	143,623	167,962	322,176	248,942	78,534	1,679	58,424
10. Florida	FL	L	14,974,952	15,327,995	10,010,539	12,301,509	21,813,251	175,068	475,931
11. Georgia	GA	L	6,332,589	6,409,415	2,381,803	1,708,592	3,627,045	74,033	195,582
12. Hawaii	HI	L	11,782	10,989		(9,152)	8,627	138	11,532
13. Idaho	ID	L	1,611,188	1,542,958	339,161	148,064	2,789,375	18,836	45,753
14. Illinois	IL	L	3,035,649	3,088,341	3,529,311	4,968,627	14,331,809	35,489	161,063
15. Indiana	IN	L	1,821,404	1,673,981	622,081	711,117	1,533,416	21,294	52,354
16. Iowa	IA	L	195,566	203,334	39,581	160,029	484,687	2,286	10,305
17. Kansas	KS	L	818,040	821,968	464,392	225,663	1,541,932	9,563	18,923
18. Kentucky	KY	L	1,140,663	1,223,172	1,605,248	1,101,696	2,230,817	13,335	52,060
19. Louisiana	LA	L	36,893,339	43,662,313	24,275,280	30,370,335	22,351,498	431,310	214,518
20. Maine	ME	L	108,357	104,367	13,406	26,791	47,729	1,267	28,570
21. Maryland	MD	L	625,736	568,296	478,791	225,903	1,073,770	7,315	180,513
22. Massachusetts	MA	L	696,769	1,170,314	613,122	(25,198)	1,221,211	8,146	224,706
23. Michigan	MI	L	2,053,852	2,098,870	2,636,975	1,842,110	3,306,268	24,011	72,001
24. Minnesota	MN	L	1,398,848	1,196,295	894,015	1,802,901	12,126,589	16,354	31,289
25. Mississippi	MS	L	588,098	603,316	761,736	(422,122)	634,643	6,875	106,455
26. Missouri	MO	L	1,440,545	1,640,126	1,101,307	1,300,433	2,637,327	16,841	58,063
27. Montana	MT	L	1,993,318	2,080,196	1,200,330	1,353,480	4,336,642	23,303	38,084
28. Nebraska	NE	L	104,123	131,956	60,196	7,219	244,956	1,217	4,717
29. Nevada	NV	L	807,084	819,688	1,133,029	235,331	411,964	9,435	47,030
30. New Hampshire	NH	L	592,292	604,831	63,502	508,283	781,101	6,924	37,374
31. New Jersey	NJ	L	1,736,300	1,883,846	1,185,645	509,392	6,727,558	20,299	278,873
32. New Mexico	NM	L	664,174	713,905	315,727	206,424	1,844,246	7,765	35,083
33. New York	NY	L	12,761,864	14,572,735	9,435,908	10,603,712	49,444,230	149,195	660,943
34. North Carolina	NC	L	3,704,913	3,908,247	1,984,653	701,824	1,588,980	43,313	144,283
35. North Dakota	ND	L	290,553	236,592	14,445	(3,270)	223,014	3,397	6,689
36. Ohio	OH	L	853,005	877,353	94,095	(85,355)	2,136,210	9,972	119,539
37. Oklahoma	OK	L	784,191	897,030	378,373	146,976	1,724,531	9,168	23,346
38. Oregon	OR	L	6,434,945	6,847,229	3,683,143	(1,455,342)	18,216,508	75,229	127,319
39. Pennsylvania	PA	L	6,810,732	6,655,717	4,010,113	2,310,708	7,539,903	79,622	293,706
40. Rhode Island	RI	L	300,948	172,412	53,196	85,230	104,268	3,518	29,018
41. South Carolina	SC	L	1,305,451	1,282,706	1,058,959	308,863	778,949	15,262	98,894
42. South Dakota	SD	L	411,195	319,432	58,243	105,983	615,069	4,807	5,018
43. Tennessee	TN	L	6,435,805	5,359,237	4,146,235	4,326,954	11,791,650	75,239	98,537
44. Texas	TX	L	30,781,885	32,232,162	20,952,395	20,921,594	21,370,278	359,862	476,499
45. Utah	UT	L	878,308	965,227	253,318	115,290	1,687,924	10,268	36,119
46. Vermont	VT	L	13,006,909	9,819,445	6,217,374	6,405,718	2,647,011	152,060	29,628
47. Virginia	VA	L	20,368,087	18,107,733	10,024,088	9,097,855	6,091,159	238,118	128,788
48. Washington	WA	L	16,052,825	16,957,671	8,139,361	5,693,270	23,947,179	187,669	194,270
49. West Virginia	WV	L	1,699,982	1,738,727	1,000,838	914,871	778,576	19,874	54,191
50. Wisconsin	WI	L	149,299	182,954	32,367	71,437	1,370,098	1,745	30,826
51. Wyoming	WY	L	923,909	891,220	317,725	113,941	302,627	10,801	15,149
52. American Samoa	AS	N							
53. Guam	GU	L		78					
54. Puerto Rico	PR	L	123,815	261,440	59,634	11,391	(19,911)		
55. U.S. Virgin Islands	VI	L	23,442	21,704		5,118	6,437	274	
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N	303,875	312,918					
58. Aggregate Other Alien	OT	X X X	3,673	14,300		(6,780)			
59. Totals	(a) 54		290,878,553	282,694,577	159,541,777	145,579,234	332,215,001	3,395,535	6,404,942

