ANNUAL STATEMENT

OF THE

LIBERTY INSURANCE CORPORATION

of **HOFFMAN ESTATES**

in the state of **ILLINOIS**

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2011

PROPERTY AND CASUALTY

2011

42404201120100100

ANNUAL STATEMENT

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

Liberty Insurance Corporation

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 42404 **Employer's ID Number** 03-0316876

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

Country of Domicile United States of America

Incorporated/Organized October 21, 1988 **Commenced Business** November 3, 1988

Statutory Home Office 2815 Forbs Avenue, Suite 200 (Street and Number) , Hoffman Estates, IL 60192 (City or Town, State and Zip Code)

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

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

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

Internet Web Site Address www.LibertyMutualGroup.com

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

OFFICERS

Chairman of the Board

David Henry Long

	Name	Title
1.	David Henry Long	President and Chief Executive Officer
2.	Dexter Robert Legg	Vice President & Secretary
3.	Laurance Henry Soyer Yahia	Vice President & Treasurer

VICE-PRESIDENTS

Name	Title	Name	Title
Christopher Locke Peirce #	Vice President	Anthony Alexander Fontanes	VP, CIO & Assistant Treasurer
Timothy Michael Sweeney	Vice President	Dennis James Langwell	VP & Chief Financial Officer
Christopher Charles Mansfield	VP, Gen. Counsel & Asst. Secretary	John Derek Doyle	Vice President & Comptroller

DIRECTORS OR TRUSTEES

Anthony Alexander Fontanes	Stephen Douglas Hylka	Dennis James Langwell	Dexter Robert Legg
David Henry Long	Christopher Charles Mansfield	Deborah Lucille Michel	Rodolfo Ortiz #
Christopher Locke Peirce #	Timothy Michael Sweeney		

State of Massachusetts

County of Suffolk ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
David Henry Long	Dexter Robert Legg	Laurance Henry Soyer Yahia
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President and Chief Executive Officer	Vice President & Secretary	Vice President & Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to (or affirmed) before me on this
23rd day of January , 2012, by

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

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	1,050,339,107		1,050,339,107	1,019,136,912
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 (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 ($ 31, Schedule E - Part 1), cash equivalents ($ 4,767,529, Schedule E - Part 2), and short-term investments ($ 8,205,029, Schedule DA)	12,972,589		12,972,589	32,813,353
6. Contract loans (including $ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	65,452,650		65,452,650	64,303,366
9. Receivables for securities	29,128		29,128	2,283,213
10. Securities lending reinvested collateral assets (Schedule DL)	23,531,954		23,531,954	41,696,571
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	1,152,325,428		1,152,325,428	1,160,233,415
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	10,565,312		10,565,312	10,370,128
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	49,366,015	1,527,330	47,838,685	41,866,747
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 0 earned but unbilled premiums)	132,924,727	20,818	132,903,909	109,490,782
15.3 Accrued retrospective premiums	18,217,917	1,830,898	16,387,019	22,910,967
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	1,612	479	1,133	2,347
18.1 Current federal and foreign income tax recoverable and interest thereon	786,791		786,791	
18.2 Net deferred tax asset	51,136,000	19,574,425	31,561,575	35,759,346
19. Guaranty funds receivable or on deposit	819,807		819,807	1,218,125
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				5,370,624
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	36,575,761	1,426,679	35,149,082	33,970,675
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,452,719,370	24,380,629	1,428,338,741	1,421,193,156
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	1,452,719,370	24,380,629	1,428,338,741	1,421,193,156

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	23,753,823		23,753,823	22,433,053
2502. Amounts receivable under high deductible policies	8,137,994		8,137,994	8,898,744
2503. Equities and deposits in pools and associations	2,977,576		2,977,576	2,441,473
2598. Summary of remaining write-ins for Line 25 from overflow page	1,706,368	1,426,679	279,689	197,405
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	36,575,761	1,426,679	35,149,082	33,970,675

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	710,148,007	697,631,883
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	33,298,382	33,290,853
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	147,190,991	139,810,190
4.	Commissions payable, contingent commissions and other similar charges	4,130,312	3,695,468
5.	Other expenses (excluding taxes, licenses and fees)	16,129,278	9,746,561
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	9,619,479	10,925,099
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))		15,865,894
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 $ 581,455,491 and including warranty reserves of $ 0 and accrued accident and healthexperience rating refunds including $ 0 for medical loss ratio rebate per the Public Health Service Act)	203,928,776	189,839,082
10.	Advance premium	2,394,961	2,324,831
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	252,373	258,885
12.	Ceded reinsurance premiums payable (net of ceding commissions)		
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14.	Amounts withheld or retained by company for account of others	2,942,144	3,312,071
15.	Remittances and items not allocated		
16.	Provision for reinsurance (Schedule F, Part 7)		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding	18,279,743	16,964,541
19.	Payable to parent, subsidiaries and affiliates	10,972,993	500,235
20.	Derivatives		
21.	Payable for securities	3,039,710	12,909,982
22.	Payable for securities lending	23,531,954	41,696,571
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	(2,526,393)	(33,749,651)
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	1,183,332,710	1,145,022,495
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	1,183,332,710	1,145,022,495
29.	Aggregate write-ins for special surplus funds	43,150,543	54,585,388
30.	Common capital stock	3,500,000	3,500,000
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds		
33.	Surplus notes		
34.	Gross paid in and contributed surplus	156,162,500	156,162,500
35.	Unassigned funds (surplus)	42,192,988	61,922,773
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)	245,006,031	276,170,661
38.	Totals (Page 2, Line 28, Col. 3)	1,428,338,741	1,421,193,156

	DETAILS OF WRITE-IN LINES		
2501.	Amounts held under uninsured plans	29,903,896	31,565,027
2502.	Other liabilities	20,283,222	17,909,204
2503.	Private passenger auto escrow		21,915
2598.	Summary of remaining write-ins for Line 25 from overflow page	(52,713,511)	(83,245,797)
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(2,526,393)	(33,749,651)
2901.	Special surplus from retroactive reinsurance	32,630,018	51,754,409
2902.	SSAP 10R incremental change	10,520,525	2,830,979
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	43,150,543	54,585,388
3201.			
3202.			
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page		
3299.	Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	436,473,146	414,229,673
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	306,792,430	269,775,515
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	86,299,320	74,021,833
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	118,270,336	103,927,863
5. Aggregate write-ins for underwriting deductions	(21,915)	(15,611)
6. Total underwriting deductions (Lines 2 through 5)	511,340,171	447,709,600
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(74,867,025)	(33,479,927)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	47,103,625	43,251,522
10. Net realized capital gains (losses) less capital gains tax of $ 2,803,528 (Exhibit of Capital Gains (Losses))	5,206,551	3,478,772
11. Net investment gain (loss) (Lines 9 + 10)	52,310,176	46,730,294
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 143,205 amount charged off $ 2,011,985)	(1,868,779)	(2,921,725)
13. Finance and service charges not included in premiums	1,711,940	1,823,037
14. Aggregate write-ins for miscellaneous income	(10,499,738)	(3,130,502)
15. Total other income (Lines 12 through 14)	(10,656,577)	(4,229,190)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(33,213,426)	9,021,177
17. Dividends to policyholders	1,627,183	2,517,914
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)	(34,840,609)	6,503,263
19. Federal and foreign income taxes incurred	(6,391,528)	4,698,351
20. Net income (Line 18 minus Line 19) (to Line 22)	(28,449,081)	1,804,912
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	276,170,661	272,612,416
22. Net income (from Line 20)	(28,449,081)	1,804,912
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of $ 492,140	913,974	2,081,171
25. Change in net unrealized foreign exchange capital gain (loss)	(869,555)	(965,927)
26. Change in net deferred income tax	10,008,150	7,935,894
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(20,857,092)	(3,474,919)
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	399,428	
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		
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	7,689,546	(3,822,886)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(31,164,630)	3,558,245
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	245,006,031	276,170,661

DETAILS OF WRITE-IN LINES		
0501. Private passenger auto escrow	(21,915)	(15,611)
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)	(21,915)	(15,611)
1401. Other income/(expense)	(4,981,571)	(8,359,868)
1402. Retroactive reinsurance gain/(loss)	(5,518,167)	5,229,366
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(10,499,738)	(3,130,502)
3701. SSAP 10R incremental change	7,689,546	(4,979,450)
3702. Other changes in surplus		1,156,564
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	7,689,546	(3,822,886)

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	428,280,923	430,009,884
2. Net investment income	49,404,327	42,554,680
3. Miscellaneous income	(12,481,614)	(2,972,971)
4. Total (Lines 1 through 3)	465,203,636	469,591,593
5. Benefit and loss related payments	292,791,635	61,090,110
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	191,182,431	136,797,895
8. Dividends paid to policyholders	1,633,695	2,331,060
9. Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	13,064,685	(15,569,978)
10. Total (Lines 5 through 9)	498,672,446	184,649,087
11. Net cash from operations (Line 4 minus Line 10)	(33,468,810)	284,942,506
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	163,400,419	178,149,098
12.2 Stocks	191,643	147,115
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	213,030,176	9,827,357
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	2,254,085	(2,283,213)
12.8 Total investment proceeds (Lines 12.1 to 12.7)	378,876,323	185,840,357
13. Cost of investments acquired (long-term only):		
13.1 Bonds	198,716,286	434,870,247
13.2 Stocks	40,403	27,304
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	185,721,242	49,814,041
13.6 Miscellaneous applications	9,870,272	(7,592,795)
13.7 Total investments acquired (Lines 13.1 to 13.6)	394,348,203	477,118,797
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)	(15,471,880)	(291,278,440)
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		
16.6 Other cash provided (applied)	29,099,926	(49,042,996)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	29,099,926	(49,042,996)
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)	(19,840,764)	(55,378,930)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	32,813,353	88,192,283
19.2 End of year (Line 18 plus Line 19.1)	12,972,589	32,813,353

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

20.0001	13.1 Cost of Investment Acquired - Bonds		217,793,692
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	10,495,921	4,367,345	5,253,698	9,609,568
2. Allied lines	5,019,877	2,059,733	2,597,052	4,482,558
3. Farmowners multiple peril	45,851		6,098	39,753
4. Homeowners multiple peril	62,288,604	31,824,594	34,791,347	59,321,851
5. Commercial multiple peril	13,102,002	6,074,277	6,653,179	12,523,100
6. Mortgage guaranty				
8. Ocean marine	1,821,319	788,441	827,101	1,782,659
9. Inland marine	18,890,040	1,460,315	2,155,968	18,194,387
10. Financial guaranty				
11.1 Medical professional liability—occurrence	2,247,607	312,351	831,596	1,728,362
11.2 Medical professional liability—claims-made	126,648	18,988	34,438	111,198
12. Earthquake	1,577,681	614,874	757,893	1,434,662
13. Group accident and health	32,902			32,902
14. Credit accident and health (group and individual)				
15. Other accident and health	14,446	2,997	2,654	14,789
16. Workers' compensation	108,395,213	931,516	3,498,596	105,828,133
17.1 Other liability—occurrence	32,588,080	11,580,562	15,021,713	29,146,929
17.2 Other liability—claims-made	9,610,140	5,277,530	5,918,269	8,969,401
17.3 Excess workers' compensation	2,915,901	1,948,752	1,455,213	3,409,440
18.1 Products liability—occurrence	5,588,538	2,580,401	3,322,982	4,845,957
18.2 Products liability—claims-made	251,947	51,991	48,909	255,029
19.1,19.2 Private passenger auto liability	108,575,850	51,268,310	55,034,181	104,809,979
19.3,19.4 Commercial auto liability	15,779,189	5,498,730	7,328,454	13,949,465
21. Auto physical damage	44,380,714	35,476,500	37,880,072	41,977,142
22. Aircraft (all perils)	2,075,698	613,366	474,248	2,214,816
23. Fidelity	378,025	161,378	175,263	364,140
24. Surety	107,518	52,850	98,212	62,156
26. Burglary and theft	12,275	6,058	4,296	14,037
27. Boiler and machinery	1,061,524	356,432	494,796	923,160
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-nonproportional assumed property	7,616,199	524,698	939,072	7,201,825
32. Reinsurance-nonproportional assumed liability	2,954,111	662,918	313,367	3,303,662
33. Reinsurance-nonproportional assumed financial lines	452			452
34. Aggregate write-ins for other lines of business				
35. TOTALS	457,954,272	164,515,907	185,918,667	436,551,512

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	5,125,663	128,034			5,253,697
2. Allied lines	2,484,719	112,333			2,597,052
3. Farmowners multiple peril	6,098				6,098
4. Homeowners multiple peril	34,791,347				34,791,347
5. Commercial multiple peril	4,379,280	2,273,899			6,653,179
6. Mortgage guaranty					
8. Ocean marine	687,714	139,387			827,101
9. Inland marine	757,405	1,398,563			2,155,968
10. Financial guaranty					
11.1 Medical professional liability—occurrence	831,596				831,596
11.2 Medical professional liablity—claims-made	33,461	976			34,437
12. Earthquake	747,979	9,914			757,893
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	2,654				2,654
16. Workers' compensation	20,912,879	1,010,620		(18,424,904)	3,498,595
17.1 Other liability—occurrence	11,204,995	3,708,249		108,468	15,021,712
17.2 Other liability—claims-made	3,811,897	2,106,372			5,918,269
17.3 Excess workers' compensation	1,180,392	274,821			1,455,213
18.1 Products liability—occurrence	1,769,619	1,461,144		92,218	3,322,981
18.2 Products liability—claims-made	48,878	31			48,909
19.1,19.2 Private passenger auto liability	55,034,181				55,034,181
19.3,19.4 Commercial auto liability	7,138,667	(24,320)		214,107	7,328,454
21. Auto physical damage	37,906,174	(26,102)			37,880,072
22. Aircraft (all perils)	474,248				474,248
23. Fidelity	160,016	15,247			175,263
24. Surety	30,290	67,922			98,212
26. Burglary and theft	4,279	17			4,296
27. Boiler and machinery	481,890	12,906			494,796
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-nonproportional assumed property	939,072				939,072
32. Reinsurance-nonproportional assumed liability	308,574	4,794			313,368
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	191,253,967	12,674,807		(18,010,111)	185,918,663
36. Accrued retrospective premiums based on experience					18,010,110
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					203,928,773

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	4,912	10,495,921		4,912		10,495,921
2. Allied lines	209,463	5,019,877		209,463		5,019,877
3. Farmowners multiple peril		45,851				45,851
4. Homeowners multiple peril	438,982,682	62,288,604		438,982,682		62,288,604
5. Commercial multiple peril	4,951,051	13,102,002		4,951,051		13,102,002
6. Mortgage guaranty						
8. Ocean marine		1,821,319				1,821,319
9. Inland marine	7,740,656	18,890,040		7,740,656		18,890,040
10. Financial guaranty						
11.1 Medical professional liability--occurrence		2,247,607				2,247,607
11.2 Medical professional liability--claims-made		126,648				126,648
12. Earthquake	2,411,786	1,577,681		2,411,786		1,577,681
13. Group accident and health		32,902				32,902
14. Credit accident and health (group and individual)						
15. Other accident and health		14,446				14,446
16. Workers' compensation	941,132,998	108,395,213		941,132,998		108,395,213
17.1 Other liability—occurrence	156,291,288	32,588,080		156,291,288		32,588,080
17.2 Other liability—claims-made		9,610,140				9,610,140
17.3 Excess workers' compensation	36,393,555	2,915,901		36,393,555		2,915,901
18.1 Products liability—occurrence	6,105,996	5,588,538		6,105,996		5,588,538
18.2 Products liability—claims-made		251,947				251,947
19.1,19.2 Private passenger auto liability	50,303,133	108,575,850		50,303,133		108,575,850
19.3,19.4 Commercial auto liability	23,464,108	15,779,189		23,464,108		15,779,189
21. Auto physical damage	30,423,514	44,380,714		30,423,514		44,380,714
22. Aircraft (all perils)		2,075,698				2,075,698
23. Fidelity	13,505	378,025		13,505		378,025
24. Surety	7,945	107,518		7,945		107,518
26. Burglary and theft	8,556	12,275		8,556		12,275
27. Boiler and machinery	465	1,061,524		465		1,061,524
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	X X X	7,616,199				7,616,199
32. Reinsurance-nonproportional assumed liability	X X X	2,954,111				2,954,111
33. Reinsurance-nonproportional assumed financial lines	X X X	452				452
34. Aggregate write-ins for other lines of business						
35. TOTALS	1,698,445,613	457,954,272		1,698,445,613		457,954,272

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

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

If yes: 1. The amount of such installment premiums $ 934,366,101

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 1,001,966,527

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5	6	7	8
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	12,267	5,691,558	12,267	5,691,558	6,062,665	3,715,178	8,039,045	83.657
2. Allied lines		2,306,985		2,306,985	2,267,902	1,533,343	3,041,544	67.853
3. Farmowners multiple peril		28,234		28,234			28,234	71.024
4. Homeowners multiple peril	303,991,397	40,626,933	303,991,397	40,626,933	16,533,799	15,426,685	41,734,047	70.352
5. Commercial multiple peril	3,222,098	6,346,576	3,222,098	6,346,576	13,809,095	12,836,190	7,319,481	58.448
6. Mortgage guaranty								
8. Ocean marine	100,955	556,608	100,955	556,608	2,362,859	2,189,308	730,159	40.959
9. Inland marine	2,014,170	13,576,629	2,014,170	13,576,629	2,353,643	3,552,894	12,377,378	68.029
10. Financial guaranty								
11.1 Medical professional liability—occurrence		586		586	1,715,548	(23,471)	1,739,605	100.651
11.2 Medical professional liability—claims-made		3,129		3,129	317,219	57,635	262,713	236.257
12. Earthquake		2,113		2,113	7,528	6,190	3,451	0.241
13. Group accident and health		22,479		22,479	98,871	112,210	9,140	27.779
14. Credit accident and health (group and individual)								
15. Other accident and health		8,687		8,687	74,184	77,062	5,809	39.279
16. Workers' compensation	545,013,602	89,503,082	545,013,602	89,503,082	402,600,952	404,841,362	87,262,672	82.457
17.1 Other liability—occurrence	12,419,792	17,559,305	12,419,792	17,559,305	76,130,220	73,894,667	19,794,858	67.914
17.2 Other liability—claims-made	161,744	2,793,917	161,744	2,793,917	18,604,443	17,995,977	3,402,383	37.933
17.3 Excess workers' compensation	21,966,264	1,967,618	21,966,264	1,967,618	19,792,625	16,322,283	5,437,960	159.497
18.1 Products liability—occurrence	1,339,671	1,624,250	1,339,671	1,624,250	17,181,874	14,943,241	3,862,883	79.714
18.2 Products liability—claims-made		(8,109)		(8,109)	958,351	868,410	81,832	32.087
19.1,19.2 Private passenger auto liability	37,306,704	69,439,532	37,306,704	69,439,532	78,999,223	83,016,507	65,422,248	62.420
19.3,19.4 Commercial auto liability	21,147,452	10,642,015	21,147,452	10,642,015	22,954,465	22,448,495	11,147,985	79.917
21. Auto physical damage	14,187,257	25,365,533	14,187,257	25,365,533	501,089	(93,242)	25,959,864	61.843
22. Aircraft (all perils)		1,278,204		1,278,204	2,006,734	1,864,584	1,420,354	64.130
23. Fidelity		204,432		204,432	942,107	825,533	321,006	88.155
24. Surety		5,605		5,605	46,971	36,641	15,935	25.637
26. Burglary and theft		7,772		7,772	12,623	26,284	(5,889)	(41.953)
27. Boiler and machinery		169,510		169,510	196,244	76,504	289,250	31.333
28. Credit					1,116		1,116	
29. International								
30. Warranty					(951)	1,486	(2,437)	
31. Reinsurance-nonproportional assumed property	X X X	2,540,969		2,540,969	6,418,648	4,919,698	4,039,919	56.096
32. Reinsurance-nonproportional assumed liability	X X X	1,835,910		1,835,910	17,014,712	15,990,670	2,859,952	86.569
33. Reinsurance-nonproportional assumed financial lines	X X X	14,969		14,969	183,247	169,559	28,657	6340.044
34. Aggregate write-ins for other lines of business								
35. TOTALS	962,883,373	294,115,031	962,883,373	294,115,031	710,148,006	697,631,883	306,631,154	70.239

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

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

	Reported Losses				Incurred But Not Reported			8	9
Line of Business	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire		4,403,526		4,403,526	11,018	1,659,139	11,018	6,062,665	508,839
2. Allied lines	88,238	1,187,276	88,238	1,187,276	32,375	1,080,626	32,375	2,267,902	211,939
3. Farmowners multiple peril									
4. Homeowners multiple peril	52,920,345	8,384,837	52,920,345	8,384,837	38,408,976	8,148,963	38,408,976	16,533,800	4,765,079
5. Commercial multiple peril	4,336,414	9,568,282	4,336,414	9,568,282	3,284,964	4,240,813	3,284,964	13,809,095	4,666,441
6. Mortgage guaranty									
8. Ocean marine	52	1,362,011	52	1,362,011	5,255	1,000,848	5,255	2,362,859	369,947
9. Inland marine	252,172	953,619	252,172	953,619	134,887	1,400,025	134,887	2,353,644	380,834
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		8,015		8,015		1,707,533		1,715,548	2,401
11.2 Medical professional liablity—claims-made		14,221		14,221		302,999		317,220	173,467
12. Earthquake		10,469		10,469	285	(2,941)	285	7,528	758
13. Group accident and health		80,754		80,754		18,116		(a) 98,870	7,895
14. Credit accident and health (group and individual)									
15. Other accident and health		19,521		19,521		54,663		(a) 74,184	5,148
16. Workers' compensation	1,345,479,892	221,117,366	1,345,479,892	221,117,366	1,884,643,678	181,483,586	1,884,643,678	402,600,952	56,827,011
17.1 Other liability—occurrence	65,390,694	28,393,509	65,390,694	28,393,509	68,696,629	47,736,712	68,696,629	76,130,221	34,284,298
17.2 Other liability—claims-made	3,725,725	4,714,014	3,725,725	4,714,014		13,890,430		18,604,444	6,078,866
17.3 Excess workers' compensation	199,832,672	7,364,766	199,832,672	7,364,766	285,576,947	12,427,858	285,576,947	19,792,624	1,620,461
18.1 Products liability—occurrence	1,503,364	3,093,077	1,503,364	3,093,077	9,594,691	14,088,797	9,594,691	17,181,874	10,666,317
18.2 Products liability—claims-made		9,031		9,031		949,319		958,350	606,770
19.1,19.2 Private passenger auto liability	18,271,418	46,255,976	18,271,418	46,255,976	15,813,608	32,743,247	15,813,608	78,999,223	18,221,470
19.3,19.4 Commercial auto liability	25,351,986	13,276,058	25,351,986	13,276,058	13,551,980	9,678,407	13,551,980	22,954,465	3,506,425
21. Auto physical damage		55,442		55,442	(163,366)	445,647	(163,366)	501,089	2,313,765
22. Aircraft (all perils)		1,600,212		1,600,212		406,522		2,006,734	550,994
23. Fidelity		34,556		34,556	7,580	907,551	7,580	942,107	153,751
24. Surety		22,963		22,963	1,958	24,007	1,958	46,970	568
26. Burglary and theft		10,459		10,459	3,135	2,164	3,135	12,623	12,615
27. Boiler and machinery		116,145		116,145	514	80,100	514	196,245	14,534
28. Credit						1,116		1,116	
29. International									
30. Warranty						(951)		(951)	619
31. Reinsurance-nonproportional assumed property	X X X	3,289,248		3,289,248	X X X	3,129,401		6,418,649	102,690
32. Reinsurance-nonproportional assumed liability	X X X	4,662,009		4,662,009	X X X	12,352,703		17,014,712	1,134,796
33. Reinsurance-nonproportional assumed financial lines	X X X	183,864		183,864	X X X	(617)		183,247	2,294
34. Aggregate write-ins for other lines of business									
35. TOTALS	1,717,152,972	360,191,226	1,717,152,972	360,191,226	2,319,605,114	349,956,783	2,319,605,114	710,148,009	147,190,992