DETAILS OF WRITE-INS									
58001. Other Alien	X X X		3,673	14,300		(6,780)			
58002.	X X X								
58003.	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X		3,673	14,300		(6,780)			

(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.

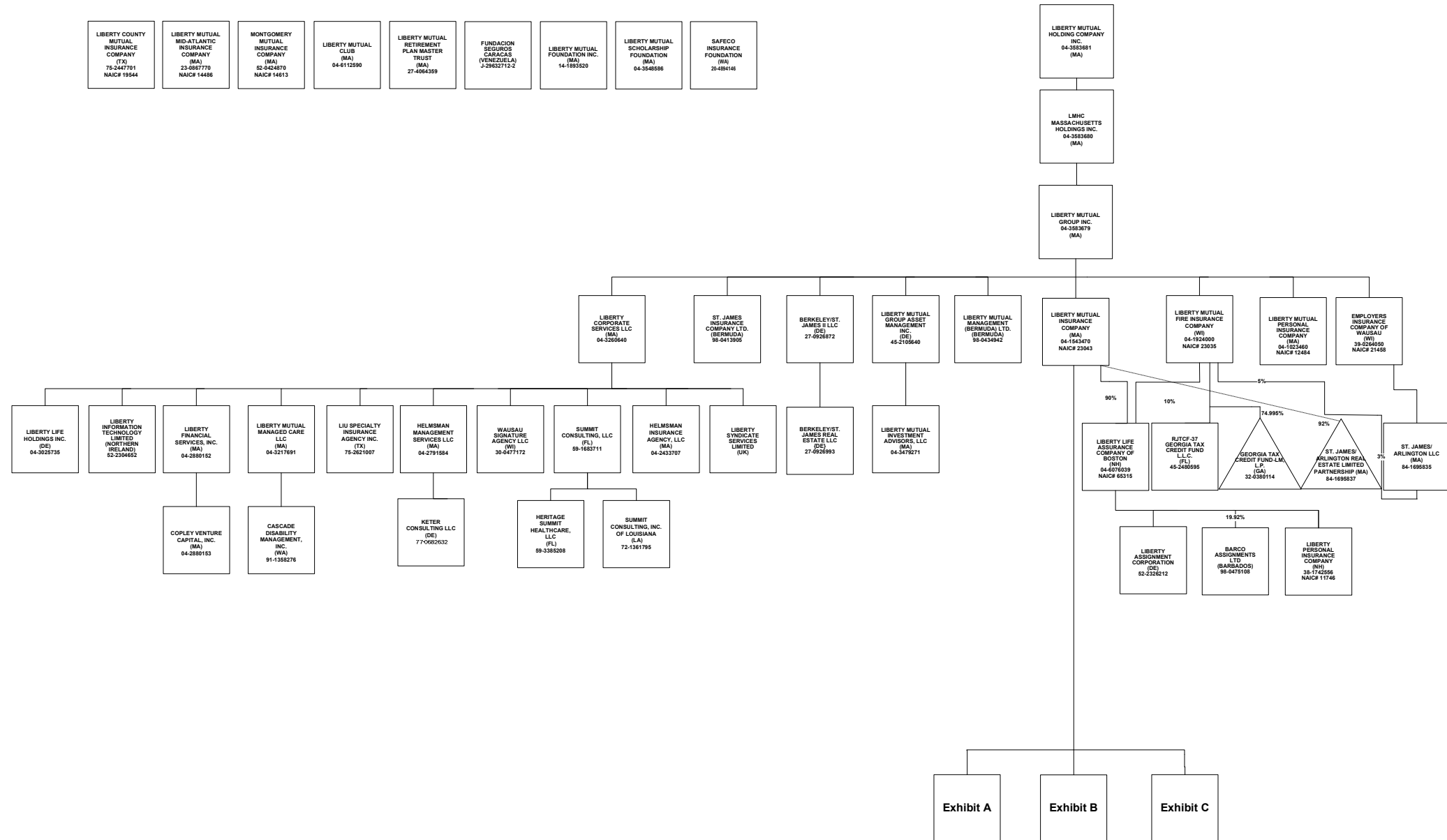
Explanation of basis of allocation of premiums by states, etc.