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	128,314,734			128,314,734
1.2 Reinsurance assumed	49,173,052			49,173,052
1.3 Reinsurance ceded	128,314,734			128,314,734
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	49,173,052			49,173,052
2. Commission and brokerage:				
2.1 Direct, excluding contingent		38,340,023		38,340,023
2.2 Reinsurance assumed, excluding contingent		(20,436,747)		(20,436,747)
2.3 Reinsurance ceded, excluding contingent		38,340,023		38,340,023
2.4 Contingent—direct		3,353,469		3,353,469
2.5 Contingent—reinsurance assumed		3,953,336		3,953,336
2.6 Contingent—reinsurance ceded		3,353,469		3,353,469
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)		(16,483,411)		(16,483,411)
3. Allowances to manager and agents		9,169,911		9,169,911
4. Advertising	584,935	9,134,954	19,485	9,739,374
5. Boards, bureaus and associations	109,777	982,047	559	1,092,383
6. Surveys and underwriting reports	1,771	1,415,261	13,862	1,430,894
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	20,792,043	49,020,347	1,252,318	71,064,708
8.2 Payroll taxes	1,255,327	4,334,943	42,054	5,632,324
9. Employee relations and welfare	4,427,124	15,052,775	160,285	19,640,184
10. Insurance	2,347,528	524,369	23,064	2,894,961
11. Directors' fees	13	45		58
12. Travel and travel items	1,451,224	3,116,891	42,514	4,610,629
13. Rent and rent items	1,452,148	5,077,797	51,423	6,581,368
14. Equipment	576,528	2,841,727	27,900	3,446,155
15. Cost or depreciation of EDP equipment and software	748,181	1,637,060	59,559	2,444,800
16. Printing and stationery	211,338	852,458	5,351	1,069,147
17. Postage, telephone and telegraph, exchange and express	697,631	2,965,191	58,047	3,720,869
18. Legal and auditing	164,055	935,081	85,196	1,184,332
19. Totals (Lines 3 to 18)	34,819,623	107,060,857	1,841,617	143,722,097
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 269,279		17,654,652		17,654,652
20.2 Insurance department licenses and fees		862,352		862,352
20.3 Gross guaranty association assessments		188,064		188,064
20.4 All other (excluding federal and foreign income and real estate)		1,081,008		1,081,008
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		19,786,076		19,786,076
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	2,306,644	7,906,814	357,663	10,571,121
25. Total expenses incurred	86,299,319	118,270,336	2,199,280	(a) 206,768,935
26. Less unpaid expenses—current year	147,190,991	29,879,069		177,070,060
27. Add unpaid expenses—prior year	139,810,190	24,367,128		164,177,318
28. Amounts receivable relating to uninsured plans, prior year		2,347		2,347
29. Amounts receivable relating to uninsured plans, current year		1,134		1,134
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	78,918,518	112,757,182	2,199,280	193,874,980

DETAILS OF WRITE-IN LINES				
2401. Other expenses	2,306,644	7,906,814	357,663	10,571,121
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)	2,306,644	7,906,814	357,663	10,571,121

(a) Includes management fees of $ 89,841,314 to affiliates and $ 10,896,127 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 8,148,787	8,010,965
1.1	Bonds exempt from U.S. tax	(a) 9,180,032	9,201,591
1.2	Other bonds (unaffiliated)	(a) 31,078,728	31,391,886
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 28,594	26,883
7.	Derivative instruments	(f)	
8.	Other invested assets	360,796	360,796
9.	Aggregate write-ins for investment income	310,784	310,784
10.	Total gross investment income	49,107,721	49,302,905
11.	Investment expenses		(g) 2,199,279
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		2,199,279
17.	Net investment income (Line 10 minus Line 16)		47,103,626

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/ (Expense)	310,784	310,784
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)	310,784	310,784
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 $ 718,356 accrual of discount less $ 3,214,242 amortization of premium and less $ 689,503 paid for accrued interest on purchases.
(b) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued dividends on purchases.
(c) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.
(d) Includes $ 0 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.
(e) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.
(f) Includes $ 0 accrual of discount less $ 0 amortization of premium.
(g) Includes $ 0 investment expenses and $ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ 0 interest on surplus notes and $ 0 interest on capital notes.
(i) Includes $ 0 depreciation on real estate and $ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds					
1.1	Bonds exempt from U.S. tax	1,793		1,793	95,011	
1.2	Other bonds (unaffiliated)	1,185,460		1,185,460	(2,900,050)	
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	151,239		151,239		
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets	9,717,580	(3,045,993)	6,671,587	4,211,153	(589,138)
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	11,056,072	(3,045,993)	8,010,079	1,406,114	(589,138)

	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	1,527,330	1,395,678	(131,652)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	20,818	18,437	(2,381)
15.3 Accrued retrospective premiums	1,830,898	2,552,714	721,816
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	479	1,093	614
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	19,574,425	5,860,644	(13,713,781)
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	1,426,679	1,411,748	(14,931)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	24,380,629	11,240,314	(13,140,315)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	24,380,629	11,240,314	(13,140,315)

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	1,426,679	1,409,429	(17,250)
2502. Amounts receivable under high deductible policies		2,319	2,319
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,426,679	1,411,748	(14,931)

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the State of Illinois, the accompanying financial statements of Liberty Insurance Corporation (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 2011.

13. The Company has no pharmaceutical rebate receivables.

Note 2 - Accounting Changes and Correction of Errors

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

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

NOTES TO FINANCIAL STATEMENTS

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

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

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

The Company does not invest in mortgage loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loaned Backed Securities

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

2. All Loan-Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2011 as of December 31, 2011: None

3. Each Loan-Backed Security with a recognized other-than-temporary impairment held by the Company at December 31, 2011: None

4. All impaired Loan-Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2011:

	1	2
	Less Than 12 Months	12 Months or Longer
Gross Unrealized Loss	(101,229)	-
Fair Value of Securities with Unrealized Losses	5,283,974	-

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

E. Repurchase Agreements and Securities Lending

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

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

NOTES TO FINANCIAL STATEMENTS

3. Aggregate Amount of Contractually open cash collateral positions:

Aging of Collateral	Total Fair Value
Open	$ 23,531,954
30 Days or Less	-
31 to 60 Days	-
61 to 90 Days	-
Greater than 90 Days	-
Sub-Total	23,531,954
Securities Received	-
Total Collateral Received	$ 23,531,954

4. Securities Lending Transactions Administered by an Affiliated Agent

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

1. Collateral Reinvestment

a. Aggregate Amount Cash Collateral Reinvested

	Amortized Cost	Fair Value
Open	$-	$-
30 Days or Less	5,830,419	5,830,438
31 to 60 Days	11,509,104	11,509,305
61 to 90 Days	6,194,530	6,194,905
90 to 120 Days	-	-
121 to 180 Days	-	-
181 to 365 Days	-	-
1 to 2 Years	-	-
2 to 3 Years	-	-
Greater than 3 Years	-	-
Subtotal	23,534,053	23,534,648
Securities Received	-	-
Total Collateral Reinvested	$23,534,053	$23,534,648

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

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits

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

Note 6 - Joint Ventures, Partnerships & Limited Liability Companies

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

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

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

The Company invests in limited partnerships that are reported in accordance with SSAP No. 48. These limited partnerships are valued by the equity method using traditional private equity valuation measures. Interim poor performance which indicates a probable inability to recover the carrying amount of the assets leads to impairment losses being recognized by management. The Company realized impairment losses of $3,045,993 during the year.

Note 7 - Investment Income

A. Accrued Investment Income

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

NOTES TO FINANCIAL STATEMENTS

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2011.

Note 8 - Derivative Instruments

The Company maintains an active Derivative Use Policy as approved by the New York State Insurance Department. Pursuant to the policy, the Company may enter into derivative transactions. The Company may also acquire derivatives as additions to bond, common stock, or preferred stock investments. These derivatives are ancillary to the overall investment and are immaterial to the underlying investment portfolio.

Note 9 - Income Taxes

A. The components of the net deferred tax assets (DTAs) and liabilities (DTLs) recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross Deferred Tax Assets	59,809,076	8,690,924	68,500,000	48,083,305	8,489,665	56,572,970	11,725,771	201,259	11,927,030
Statutory Valuation Allowance Adjustment	-	-	-	-	-	-	-	-	-
Adjusted Gross Deferred Tax Assets	59,809,076	8,690,924	68,500,000	48,083,305	8,489,665	56,572,970	11,725,771	201,259	11,927,030
Deferred Tax Liabilities	(17,364,000)	-	(17,364,000)	(14,952,980)	-	(14,952,980)	(2,411,020)	-	(2,411,020)
Net DTA (DTL)	42,445,076	8,690,924	51,136,000	33,130,325	8,489,665	41,619,990	9,314,751	201,259	9,516,010
Deferred Tax Assets Nonadmitted	(10,883,501)	(8,690,924)	(19,574,425)	(5,712,379)	(148,265)	(5,860,644)	(5,171,122)	(8,542,659)	(13,713,781)
Net Admitted DTA (DTL)	31,561,575	-	31,561,575	27,417,946	8,341,400	35,759,346	4,143,629	(8,341,400)	(4,197,771)

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

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

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10a.)	-	-	-	10,773,017	3,867,605	14,640,622	(10,773,017)	(3,867,605)	(14,640,622)
Lesser of:									
Expected to be recognized within one year (10bi.)	25,808,812	-	25,808,812	13,813,950	4,473,795	18,287,745	11,994,862	(4,473,795)	7,521,067
10% of adjusted capital and surplus (10bii.)			21,041,050			24,784,801			(3,743,751)
Adj. gross DTAs offset against existing DTLs (10c.)	17,364,000	-	17,364,000	14,952,980	-	14,952,980	2,411,020	-	2,411,020
Total	38,405,050	-	38,405,050	39,539,947	8,341,400	47,881,347	(1,134,897)	(8,341,400)	(9,476,297)

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

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10ei.)	-	-	-	10,773,017	3,867,605	14,640,622	(10,773,017)	(3,867,605)	(14,640,622)
Lesser of:									
Expected to be recognized within three years (10eiia.)	43,488,133	-	43,488,133	16,644,929	4,473,795	21,118,724	26,843,204	(4,473,795)	22,369,409
15% of adjusted capital and surplus (10eiib.)			31,561,575			37,177,201			(5,615,626)
Adj. gross DTAs offset against existing DTLs (10eiii.)	17,364,000	-	17,364,000	14,952,980	-	14,952,980	2,411,020	-	2,411,020
Total	48,925,575	-	48,925,575	42,370,926	8,341,400	50,712,326	6,554,649	(8,341,400)	(1,786,751)

Used in SSAP No. 10R, Paragraph 10.d.	December 31, 2011	December 31, 2010	Change
Total Adjusted Capital	234,485,506	273,339,682	(38,854,176)
Authorized Control Level	63,937,086	59,629,876	4,307,210

NOTES TO FINANCIAL STATEMENTS

Impact of Tax Planning Strategies	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary Percent	Capital Percent	Total Percent	Ordinary Percent	Capital Percent	Total Percent	Ordinary Percent	Capital Percent	Total Percent
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	12%	0%	12%	27%	6%	33%	(15%)	(6%)	(21%)
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Gross DTAs)	26%	0%	26%	43%	9%	52%	(17%)	(9%)	(26%)

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

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	21,041,050	-	21,041,050	24,586,967	8,341,400	32,928,367	(3,545,917)	(8,341,400)	(11,887,317)
Admitted Assets			1,417,818,216			1,418,362,177			
Adjusted Statutory Surplus*			210,410,503			247,848,010			
Total Adjusted Capital from DTAs	21,041,050	-	21,041,050	24,586,967	8,341,400	32,928,367	(3,545,917)	(8,341,400)	(11,887,317)

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

Increase due to SSAP No. 10R, Paragraph 10.e.	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	10,520,525	-	10,520,525	2,830,979	-	2,830,979	7,689,546	-	7,689,546
Admitted Assets	10,520,525	-	10,520,525	2,830,979	-	2,830,979	7,689,546	-	7,689,546
Adjusted Statutory Surplus	10,520,525	-	10,520,525	2,830,979	-	2,830,979	7,689,546	-	7,689,546

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

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

	2011	2010
Federal	(6,391,528)	4,698,351
Foreign	-	-
Realized capital gains	2,803,528	1,906,949
Federal and foreign income taxes incurred	(3,588,000)	6,605,300

The Company's DTAs and DTLs result primarily from limits on unearned premium reserve deductions, discounting of unpaid loss and LAE reserves, depreciation, loss based assessments, allowance for doubtful accounts, investment impairments, partnership investments, accrued benefits, statutory non-admitted assets, and net operating loss carry-forward.

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

	2011
Change in net deferred income tax (without unrealized gain or loss)	10,008,150
Change in tax effect of unrealized (gains) losses	(492,140)
Total change in net deferred income tax	9,516,010

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax exempt income, limits on unearned premium reserve deductions, discounting of unpaid loss and LAE reserve, depreciation, investment impairments, and net operating loss carry-forward.

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

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

Year Generated	Amount	Expiration
2011	36,306,000	2031

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

NOTES TO FINANCIAL STATEMENTS

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

Access Insurance Services, Co. (Dissolved 10/24/2011)
AMBCO Capital Corporation
America First Insurance Company
America First Lloyds Insurance Company
American Economy Insurance Company
American Fire & Casualty Company
American States Insurance Company
American States Insurance Company of Texas
American States Lloyds Insurance Company
American States Preferred Insurance Company
Barrier Ridge LLC
Berkeley Holding Company Associates, Inc.
Berkeley Management Corporation
Bridgefield Casualty Insurance Company
Bridgefield Employers Insurance Company
Capitol Court Corporation
Capitol Agency, Inc., The (Arizona corporation) (Dissolved 1/20/2011)
Cascade Disability Management, Inc.
Colorado Casualty Insurance Company
Commercial Aviation Insurance, Inc.
Consolidated Insurance Company
Copley Venture Capital, Inc.
Diversified Settlements, Inc.
Emerald City Insurance Agency, Inc.
Employers Insurance Company of Wausau
Excelsior Insurance Company
F.B. Beattie & Co., Inc.
First National Insurance Company of America
First State Agency Inc.
General America Corporation
General America Corporation of Texas
General Insurance Company of America
Golden Eagle Insurance Corporation
Gulf States AIF, Inc.
Hawkeye-Security Insurance Company
Heritage-Summit HealthCare, Inc.
Indiana Insurance Company
Insurance Company of Illinois
LEXCO Limited
Liberty-USA Corporation
Liberty Assignment Corporation
Liberty Energy Canada, Inc.
Liberty Financial Services, Inc.
Liberty Hospitality Group, Inc.
Liberty Insurance Corporation
Liberty Insurance Holdings, Inc.
Liberty Insurance Underwriters Inc.*
Liberty International Europe Inc.
Liberty International Holdings Inc.
Liberty Life Assurance Company of Boston
Liberty Life Holdings Inc.
Liberty Lloyds of Texas Insurance Company
Liberty Management Services, Inc.
Liberty Mexico Holdings Inc.
Liberty Mutual Agency Corporation
Liberty Mutual Fire Insurance Company
Liberty Mutual Group Asset Management Inc.**
Liberty Mutual Group Inc.
Liberty Mutual Holding Company Inc.
Liberty Mutual Insurance Company
Liberty Mutual Personal Insurance Company
Liberty Northwest Insurance Corporation
Liberty Personal Insurance Company
Liberty RE (Bermuda) Limited
Liberty Sponsored Insurance (Vermont) Inc.
Liberty Surplus Insurance Corporation
LIH-RE of America Corporation
LIU Specialty Insurance Agency Inc.
LM General Insurance Company
LM Insurance Corporation
LM Property & Casualty Insurance Company
LMHC Massachusetts Holdings Inc.
LRE Properties, Inc.
Mid-American Fire & Casualty Company
North Pacific Insurance Company
OCASCO Budget, Inc.
OCI Printing, Inc.
Ohio Casualty Corporation
Ohio Security Insurance Company
Open Seas Solutions, Inc.
Oregon Automobile Insurance Company
Peerless Indemnity Insurance Company
Peerless Insurance Company
Pilot Insurance Services, Inc.
Rianoc Research Corporation
S.C. Bellevue, Inc.
SAFECARE Company, Inc.
Safeco Corporation
Safeco General Agency, Inc.
Safeco Insurance Company of America
Safeco Insurance Company of Illinois
Safeco Insurance Company of Indiana
Safeco Insurance Company of Oregon
Safeco Lloyds Insurance Company
Safeco National Insurance Company
Safeco Properties, Inc.
Safeco Surplus Lines Insurance Company
San Diego Insurance Company
SCIT, Inc.
St. James Insurance Company Ltd.
Summit Consulting, Inc.
Summit Consulting, Inc. of Louisiana
Summit Holding Southeast, Inc.
The First Liberty Insurance Corporation
The Midwestern Indemnity Company
The National Corporation
The Netherlands Insurance Company
The Ohio Casualty Insurance Company
Wausau Business Insurance Company
Wausau General Insurance Company
Wausau Underwriters Insurance Company
West American Insurance Company
Winmar Company, Inc.
Winmar of the Desert, Inc.
Winmar Oregon, Inc.
Winmar-Metro, Inc.

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

NOTES TO FINANCIAL STATEMENTS

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

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

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

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

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

C. There have been no material transactions with the Company's affiliates during 2011.

D. At December 31, 2011, the Company reported a net $10,972,993 due to affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.

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

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

There is a management services agreement between the Company and LMIC, under which LMIC provides the Company with services of personnel employed by LMIC, office space, supplies, equipment, telephone and wire services, the use of computers and similar machines to the extent necessary or appropriate.

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

There is an "Agent-Company Agreement" between the Company and Helmsman Insurance Agency, Inc. ("Helmsman") whereby Helmsman provides agent commission payments, accounting, office services and other services under the terms of the Agreement.

The Company is a party to a revolving credit agreement under which the Company may borrow up to $100,000,000 from LMIC. The purpose of the extension of credit is for operating liquidity to accommodate fluctuations in daily cash flow and to promote efficient management of investments. As of December 31, 2011, there have been no drawings under this agreement.

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

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

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

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

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

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

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

Note 11 - Debt

A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

B. Federal Home Loan Bank Agreements

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

1. The Company has 30,000 shares authorized and 25,000 shares issued and outstanding as of December 31, 2011. All shares have a stated par value of $140.

2. Preferred Stock

   Not applicable

3. There are no dividend restrictions.

4. The Company did not pay any dividends to its parent in 2011.

5. The maximum amount of dividends which can be paid by Illinois-domiciled insurance companies to shareholders without the prior approval of the Insurance Director is the greater of (a) 10% of surplus or (b) net income, subject to the availability of accumulated undistributed earnings. The maximum dividend payout which may be made without prior approval in 2012 is $24,500,603.

6. As of December 31, 2011, the Company has restricted surplus of $10,520,525 from recording the increase in admitted DTA's as a result of applying the revised guidance in SSAP No. 10R, *Income Taxes,* and pre-tax restricted surplus of $32,630,018 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

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

9. The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2011 and from the adoption of the revised guidance on calculating admitted adjusted gross DTA's in SSAP 10R.

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized losses is $(2,529,238) after applicable deferred taxes of $636,374.

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

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

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

B. Assessments

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

   The Company has accrued a liability for guaranty funds and other assessments of $7,607,887 that is offset by future premium tax credits of $747,713. Current assessments are expected to be paid out in the next two years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2012. During 2011 there were no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.

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

a.	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	$ 1,010,396
b.	Decreases current year: Premium tax offset applied	262,683
c.	Increases current year: Premium tax offset increase	-
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$ 747,713

NOTES TO FINANCIAL STATEMENTS

C. Gain Contingencies

Not applicable

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

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

	Direct
Claims related ECO and bad faith losses paid during the reporting period	$ 342,131

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

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

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

E. Product Warranties

The Company does not write product warranty business.

F. All Other Contingencies

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

Note 15 - Leases

A. Lessee Leasing Arrangements

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

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

Year(s)	Sale Lease-back	All Other Operating Lease Arrangements
2012	$ 1,608,580	$ 4,943,535
2013	1,614,594	4,706,868
2014	1,127,596	3,182,296
2015	1,113,091	1,980,936
2016	1,059,128	2,202,624
2017 & thereafter	3,539,794	13,393,848
Total	$ 10,062,781	$ 30,410,107

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

A. Transfers of Receivables Reported as Sales

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

B. Transfers and Servicing of Financial Assets

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

At December 31, 2011 the total fair value of securities on loan was $23,059,054, with corresponding collateral value of $23,531,954 of which $23,531,954 represents cash collateral.

C. Wash Sales

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

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

A. Administrative Services Only (ASO) Plans

Net reimbursement for administrative expenses in excess of actual expenses on ASO plans and the net gain was $6,411. Claim payment volume was $185,004.

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20 - Fair Value Measurements

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

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

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

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

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

The following table summarizes the Company's assets and liabilities that are measured at fair value at December 31, 2011:

NOTES TO FINANCIAL STATEMENTS

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	-	$ 59,375,382	$ 1,000,000	$ 60,375,382
Total Bonds	-	$ 59,375,382	$ 1,000,000	$ 60,375,382
Preferred Stocks	-	-	-	-
Common Stocks	-	-	-	-
Total assets at fair value	-	$ 59,375,382	$ 1,000,000	$ 60,375,382
Liabilities at fair value	-	-	-	-
Total liabilities at fair value	$ 0	$ 0	$ 0	$ 0

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

2. Rollforward of Level 3 Items

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

1	2	3	4	5	6	7	8	9	10	11
	Balance at 12/31/2010	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31/2011
Bonds	$ -	$ -	$ -	$ -	$ -	$ 1,000,000	$ -	$ -	$ -	$ 1,000,000
Preferred Stock	-	-	-	-	-	-	-	-	-	-
Common Stock	-	-	-	-	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -	$ 1,000,000	$ -	$ -	$ -	$ 1,000,000

3. Policy on Transfers Into and Out of Level 3

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

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

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

U.S. government and agency

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

Mortgage-Backed Securities

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

NOTES TO FINANCIAL STATEMENTS

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

C. Reasons Not Practical to Estimate Fair Value

   Not applicable

Note 21 - Other Items

A. Extraordinary Items

   The Company has no extraordinary items to report.

B. Troubled Debt Restructuring: Debtors

   Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Other Disclosures

1) Florida Special Disability Trust Fund

a) The amount of credit taken by the Company in determination of its loss reserves was $0 in 2011 and 2010.

b) The Company reported loss recoveries from the Special Disability Trust Fund of $142,095 in 2011 and $82,936 in 2010.

c) The amount the Company was assessed by the Special Disability Trust Fund was $461,785 in 2011 and $570,729 in 2010.

2) Assets in the amount of $82,722,749 and $74,845,966 as of December 31, 2011 and 2010, respectively, were on deposit with government authorities or trustees as required by law.

3) Interrogatory 6.1

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

Interrogatory 6.2

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

Interrogatory 6.3

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

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

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable and Non-transferable Tax Credits

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

G. Subprime-Mortgage-Related Risk Exposure

1. The Company has not purchased securities characterized by the market as subprime. The Company reviews such factors as average FICO scores, loan to value ratios, and levels of documentation when evaluating securities.

2. The Company does not have any direct exposure through investments in sub-prime mortgage loans.

3. The Company does not have any direct exposure through other investments.

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

Note 22 - Events Subsequent

A. The Company evaluated subsequent events through February 24, 2012, the date the financial statements were available to be issued.

There were no events subsequent to December 31, 2011 that would require disclosure.