- *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 Obligor - Surety
- *Address of Assured - Other Accident and Health
- *Location of Properties covered - Burglary and Theft
- *Principal Location of Assured - Ocean Marine, Credit
- *Primary residence of Assured - Aircraft (all perils)

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

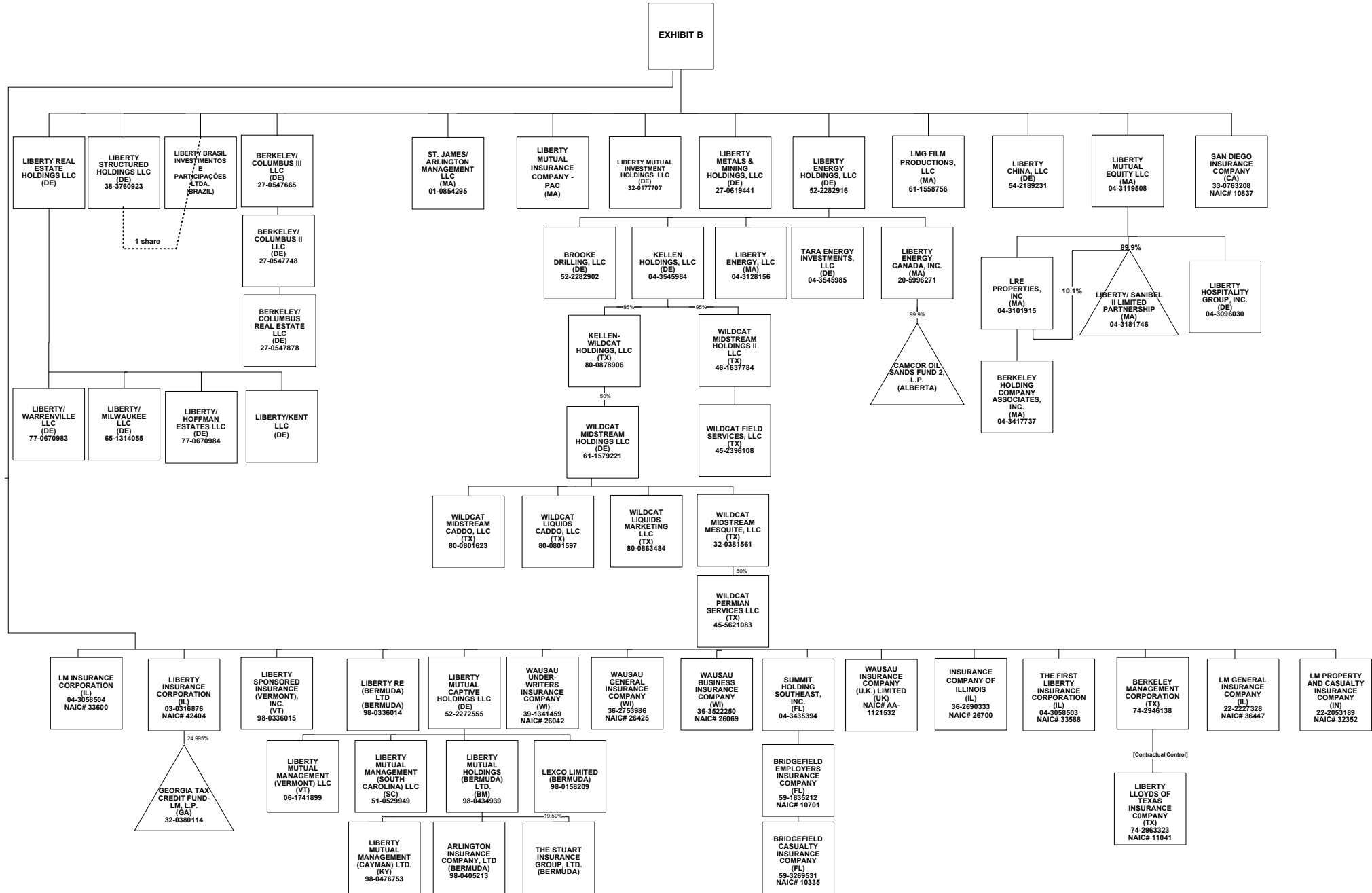
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