NOTES TO FINANCIAL STATEMENTS

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 that exceed 3% of the Company's 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 cancelled as of December 31, 2011.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	$203,928,776	$54,706	$581,455,491	$14,273,586	$(377,526,715)	$(14,218,880)
All Other	-	-	-	-	-	-
Total	$203,928,776	$54,706	$581,455,491	$14,273,586	$(377,526,715)	$(14,218,880)

Direct Unearned Premium Reserve: $581,455,491

2. Certain contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2011 are as follows:

Description	Direct	Assumed	Ceded	Net
Contingent commissions	$2,561,536	$1,272,560	$2,561,536	$1,272,560
Sliding scale adjustments	-	-	-	-
Other profit commissions	-	(4,500,000)	-	(4,500,000)
Totals	$2,561,536	$(3,227,440)	$2,561,536	$(3,227,440)

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

D. Uncollectible Reinsurance

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

E. Commutation of Ceded Reinsurance

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

F. Retroactive Reinsurance

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

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial	$(91,714,217)	-
	2. Adjustments – Prior Year(s)	16,268,420	-
	3. Adjustments – Current Year	27,232,286	-
	4. Total	$(48,213,511)	-
b.	Consideration Paid or Received:		
	1. Initial	$(42,833,857)	-
	2. Adjustments – Prior Year(s)	(2,232,932)	-
	3. Adjustments – Current Year	(3,762,288)	-
	4. Total	$(48,829,077)	-
c.	Amounts Recovered / Paid – Cumulative:		
	1. Initial	$(1,449,023)	-
	2. Adjustments – Prior Year(s)	(20,971,954)	-
	3. Adjustments – Current Year	(25,476,407)	-
	4. Total	$(47,897,384)	-
d.	Special Surplus from Retroactive Reinsurance:		
	1. Initial Surplus Gain or Loss	$50,329,383	-
	2. Adjustments – Prior Year(s)	2,470,602	-
	3. Adjustments – Current Year	(5,518,167)	-
	4. Current Year Special Surplus	32,630,018	-
	5. Cumulative Total Transferred to Unassigned Funds	$14,651,800	-

NOTES TO FINANCIAL STATEMENTS

e.	All cedents and reinsurers included in the above transactions:		
	Liberty Mutual Insurance Company, 23043	$(48,213,511)	-
	Total	$(48,213,511)	-

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

G. Reinsurance Accounted for as a Deposit

The Company has not entered into any reinsurance agreements that have been accounted for as deposits as of December 31, 2011.

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

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

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

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

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

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

D. Medical Loss Ratio Rebates

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

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

a.	Total accrued retro premium	$18,217,917
b.	Unsecured amount	
c.	Less: Nonadmitted amount (10%)	1,830,898
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are non-admitted	
e.	Admitted amount (a) - (c) - (d)	$16,387,019

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

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

Note 26 - Intercompany Pooling Arrangements

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

		NAIC Company Number	Pooling Percentage	Line of Business
Lead Company:	Liberty Mutual Insurance Company ("LMIC")	23043	73.80%	All Lines
Affiliated Pool Companies:	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	12.90%	All Lines
	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
	Liberty Insurance Corporation ("LIC")	42404	4.00%	All Lines
	Wausau Business Insurance Company ("WBIC")	26069	0.40%	All Lines
	Wausau Underwriters Insurance Company ("WUIC")	26042	0.40%	All Lines
	LM Insurance Corporation ("LMC")	33600	0.20%	All Lines
	The First Liberty Insurance Corporation ("FST")	33588	0.10%	All Lines

NOTES TO FINANCIAL STATEMENTS

	LM General Insurance Company ("LMGIC")	36447	0.10%	All Lines
	Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.10%	All Lines
	Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.00%	All Lines
	Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.00%	All Lines
	Liberty Personal Insurance Company ("LPIC")	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation ("LSI")	10725	0.00%	All Lines
	Insurance Company of Illinois ("ICIL")	26700	0.00%	All Lines
	Wausau General Insurance Company ("WGIC")	26425	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.00%	Personal Lines Only
			100.00%	
100% Quota Share Affiliated Companies:	Bridgefield Employers Insurance Company ("BEIC")	10701	0.00%	All Lines
	Bridgefield Casualty Insurance Company ("BCIC")	10335	0.00%	All Lines
	Liberty County Mutual Insurance Company ("LCMIC")	19544	0.00%	All Lines
	LM Property and Casualty Insurance Company ("LMPAC")	32352	0.00%	All Lines

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

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

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

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

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

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

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

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

Affiliate:	Amount:
Liberty Mutual Insurance Company	$ (2,571,752)

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

Note 27 - Structured Settlements

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of $21,094,613 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 $21,094,613 as of December 31, 2011.

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

Life Insurance Company and Location	Licensed in Company's State of Domicile (Yes/No)	Statement Value of Annuities
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	$ 12,219,616
Nationwide Life Insurance Company Columbus, Ohio	Yes	$ 5,447,797

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

Note 31 - High Dollar Deductible Policies

As of December 31, 2011, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $197,321,962 and the amount billed and recoverable on paid claims was $8,137,994.

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

For Workers Compensation, the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on the Unit Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. Asbestos structured settlements are discounted at 4.5%. The December 31, 2011 liabilities subject to discount were carried at a value representing a discount of $48,548,676 net of all reinsurance.

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

Note 33 - Asbestos/Environmental Reserves

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

The following tables summarize the activity for the Company's asbestos and environmental claims and claim adjustment expenses, a component of the Company's unpaid claims and claim adjustment expenses, for the years ended December 31, 2011, 2010, 2009, 2008, and 2007:

Asbestos:

	2007	2008	2009	2010	2011
Direct Basis					
Beginning Reserves	73,990,418	67,292,281	62,526,875	74,057,842	54,487,644
Incurred losses and LAE	9,248,099	5,705,766	21,971,511	3,074,621	17,281,354
Calendar year payments	15,946,236	10,471,172	10,440,544	22,644,819	12,475,722
Ending Reserves	67,292,281	62,526,875	74,057,842	54,487,644	59,293,276
Assumed Reinsurance Basis					
Beginning Reserves	21,738,508	28,330,065	26,821,517	19,197,430	19,105,105
Incurred losses and LAE	7,665,861	(302,866)	(6,110,277)	1,949,861	793,874
Calendar year payments	1,074,304	1,205,682	1,513,810	2,042,186	1,112,807
Ending Reserves	28,330,065	26,821,517	19,197,430	19,105,105	18,786,173
Net of Ceded Reinsurance Basis					
Beginning Reserves	35,880,890	31,893,395	26,374,271	35,474,803	23,077,748
Incurred losses and LAE	3,405,050	569,762	15,822,067	(4,286,886)	12,732,742
Calendar year payments	7,392,544	6,088,887	6,721,535	8,110,169	5,397,726
Ending Reserves	31,893,395	26,374,271	35,474,803	23,077,748	30,412,764

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	35,043,421
Assumed Reinsurance Basis	14,470,158
Net of Ceded Reinsurance Basis	20,914,167
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	25,818,042
Assumed Reinsurance Basis	1,068,254
Net of Ceded Reinsurance Basis	13,923,844

Environmental:	2007	2008	2009	2010	2011
Direct Basis					
Beginning Reserves	20,220,554	18,034,940	14,929,679	12,261,553	11,742,092
Incurred losses and LAE	235,247	273,487	1,126,144	1,577,650	2,479,498
Calendar year payments	2,420,862	3,378,749	3,794,270	2,097,112	2,354,150
Ending Reserves	18,034,940	14,929,679	12,261,553	11,742,092	11,867,439
Assumed Reinsurance Basis					
Beginning Reserves	1,917,885	1,634,208	1,629,635	2,110,061	1,629,053
Incurred losses and LAE	59,017	143,612	687,464	(22,095)	377,045
Calendar year payments	342,694	148,185	207,038	458,914	328,580
Ending Reserves	1,634,208	1,629,635	2,110,061	1,629,053	1,677,517

NOTES TO FINANCIAL STATEMENTS

Net of Ceded Reinsurance Basis					
Beginning Reserves	15,814,639	14,545,437	12,463,485	10,547,836	9,245,495
Incurred losses and LAE	392,761	(528)	(113)	(113,370)	1,755,966
Calendar year payments	1,661,963	2,081,424	1,915,536	1,188,971	2,478,430
Ending Reserves	14,545,437	12,463,485	10,547,836	9,245,495	8,523,030

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	7,614,705
Assumed Reinsurance Basis	1,095,857
Net of Ceded Reinsurance Basis	5,212,736
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	5,482,032
Assumed Reinsurance Basis	365,933
Net of Ceded Reinsurance Basis	3,143,058

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 - Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]

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

1.3 State Regulating? Illinois

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

2.2 If yes, date of change:

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

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2009

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/31/2011

3.4 By what department or departments?
Illinois Department of Financial and Professional Regulation Division of Insurance

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

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

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

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

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

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

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

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

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
	00000	
	00000	
	00000	

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control. 0.00 %

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

1 Nationality	2 Type of Entity

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

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

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

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

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Ernst & Young, LLP
200 Clarendon Street
Boston, MA 02116

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

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

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

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

GENERAL INTERROGATORIES

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

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
William Finn
175 Berkeley Street, Boston, MA 02116
Officer of Liberty Mutual Group Inc.

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

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

12.2 If yes, provide explanation:

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

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

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

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

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

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

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules, and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code. Yes [X] No [ ]

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

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).
In 2011, Code provisions were added for Registered Investment Adviser compliance, as a Liberty Mutual subsidiary obtained SEC approval as a Registered Investment Adviser. Several non-material Code changes were also made to clarify existing provisions.

GENERAL INTERROGATORIES

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

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

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes [ ] No [X]

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

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

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

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

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

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

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

22.2 If answer is yes:

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

GENERAL INTERROGATORIES

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

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

INVESTMENT

24.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.3) Yes [X] No [ ]

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

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

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

24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. $ 23,531,954

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

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

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

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

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.3). Yes [X] No [ ]

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

25.21	Subject to repurchase agreements	$ 0
25.22	Subject to reverse repurchase agreements	$ 0
25.23	Subject to dollar repurchase agreements	$ 0
25.24	Subject to reverse dollar repurchase agreements	$ 0
25.25	Pledged as collateral	$ 0
25.26	Placed under option agreements	$ 0
25.27	Letter stock or securities restricted as to sale	$ 0
25.28	On deposit with state or other regulatory body	$ 82,722,749
25.29	Other	$ 0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

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

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

GENERAL INTERROGATORIES

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
Bank of New York Mellon	601 Travis Street, Houston, TX 77002
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005

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

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

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

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

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

29.2 If yes, complete the following schedule:

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

GENERAL INTERROGATORIES

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	1,058,544,136	1,121,611,379	63,067,243
30.2 Preferred stocks	0	0	0
30.3 Totals	1,058,544,136	1,121,611,379	63,067,243

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

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

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

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

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

32.2 If no, list exceptions:

OTHER

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

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

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

34.1 Amount of payments for legal expenses, if any? $ 2,952,389

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 77,036

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

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. $ 0
1.5 Indicate total incurred claims on all Medicare Supplement insurance. $ 0
1.6 Individual policies:

Most current three years:

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

All years prior to most current three years:

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

1.7 Group policies:

Most current three years:

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

All years prior to most current three years:

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

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 47,691	$ 86,126
2.2	Premium Denominator	$ 436,473,146	$ 414,229,673
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 188,751	$ 206,023
2.5	Reserve Denominator	$ 1,094,566,156	$ 1,060,572,009
2.6	Reserve Ratio (2.4/2.5)	0.00	0.00

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

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

3.21	Participating policies	$ 1,601,268,446
3.22	Non-participating policies	$ 97,177,168

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

5.5 If yes, give full information

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
See Note 21C

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
See Note 21C

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

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] 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 [X]

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

8.2 If yes, give full information

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

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

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

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

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

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

11.2 If yes, give full information

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

12.11 Unpaid losses $ 13,400,576

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 4,338,478

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? $ 3,754,727

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

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

12.41 From 4.00 %

12.42 To 7.00 %

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

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

12.61 Letters of Credit $ 283,888,193

12.62 Collateral and other funds $ 54,542,195

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 2,849,031

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

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 3

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

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

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

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

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

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

15.2 If yes, give full information

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

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

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

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

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

FIVE – YEAR HISTORICAL DATA

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

	1 2011	2 2010	3 2009	4 2008	5 2007
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,499,770,191	1,348,875,456	1,365,672,548	1,707,041,444	1,880,136,942
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	121,175,395	110,842,377	93,441,851	105,233,953	87,206,021
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	524,329,196	341,856,811	139,882,577	62,323,791	35,089,294
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	554,341	609,702	472,236	(4,667,280)	4,554,892
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	10,570,762	10,844,940	7,559,490	6,939,289	5,362,059
6. Total (Line 35)	2,156,399,885	1,813,029,286	1,607,028,702	1,876,871,197	2,012,349,208
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)	286,079,113	293,278,719	191,702,477	212,300,963	186,563,480
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	80,376,508	76,677,155	56,949,348	55,001,400	23,837,629
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	80,394,998	79,767,135	43,303,275	51,703,059	26,886,779
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	532,891	563,616	413,005	(4,748,489)	4,498,812
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	10,570,762	10,844,940	7,559,490	6,939,289	5,362,059
12. Total (Line 35)	457,954,272	461,131,565	299,927,595	321,196,222	247,148,759
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(74,867,025)	(33,479,927)	(33,054,208)	(18,937,376)	(19,617,569)
14. Net investment gain (loss) (Line 11)	52,310,176	46,730,294	33,701,953	45,553,316	62,048,226
15. Total other income (Line 15)	(10,656,577)	(4,229,190)	(4,783,342)	(3,701,023)	(3,215,310)
16. Dividends to policyholders (Line 17)	1,627,183	2,517,914	694,148	803,722	2,093,178
17. Federal and foreign income taxes incurred (Line 19)	(6,391,528)	4,698,351	(412,214)	(5,254,315)	(17,572,669)
18. Net income (Line 20)	(28,449,081)	1,804,912	(4,417,531)	27,365,510	54,694,838
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	1,428,338,741	1,421,193,156	1,118,517,583	1,044,251,579	1,198,834,163
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	47,838,685	41,866,747	35,631,482	37,376,397	31,850,862
20.2 Deferred and not yet due (Line 15.2)	132,903,909	109,490,782	84,459,460	72,801,434	82,514,450
20.3 Accrued retrospective premiums (Line 15.3)	16,387,019	22,910,967	13,192,033	14,375,261	15,323,701
21. Total liabilities excluding protected cell business (Page 3, Line 26)	1,183,332,710	1,145,022,495	845,905,167	788,841,631	834,837,352
22. Losses (Page 3, Line 1)	710,148,007	697,631,883	503,227,918	498,208,512	497,816,710
23. Loss adjustment expenses (Page 3, Line 3)	147,190,991	139,810,190	101,808,760	97,489,153	101,685,915
24. Unearned premiums (Page 3, Line 9)	203,928,776	189,839,082	131,721,712	131,230,035	145,402,747
25. Capital paid up (Page 3, Lines 30 & 31)	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
26. Surplus as regards policyholders (Page 3, Line 37)	245,006,031	276,170,661	272,612,416	255,409,948	363,996,810
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(33,468,810)	284,942,506	(4,307,802)	2,114,345	(558,775,835)
Risk-Based Capital Analysis					
28. Total adjusted capital	245,006,031	276,170,661	272,612,416	255,409,948	363,996,810
29. Authorized control level risk-based capital	63,943,845	59,632,180	44,607,431	43,855,045	51,018,181
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)	91.2	87.8	83.7	75.5	75.7
31. Stocks (Lines 2.1 & 2.2)			0.0	7.2	7.4
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	1.1	2.8	9.7	9.5	10.6
35. Contract loans (Line 6)					
36. Derivatives (Line 7)			XXX	XXX	XXX
37. Other invested assets (Line 8)	5.7	5.5	6.7	7.8	6.3
38. Receivables for securities (Line 9)	0.0	0.2			0.0
39. Securities lending reinvested collateral assets (Line 10)	2.0	3.6	XXX	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated			307,575		
48. Total of above Lines 42 to 47			307,575		
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)			0.1		

FIVE – YEAR HISTORICAL DATA
(Continued)

	1 2011	2 2010	3 2009	4 2008	5 2007
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains (losses) (Line 24)	913,974	2,081,171	7,627,043	(18,199,139)	(56,161)
51. Dividends to stockholders (Line 35)				(109,694,838)	
52. Change in surplus as regards policyholders for the year (Line 38)	(31,164,630)	3,558,245	17,202,468	(108,586,862)	34,317,399
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	832,880,554	688,607,220	831,878,489	844,943,779	1,144,871,656
54. Property lines (Lines 1, 2, 9, 12, 21 & 26)	63,164,284	53,357,981	59,355,843	64,077,580	71,611,739
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	356,320,515	160,192,690	50,372,149	46,870,745	58,800,878
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	241,203	307,317	113,279	3,279,589	4,262,658
57. Nonproportional reinsurance lines (Lines 31, 32 & 33)	4,391,848	2,595,915	2,262,666	2,648,240	18,069,887
58. Total (Line 35)	1,256,998,404	905,061,123	943,982,426	961,819,933	1,297,616,818
Net Losses Paid (Page 9, Part 2, Col. 4)					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	193,525,325	5,185,604	122,619,857	145,441,937	532,655,841
60. Property lines (Lines 1, 2, 9, 12, 21 & 26)	46,950,590	36,712,924	36,981,630	32,556,550	35,945,500
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	49,006,065	32,218,404	31,595,068	39,640,655	49,133,701
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	241,203	307,317	104,263	3,278,317	4,262,658
63. Nonproportional reinsurance lines (Lines 31, 32 & 33)	4,391,848	2,595,915	2,262,666	2,648,240	18,069,887
64. Total (Line 35)	294,115,031	77,020,164	193,563,484	223,565,699	640,067,587
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2)	70.3	65.1	65.8	67.8	61.9
67. Loss expenses incurred (Line 3)	19.8	17.9	19.5	15.8	15.9
68. Other underwriting expenses incurred (Line 4)	27.1	25.1	25.8	22.1	27.8
69. Net underwriting gain (loss) (Line 8)	(17.2)	(8.1)	(11.1)	(5.7)	(5.5)
Other Percentages					
70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0	28.1	23.5	27.3	24.1	41.1
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	90.1	83.0	85.3	83.5	77.8
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	186.9	167.0	110.0	125.8	67.9
One Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	20,943	(4,754)	7,227	(9,994)	9,377
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0)	7.6	(1.7)	2.8	(2.7)	2.8
Two Year Loss Development (000 omitted)					
75. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	10,409	(4,409)	(1,518)	7,132	33,855
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0)	3.8	(1.7)	(0.4)	2.2	11.6

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
				Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Number of Claims Reported Direct and Assumed
1. Prior	X X X	X X X	X X X	31,048	10,593	9,289	4,654	2,844	302	573	27,632	X X X
2. 2002	445,023	90,007	355,016	288,970	65,010	23,913	4,206	33,878	394	14,630	277,151	X X X
3. 2003	497,494	120,718	376,776	264,260	58,928	22,673	3,089	35,889	533	15,322	260,272	X X X
4. 2004	519,382	136,386	382,996	258,316	66,869	20,688	4,030	36,629	1,868	15,085	242,866	X X X
5. 2005	534,768	126,231	408,537	307,283	93,377	21,093	4,328	36,693	2,581	14,766	264,783	X X X
6. 2006	580,443	132,392	448,051	260,760	49,983	21,258	3,038	39,203	2,730	14,991	265,470	X X X
7. 2007	609,048	144,046	465,002	286,532	64,616	21,943	3,303	39,871	3,351	17,951	277,076	X X X
8. 2008	640,428	172,762	467,666	330,358	78,870	21,580	2,616	44,158	2,819	15,888	311,791	X X X
9. 2009	607,744	189,681	418,063	272,606	76,085	15,114	2,147	41,549	536	14,543	250,501	X X X
10. 2010	614,229	199,999	414,230	256,225	85,006	10,716	1,587	41,123	194	14,594	221,277	X X X
11. 2011	663,500	227,027	436,473	202,285	78,869	4,611	1,019	33,750	244	10,190	160,514	X X X
12. Totals	X X X	X X X	X X X	2,758,643	728,206	192,878	34,017	385,587	15,552	148,533	2,559,333	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1. Prior	189,919	61,964	80,537	56,403	12,638	10,400	38,388	12,968	4,901	12	2,062	184,636	X X X
2. 2002	12,112	7,900	8,941	7,725	251	97	1,541	432	122	22	215	6,791	X X X
3. 2003	10,517	4,793	17,840	7,275	250	71	1,801	445	141		308	17,965	X X X
4. 2004	11,553	4,232	20,630	5,789	418	99	3,746	418	131	22	404	25,918	X X X
5. 2005	13,782	5,207	21,352	8,484	480	164	3,203	612	288	137	495	24,501	X X X
6. 2006	17,786	5,414	27,171	8,118	739	268	4,215	1,003	237	4	820	35,341	X X X
7. 2007	24,660	5,330	31,278	8,392	1,344	433	7,286	1,256	805	4	1,158	49,958	X X X
8. 2008	37,049	7,532	43,225	12,334	1,946	547	13,052	2,514	2,769	404	1,467	74,710	X X X
9. 2009	42,112	5,594	60,050	16,114	2,105	420	17,734	3,296	3,735	144	2,000	100,168	X X X
10. 2010	55,922	9,873	77,743	15,907	2,506	435	17,134	2,586	6,033	233	2,725	130,304	X X X
11. 2011	74,688	12,073	148,225	40,495	2,386	396	22,704	3,563	15,764	199	8,629	207,041	X X X
12. Totals	490,100	129,912	536,992	187,036	25,063	13,330	130,804	29,093	34,926	1,181	20,283	857,333	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	152,089	32,547
2. 2002	369,728	85,786	283,942	83.081	95.310	79.980			4.000	5,428	1,363
3. 2003	353,371	75,134	278,237	71.030	62.239	73.847			4.000	16,289	1,676
4. 2004	352,111	83,327	268,784	67.794	61.096	70.179			4.000	22,162	3,756
5. 2005	404,174	114,890	289,284	75.579	91.016	70.810			4.000	21,443	3,058
6. 2006	371,369	70,558	300,811	63.980	53.295	67.138			4.000	31,425	3,916
7. 2007	413,719	86,685	327,034	67.929	60.179	70.330			4.000	42,216	7,742
8. 2008	494,137	107,636	386,501	77.157	62.303	82.645			4.000	60,408	14,302
9. 2009	455,005	104,336	350,669	74.868	55.006	83.879			4.000	80,454	19,714
10. 2010	467,402	115,821	351,581	76.096	57.911	84.876			4.000	107,885	22,419
11. 2011	504,413	136,858	367,555	76.023	60.283	84.210			4.000	170,345	36,696
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	710,144	147,189

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 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	11 One Year	12 Two Year
1. Prior	498,303	537,803	577,797	616,798	639,721	667,468	666,145	683,154	681,434	697,862	16,428	14,708
2. 2002	247,963	234,524	234,675	242,707	247,394	249,173	250,472	250,304	250,967	251,638	671	1,334
3. 2003	XXX	259,520	233,212	226,592	239,727	243,327	243,187	244,642	244,730	244,428	(302)	(214)
4. 2004	XXX	XXX	260,529	241,823	235,201	236,512	235,986	235,579	236,897	236,264	(633)	685
5. 2005	XXX	XXX	XXX	283,549	269,809	262,741	258,854	258,825	257,994	257,701	(293)	(1,124)
6. 2006	XXX	XXX	XXX	XXX	289,787	276,843	271,414	270,283	267,949	267,104	(845)	(3,179)
7. 2007	XXX	XXX	XXX	XXX	XXX	309,689	302,329	294,629	293,899	292,341	(1,558)	(2,288)
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	353,664	350,713	343,763	346,793	3,030	(3,920)
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	304,685	310,420	309,092	(1,328)	4,407
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	302,828	308,601	5,773	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	321,998	XXX	XXX
										12. Totals	20,943	10,409

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 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior	000	115,001	209,500	273,348	321,417	364,433	402,163	433,204	465,889	490,978	XXX	XXX
2. 2002	105,380	162,709	196,089	212,779	226,551	232,901	237,223	239,917	241,886	243,667	XXX	XXX
3. 2003	XXX	97,990	149,566	175,216	193,625	206,198	213,887	219,295	222,584	224,917	XXX	XXX
4. 2004	XXX	XXX	89,493	138,222	161,569	180,265	192,663	200,398	205,142	208,105	XXX	XXX
5. 2005	XXX	XXX	XXX	103,215	158,710	186,686	205,360	218,030	226,058	230,672	XXX	XXX
6. 2006	XXX	XXX	XXX	XXX	100,764	155,263	186,000	206,853	220,463	228,996	XXX	XXX
7. 2007	XXX	XXX	XXX	XXX	XXX	103,577	166,638	200,717	224,274	240,556	XXX	XXX
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	126,638	202,582	242,194	270,451	XXX	XXX
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	108,257	173,166	209,488	XXX	XXX
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	110,975	180,349	XXX	XXX
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	127,008	XXX	XXX