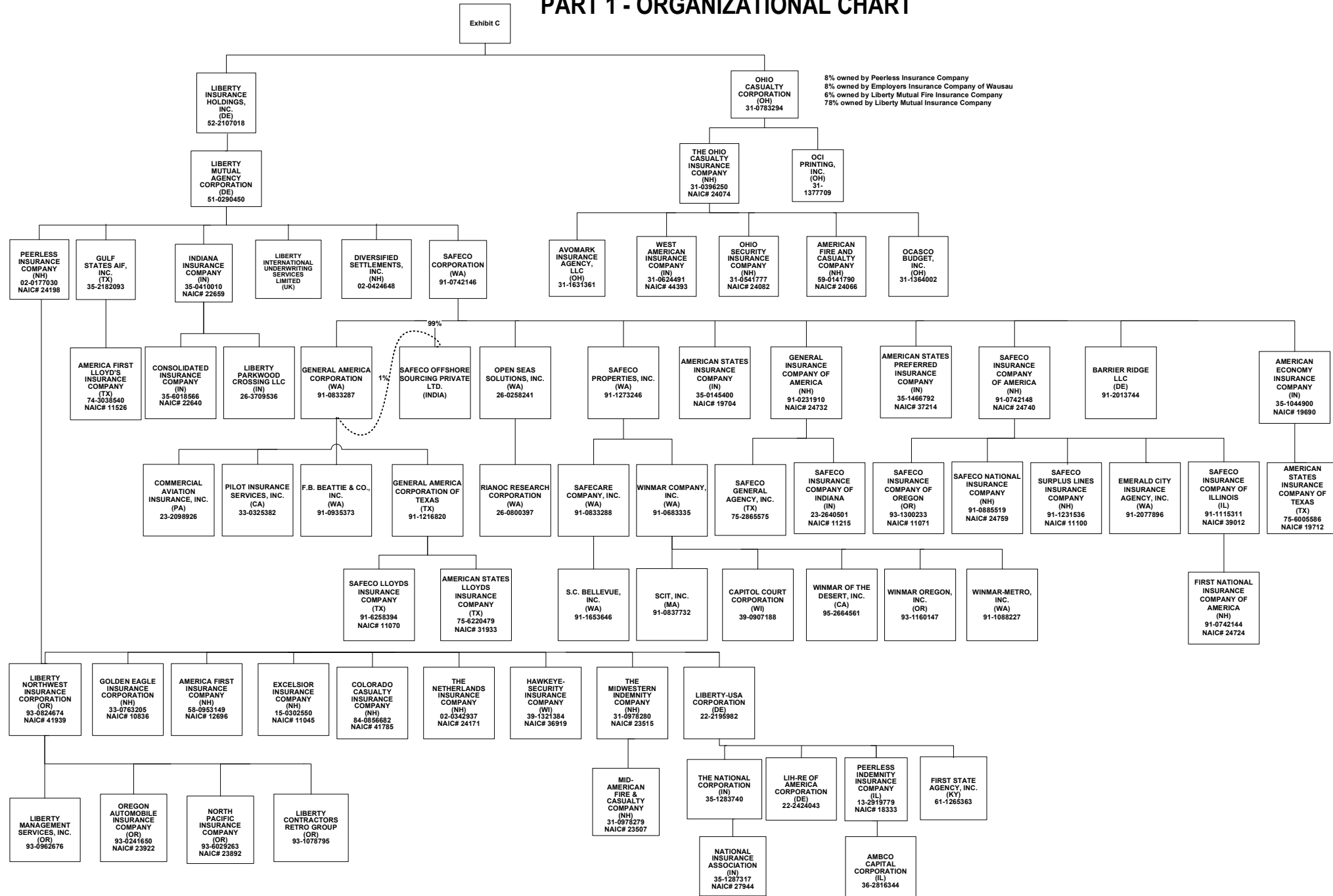
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

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