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)									
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior	120,442	89,016	70,507	78,300	78,582	83,251	67,333	75,227	48,899	55,985
2. 2002	75,493	29,814	13,453	10,145	7,826	6,782	5,137	4,126	3,322	2,777
3. 2003	XXX	108,294	44,516	20,358	23,441	21,708	17,953	16,170	14,106	12,817
4. 2004	XXX	XXX	119,524	66,689	44,461	34,422	27,919	23,331	21,408	19,627
5. 2005	XXX	XXX	XXX	127,999	69,503	46,141	32,374	25,266	19,711	17,395
6. 2006	XXX	XXX	XXX	XXX	133,409	78,337	52,605	38,805	29,395	24,208
7. 2007	XXX	XXX	XXX	XXX	XXX	142,447	86,880	56,793	41,203	30,716
8. 2008	XXX	XXX	XXX	XXX	XXX	XXX	149,016	90,660	60,221	44,691
9. 2009	XXX	XXX	XXX	XXX	XXX	XXX	XXX	135,279	87,876	60,683
10. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	131,536	79,649
11. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	130,224

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.		1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	 3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	L	17,762,584	17,100,531	1,618	20,887,035	22,658,007	40,463,692	12,186	
2. Alaska	AK	L	7,961,551	6,332,221	39	1,451,474	6,071,734	25,719,230		
3. Arizona	AZ	L	28,867,327	25,434,015	(2,028)	18,306,097	20,085,818	43,026,108	13,569	
4. Arkansas	AR	L	6,917,574	6,242,324	233	1,418,128	1,236,251	25,087,744	188	
5. California	CA	L	124,253,844	129,904,950	9,163	54,968,462	109,983,990	512,081,843		
6. Colorado	CO	L	21,827,917	19,549,726	9,789	14,359,350	15,079,821	50,927,231	8,569	
7. Connecticut	CT	L	34,899,030	27,962,947	5,248	30,191,570	31,524,979	70,741,033	36,136	
8. Delaware	DE	L	14,123,337	11,400,252	364	5,345,551	5,480,949	15,445,189	8,097	
9. District of Columbia	DC	L	4,824,652	3,963,511	3,780	3,241,219	2,342,351	10,031,459	1,553	
10. Florida	FL	L	46,950,572	41,717,334	(37,000)	28,884,056	16,039,473	190,889,838	41,112	
11. Georgia	GA	L	127,343,133	118,544,017	6,952	29,430,275	101,508,998	154,091,152	35,840	
12. Hawaii	HI	L	5,201,548	5,122,804	29	2,514,899	3,868,183	11,098,321	6,748	
13. Idaho	ID	L	5,472,099	4,835,820	330	2,102,427	2,627,503	11,470,327	2,401	
14. Illinois	IL	L	56,490,866	70,040,356	10,428	70,623,633	64,449,131	240,122,613	33,709	
15. Indiana	IN	L	24,610,641	25,055,648	(3,319)	16,900,165	16,435,022	55,006,300	16,814	
16. Iowa	IA	L	10,317,914	10,507,042	79,095	9,798,536	13,719,381	38,389,766	1,840	
17. Kansas	KS	L	20,036,801	19,328,973	(3,726)	10,215,435	17,256,330	52,110,846	2,561	
18. Kentucky	KY	L	26,380,145	24,634,298	(820)	12,112,234	13,057,894	47,906,248	14,641	
19. Louisiana	LA	L	32,209,165	28,740,422	326	17,609,717	17,290,656	72,281,900	13,378	
20. Maine	ME	L	9,341,854	8,714,151	66	4,315,901	4,005,616	16,152,003	20,930	
21. Maryland	MD	L	34,503,073	29,954,154	(562)	20,020,522	22,712,285	61,313,147	24,972	
22. Massachusetts	MA	L	34,228,797	36,988,390	6,201	21,029,705	25,180,220	139,246,311	11,007	
23. Michigan	MI	L	43,847,672	39,709,282	(38,850)	29,318,078	35,567,000	73,378,386	51,180	
24. Minnesota	MN	L	23,934,183	19,957,029	57,868	14,067,490	16,010,741	45,087,395	12,382	
25. Mississippi	MS	L	9,651,702	8,960,173	149	3,997,097	3,933,238	20,214,687	1,108	
26. Missouri	MO	L	25,750,418	20,281,080	(129,401)	20,897,407	22,394,270	59,069,164	14,283	
27. Montana	MT	L	2,557,083	2,881,458	153	1,387,150	1,283,892	9,624,973	1,814	
28. Nebraska	NE	L	8,061,115	6,831,520	15,037	5,553,259	1,881,771	27,505,520	1,184	
29. Nevada	NV	L	17,522,910	14,729,194		4,004,451	4,346,905	22,399,162	8,920	
30. New Hampshire	NH	L	18,429,898	17,166,902	105,625	10,075,418	8,377,519	48,749,010	22,259	
31. New Jersey	NJ	L	85,624,497	59,630,343	313,775	52,063,314	39,524,487	296,998,168	12,195	
32. New Mexico	NM	L	7,954,458	7,076,398	63	4,609,501	4,088,218	16,698,983	6,149	
33. New York	NY	L	180,446,889	162,297,174	263,910	97,922,536	102,902,102	441,395,837	139,823	
34. North Carolina	NC	L	42,073,762	38,426,885	(1,193)	21,153,579	23,280,520	89,106,741		
35. North Dakota	ND	L	1,367,352	1,317,432		227,024	454,641	520,021		
36. Ohio	OH	L	28,477,410	26,731,148	7,225	15,615,023	22,392,621	71,426,207	36,414	
37. Oklahoma	OK	L	33,998,739	27,557,861	358	28,869,362	30,852,564	59,567,005	10,917	
38. Oregon	OR	L	32,631,554	30,428,931	300	17,782,404	19,903,053	52,412,363	7,103	
39. Pennsylvania	PA	L	97,795,774	84,452,349	(80,136)	49,447,482	58,091,537	156,697,098	94,966	
40. Rhode Island	RI	L	7,199,266	7,267,068	201	5,806,393	4,695,926	14,504,169	10,753	
41. South Carolina	SC	L	27,112,413	22,908,419	17,566	16,230,131	21,451,890	54,848,748	22,634	
42. South Dakota	SD	L	1,280,886	1,083,876		670,666	1,060,040	5,702,729	28	
43. Tennessee	TN	L	31,702,845	24,472,875	422	28,356,069	36,361,652	53,119,549	22,170	
44. Texas	TX	L	153,130,532	128,639,784	17,809	61,671,051	83,678,244	290,763,234	109,693	
45. Utah	UT	L	9,461,008	9,708,310	29	4,819,460	6,125,503	21,108,113	3,792	
46. Vermont	VT	L	6,947,565	5,889,061	8,673	3,141,718	4,728,070	9,615,448	4,564	
47. Virginia	VA	L	43,299,569	38,586,847	(14,957)	28,958,656	34,025,441	75,869,993	32,388	
48. Washington	WA	L	7,751,614	6,624,959	(4,413)	2,247,540	4,166,470	20,403,124	4,617	
49. West Virginia	WV	L	5,940,919	5,690,229	24	4,327,447	5,002,388	13,304,071	9,310	
50. Wisconsin	WI	L	45,592,051	42,859,823	563,763	32,947,031	33,744,575	95,960,825	16,947	
51. Wyoming	WY	L	592,985	583,201		45,176	19,885	209,922	116	
52. American Samoa	AS	N								
53. Guam	GU	L	321,852	321,169			(4,318)	36,157		
54. Puerto Rico	PR	L	97,969	102,887	(1)	3,500	755	29,116		
55. U.S. Virgin Islands	VI	N	2	1						
56. Northern Mariana Islands	MP	L								
57. Canada	CN	N								
58. Aggregate Other Alien	OT	X X X	3,364,298	2,829,168	(1)	941,575	1,864,300	6,829,869		
59. Totals		(a) 54	1,698,445,614	1,538,076,722	1,190,204	962,883,379	1,164,820,492	4,036,758,088	963,960	

DETAILS OF WRITE-INS									
5801. Other Alien	X X X	3,364,298	2,829,168	(1)	941,575	1,864,300	6,829,869		
5802.	X X X								
5803.	X X X								
5898. Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X	3,364,298	2,829,168	(1)	941,575	1,864,300	6,829,869		

(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.

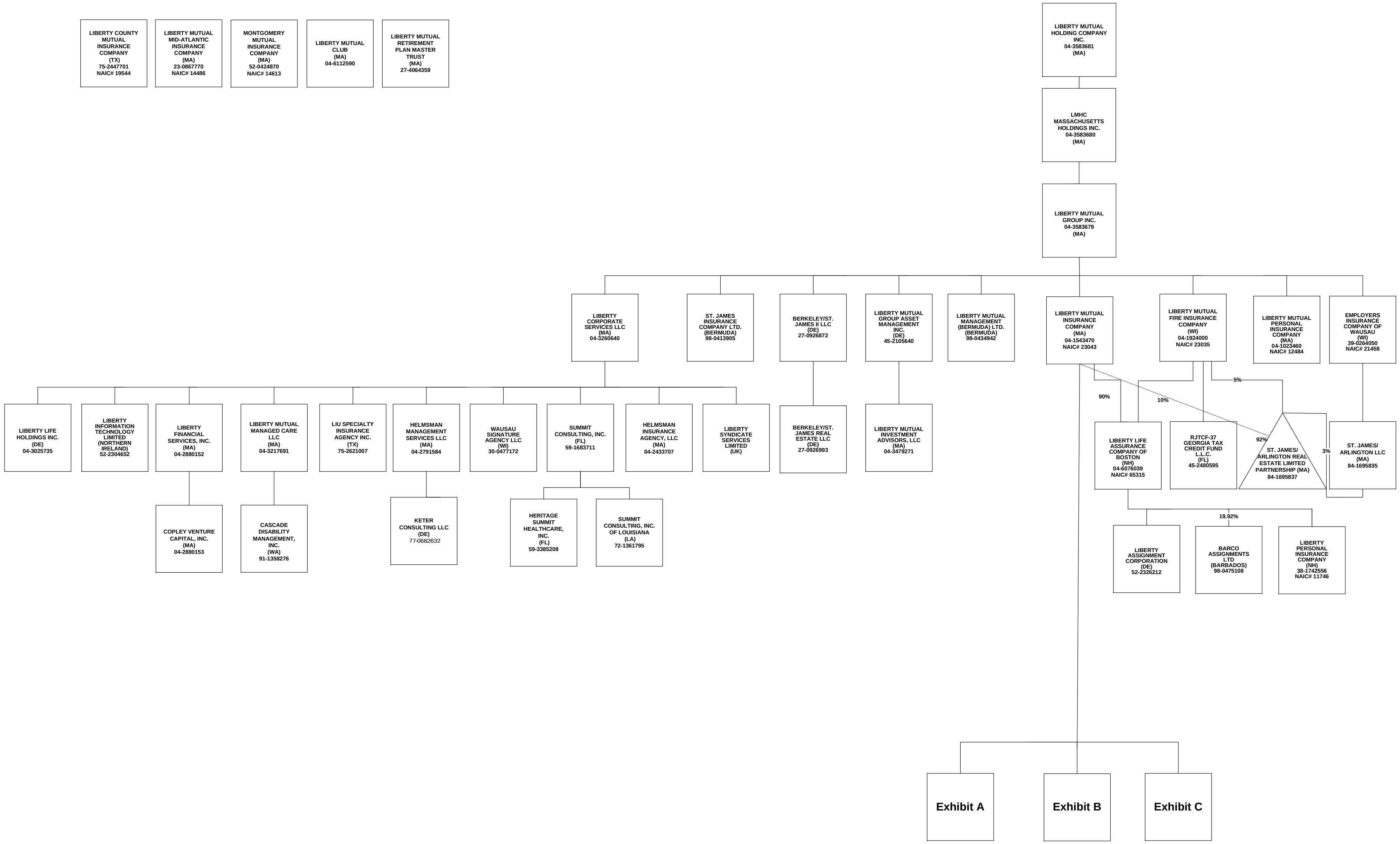
Explanation of basis of allocation of premiums by states, etc.

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

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

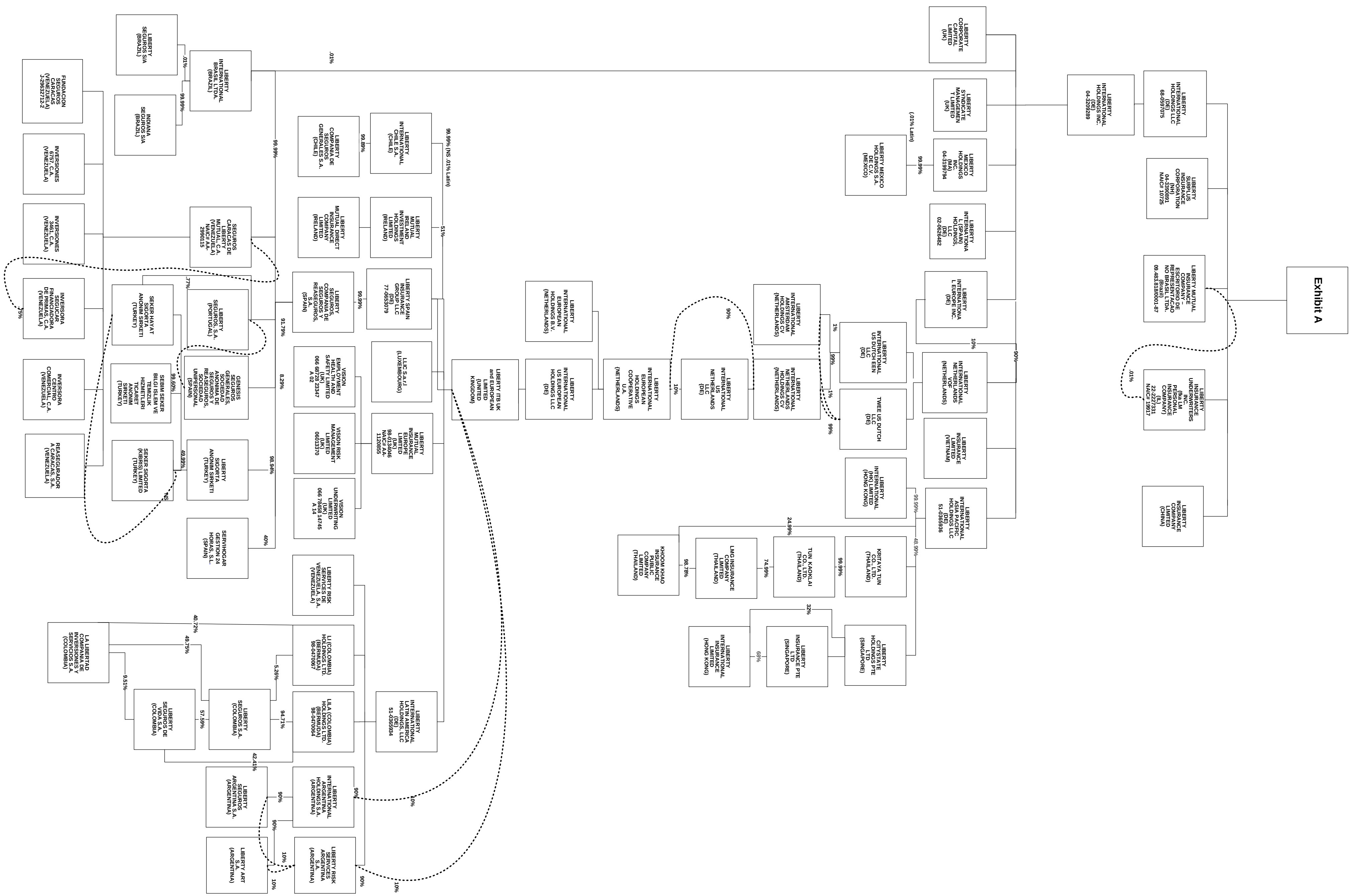
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



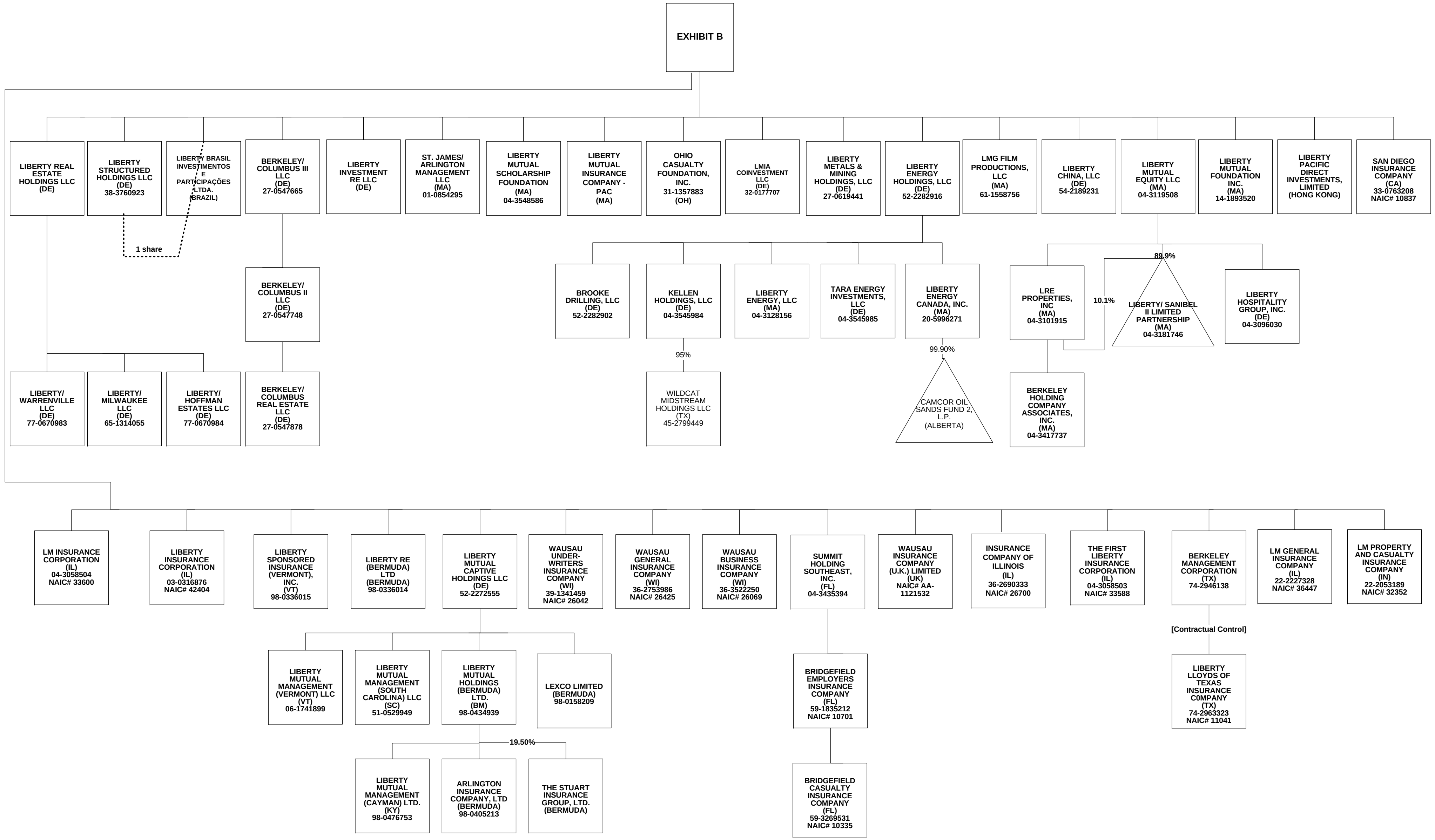
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



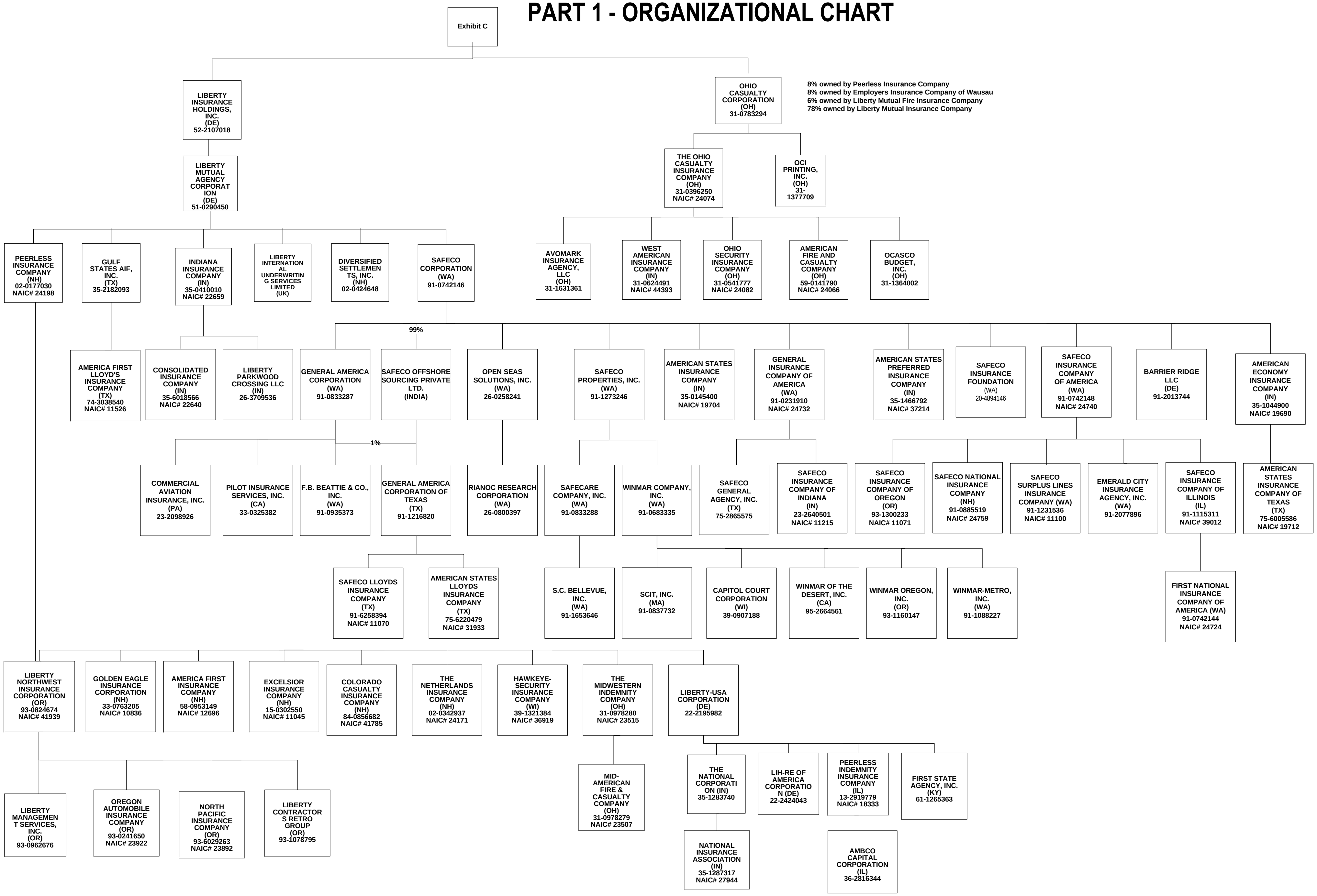
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Other assets	1,706,368	1,426,679	279,689	197,405
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	1,706,368	1,426,679	279,689	197,405

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES	1 Current Year	2 Prior Year
2504. Retroactive reinsurance reserves	(52,713,511)	(83,245,797)
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	(52,713,511)	(83,245,797)

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT