ANNUAL STATEMENT

OF THE

LM 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

33600201120100100

ANNUAL STATEMENT

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

LM Insurance Corporation

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 33600 **Employer's ID Number** 04-3058504

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

Country of Domicile United States of America

Incorporated/Organized June 16, 1989 **Commenced Business** June 22, 1989

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	Vice President, CIO & Assistant Treasurer
Timothy Michael Sweeney	Vice President	Dennis James Langwell	Vice President & CFO
Christopher Charles Mansfield	Vice President & Assistant 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	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	180,859,671		180,859,671	182,929,735
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 ($ 116,172, Schedule E - Part 1), cash equivalents ($ 0, Schedule E - Part 2), and short-term investments ($ 20,543,450, Schedule DA)	20,659,622		20,659,622	22,850,986
6. Contract loans (including $ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities lending reinvested collateral assets (Schedule DL)	4,693,922		4,693,922	1,741,180
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	206,213,215		206,213,215	207,521,901
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	1,638,201		1,638,201	1,664,354
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	11,099,542	76,366	11,023,176	29,673,212
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 0 earned but unbilled premiums)	6,646,236	1,041	6,645,195	5,474,539
15.3 Accrued retrospective premiums	910,896	91,545	819,351	1,145,548
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	81	24	57	117
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	2,446,000	268,775	2,177,225	1,714,645
19. Guaranty funds receivable or on deposit	40,990		40,990	60,906
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				5,956,877
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	1,828,789	71,334	1,757,455	1,698,529
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	230,823,950	509,085	230,314,865	254,910,628
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	230,823,950	509,085	230,314,865	254,910,628

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	1,187,691		1,187,691	1,121,653
2502. Amounts receivable under high deductible policies	406,900		406,900	444,937
2503. Equities and deposits in pools and associations	148,879		148,879	122,074
2598. Summary of remaining write-ins for Line 25 from overflow page	85,319	71,334	13,985	9,865
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,828,789	71,334	1,757,455	1,698,529

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	31,928,899	35,071,036
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	11,128,524	31,857,930
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	7,693,076	7,297,087
4.	Commissions payable, contingent commissions and other similar charges	206,516	184,773
5.	Other expenses (excluding taxes, licenses and fees)	806,464	487,328
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	480,974	546,255
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	342,178	23,092,643
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 $ 178,711,700 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)	10,196,439	9,491,954
10.	Advance premium	119,748	116,242
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	12,619	12,944
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	147,107	165,604
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	913,987	848,227
19.	Payable to parent, subsidiaries and affiliates	10,585,286	93,036
20.	Derivatives		
21.	Payable for securities		1,043,313
22.	Payable for securities lending	4,693,922	1,741,180
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	(126,361)	(1,687,483)
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	79,129,378	110,362,069
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	79,129,378	110,362,069
29.	Aggregate write-ins for special surplus funds	2,216,137	3,026,007
30.	Common capital stock	3,600,000	3,600,000
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds		
33.	Surplus notes		
34.	Gross paid in and contributed surplus	106,897,997	106,897,997
35.	Unassigned funds (surplus)	38,471,353	31,024,555
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)	151,185,487	144,548,559
38.	Totals (Page 2, Line 28, Col. 3)	230,314,865	254,910,628

	DETAILS OF WRITE-IN LINES		
2501.	Amounts held under uninsured plans	1,495,195	1,578,251
2502.	Other liabilities	1,014,120	895,460
2503.	Private passenger auto escrow		1,096
2598.	Summary of remaining write-ins for Line 25 from overflow page	(2,635,676)	(4,162,290)
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(126,361)	(1,687,483)
2901.	Special surplus from retroactive reinsurance	1,631,501	2,587,720
2902.	SSAP 10R incremental change	584,636	438,287
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	2,216,137	3,026,007
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)	197,267,120	409,509,573
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	110,656,967	221,423,715
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	4,524,947	4,214,794
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	77,865,087	152,964,667
5.	Aggregate write-ins for underwriting deductions	(1,096)	(781)
6.	Total underwriting deductions (Lines 2 through 5)	193,045,905	378,602,395
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	4,221,215	30,907,178
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	6,473,430	5,538,913
10.	Net realized capital gains (losses) less capital gains tax of $ 36,545 (Exhibit of Capital Gains (Losses))	67,870	20,001
11.	Net investment gain (loss) (Lines 9 + 10)	6,541,300	5,558,914
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 7,160 amount charged off $ 100,599)	(93,439)	(146,086)
13.	Finance and service charges not included in premiums	85,597	91,152
14.	Aggregate write-ins for miscellaneous income	(518,088)	(157,594)
15.	Total other income (Lines 12 through 14)	(525,930)	(212,528)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	10,236,585	36,253,564
17.	Dividends to policyholders	81,359	125,896
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)	10,155,226	36,127,668
19.	Federal and foreign income taxes incurred	3,946,455	12,515,030
20.	Net income (Line 18 minus Line 19) (to Line 22)	6,208,771	23,612,638
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	144,548,559	21,495,010
22.	Net income (from Line 20)	6,208,771	23,612,638
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ (23,848)	(44,289)	
25.	Change in net unrealized foreign exchange capital gain (loss)	(13,569)	
26.	Change in net deferred income tax	453,072	(264,250)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(133,378)	152,880
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	19,971	
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		99,497,997
	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	146,350	54,284
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	6,636,928	123,053,549
39.	Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	151,185,487	144,548,559

	DETAILS OF WRITE-IN LINES		
0501.	Private passenger auto escrow	(1,096)	(781)
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)	(1,096)	(781)
1401.	Other income/(expense)	(242,180)	(419,062)
1402.	Retroactive reinsurance gain/(loss)	(275,908)	261,468
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(518,088)	(157,594)
3701.	SSAP 10R incremental change	146,350	18,189
3702.	Other changes in surplus		36,095
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	146,350	54,284

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	215,806,141	382,749,420
2. Net investment income	7,975,412	5,465,988
3. Miscellaneous income	(617,181)	(383,020)
4. Total (Lines 1 through 3)	223,164,372	387,832,388
5. Benefit and loss related payments	134,454,653	189,567,856
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	81,693,724	156,859,650
8. Dividends paid to policyholders	81,685	117,754
9. Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	26,733,465	(11,405,455)
10. Total (Lines 5 through 9)	242,963,527	335,139,805
11. Net cash from operations (Line 4 minus Line 10)	(19,799,155)	52,692,583
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	24,249,922	20,519,719
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	12,501,148	
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	(1,043,312)	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	35,707,758	20,519,719
13. Cost of investments acquired (long-term only):		
13.1 Bonds	23,619,408	145,951,456
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	15,453,890	1,741,180
13.6 Miscellaneous applications		(1,043,213)
13.7 Total investments acquired (Lines 13.1 to 13.6)	39,073,298	146,649,423
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)	(3,365,540)	(126,129,704)
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		99,497,997
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)	20,973,331	(7,516,499)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	20,973,331	91,981,498
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)	(2,191,364)	18,544,377
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	22,850,986	4,306,609
19.2 End of year (Line 18 plus Line 19.1)	20,659,622	22,850,986

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

20.0001		
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	524,796	218,367	262,685	480,478
2. Allied lines	250,994	102,987	129,853	224,128
3. Farmowners multiple peril	2,293		305	1,988
4. Homeowners multiple peril	3,114,430	1,591,230	1,739,567	2,966,093
5. Commercial multiple peril	655,100	303,714	332,659	626,155
6. Mortgage guaranty				
8. Ocean marine	91,066	39,422	41,355	89,133
9. Inland marine	944,502	73,016	107,798	909,720
10. Financial guaranty				
11.1 Medical professional liability—occurrence	112,380	15,618	41,580	86,418
11.2 Medical professional liability—claims-made	6,332	949	1,722	5,559
12. Earthquake	78,884	30,744	37,895	71,733
13. Group accident and health	1,645			1,645
14. Credit accident and health (group and individual)				
15. Other accident and health	722	150	133	739
16. Workers' compensation	5,419,761	46,576	174,930	5,291,407
17.1 Other liability—occurrence	1,629,404	579,028	751,086	1,457,346
17.2 Other liability—claims-made	480,507	263,877	295,913	448,471
17.3 Excess workers' compensation	145,795	97,438	72,761	170,472
18.1 Products liability—occurrence	279,427	129,020	166,149	242,298
18.2 Products liability—claims-made	12,597	2,600	2,445	12,752
19.1,19.2 Private passenger auto liability	5,428,793	2,563,415	2,751,709	5,240,499
19.3,19.4 Commercial auto liability	788,959	274,937	366,423	697,473
21. Auto physical damage	177,662,498	1,773,825	1,894,004	177,542,319
22. Aircraft (all perils)	103,785	30,668	23,712	110,741
23. Fidelity	18,901	8,069	8,763	18,207
24. Surety	5,376	2,642	4,911	3,107
26. Burglary and theft	614	303	215	702
27. Boiler and machinery	53,076	17,822	24,740	46,158
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-nonproportional assumed property	380,810	26,235	46,954	360,091
32. Reinsurance-nonproportional assumed liability	147,706	33,146	15,668	165,184
33. Reinsurance-nonproportional assumed financial lines	23			23
34. Aggregate write-ins for other lines of business				
35. TOTALS	198,341,176	8,225,798	9,295,935	197,271,039

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	256,283	6,402			262,685
2. Allied lines	124,236	5,617			129,853
3. Farmowners multiple peril	305				305
4. Homeowners multiple peril	1,739,567				1,739,567
5. Commercial multiple peril	218,964	113,695			332,659
6. Mortgage guaranty					
8. Ocean marine	34,386	6,969			41,355
9. Inland marine	37,870	69,928			107,798
10. Financial guaranty					
11.1 Medical professional liability—occurrence	41,580				41,580
11.2 Medical professional liablity—claims-made	1,673	49			1,722
12. Earthquake	37,399	496			37,895
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	133				133
16. Workers' compensation	1,045,644	50,531		(921,245)	174,930
17.1 Other liability—occurrence	560,250	185,412		5,423	751,085
17.2 Other liability—claims-made	190,595	105,319			295,914
17.3 Excess workers' compensation	59,020	13,741			72,761
18.1 Products liability—occurrence	88,481	73,057		4,611	166,149
18.2 Products liability—claims-made	2,444	2			2,446
19.1,19.2 Private passenger auto liability	2,751,709				2,751,709
19.3,19.4 Commercial auto liability	356,933	(1,216)		10,705	366,422
21. Auto physical damage	1,895,309	(1,305)			1,894,004
22. Aircraft (all perils)	23,712				23,712
23. Fidelity	8,001	762			8,763
24. Surety	1,515	3,396			4,911
26. Burglary and theft	214	1			215
27. Boiler and machinery	24,095	645			24,740
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-nonproportional assumed property	46,954				46,954
32. Reinsurance-nonproportional assumed liability	15,429	240			15,669
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	9,562,701	633,741		(900,506)	9,295,936
36. Accrued retrospective premiums based on experience					900,506
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					10,196,442

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	(308)	524,796		(308)		524,796
2. Allied lines	33,500	250,994		33,500		250,994
3. Farmowners multiple peril		2,293				2,293
4. Homeowners multiple peril	53,409,827	3,114,430		53,409,827		3,114,430
5. Commercial multiple peril	1,567,426	655,100		1,567,426		655,100
6. Mortgage guaranty						
8. Ocean marine		91,066				91,066
9. Inland marine	1,132,270	944,502		1,132,270		944,502
10. Financial guaranty						
11.1 Medical professional liability--occurrence		112,380				112,380
11.2 Medical professional liability--claims-made		6,332				6,332
12. Earthquake	124,821	78,884		124,821		78,884
13. Group accident and health		1,645				1,645
14. Credit accident and health (group and individual)						
15. Other accident and health		722				722
16. Workers' compensation	293,346,939	5,419,761		293,346,939		5,419,761
17.1 Other liability—occurrence	6,230,093	1,629,404		6,230,093		1,629,404
17.2 Other liability—claims-made		480,507				480,507
17.3 Excess workers' compensation	33,398,724	145,795		33,398,724		145,795
18.1 Products liability—occurrence	1,884,464	279,427		1,884,464		279,427
18.2 Products liability—claims-made		12,597				12,597
19.1,19.2 Private passenger auto liability	46,576,901	5,428,793		46,576,901		5,428,793
19.3,19.4 Commercial auto liability	4,813,942	788,959		4,813,942		788,959
21. Auto physical damage	30,299,776	177,662,498		30,299,776		177,662,498
22. Aircraft (all perils)		103,785				103,785
23. Fidelity	25,652	18,901		25,652		18,901
24. Surety	(21,705)	5,376		(21,705)		5,376
26. Burglary and theft	9,130	614		9,130		614
27. Boiler and machinery	(10)	53,076		(10)		53,076
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	X X X	380,810				380,810
32. Reinsurance-nonproportional assumed liability	X X X	147,706				147,706
33. Reinsurance-nonproportional assumed financial lines	X X X	23				23
34. Aggregate write-ins for other lines of business						
35. TOTALS	472,831,442	198,341,176		472,831,442		198,341,176

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 $ 294,602,633

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 299,182,921

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire		284,578		284,578	303,133	185,759	401,952	83.657
2. Allied lines		115,349		115,349	113,395	76,667	152,077	67.853
3. Farmowners multiple peril		1,412		1,412			1,412	71.026
4. Homeowners multiple peril	17,019,688	2,031,347	17,019,688	2,031,347	826,690	771,334	2,086,703	70.352
5. Commercial multiple peril	337,848	317,329	337,848	317,329	690,455	641,809	365,975	58.448
6. Mortgage guaranty								
8. Ocean marine		27,830		27,830	118,143	109,465	36,508	40.959
9. Inland marine	169,753	678,831	169,753	678,831	117,682	177,645	618,868	68.028
10. Financial guaranty								
11.1 Medical professional liability—occurrence		29		29	85,777	(1,174)	86,980	100.650
11.2 Medical professional liability—claims-made		156		156	15,861	2,882	13,135	236.284
12. Earthquake		106		106	376	309	173	0.241
13. Group accident and health		1,124		1,124	4,944	5,611	457	27.781
14. Credit accident and health (group and individual)								
15. Other accident and health		434		434	3,709	3,853	290	39.242
16. Workers' compensation	196,706,912	4,475,154	196,706,912	4,475,154	20,130,048	20,242,068	4,363,134	82.457
17.1 Other liability—occurrence	5,028,876	877,965	5,028,876	877,965	3,806,511	3,694,733	989,743	67.914
17.2 Other liability—claims-made		139,696		139,696	930,222	899,799	170,119	37.933
17.3 Excess workers' compensation	2,424,148	98,381	2,424,148	98,381	989,631	816,114	271,898	159.497
18.1 Products liability—occurrence	658,057	81,212	658,057	81,212	859,094	747,162	193,144	79.713
18.2 Products liability—claims-made		(405)		(405)	47,918	43,421	4,092	32.089
19.1,19.2 Private passenger auto liability	13,537,443	3,471,977	13,537,443	3,471,977	3,948,931	4,149,795	3,271,113	62.420
19.3,19.4 Commercial auto liability	8,481,327	532,101	8,481,327	532,101	1,148,753	1,123,455	557,399	79.917
21. Auto physical damage	16,678,679	100,353,565	16,678,679	100,353,565	(3,553,446)	184,780	96,615,339	54.418
22. Aircraft (all perils)		63,910		63,910	100,337	93,229	71,018	64.130
23. Fidelity		10,222		10,222	47,105	41,277	16,050	88.153
24. Surety		280		280	2,349	1,832	797	25.652
26. Burglary and theft		389		389	631	1,314	(294)	(41.880)
27. Boiler and machinery		8,475		8,475	9,812	3,825	14,462	31.332
28. Credit					56		56	
29. International								
30. Warranty					(48)	74	(122)	
31. Reinsurance-nonproportional assumed property	X X X	127,048		127,048	320,932	245,985	201,995	56.096
32. Reinsurance-nonproportional assumed liability	X X X	91,796		91,796	850,736	799,534	142,998	86.569
33. Reinsurance-nonproportional assumed financial lines	X X X	748		748	9,162	8,478	1,432	6226.087
34. Aggregate write-ins for other lines of business								
35. TOTALS	261,042,731	113,791,039	261,042,731	113,791,039	31,928,899	35,071,035	110,648,903	56.090

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

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

Line of Business	Reported Losses 1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Incurred But Not Reported 5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
1. Fire		220,176		220,176	35	82,957	35	303,133	25,442
2. Allied lines		59,364		59,364	2,309	54,031	2,309	113,395	10,597
3. Farmowners multiple peril									
4. Homeowners multiple peril	5,245,339	419,242	5,245,339	419,242	3,063,913	407,448	3,063,913	826,690	238,254
5. Commercial multiple peril	493,904	478,414	493,904	478,414	934,173	212,041	934,173	690,455	233,322
6. Mortgage guaranty									
8. Ocean marine		68,101		68,101		50,042		118,143	18,497
9. Inland marine	19,841	47,681	19,841	47,681	31,799	70,001	31,799	117,682	19,042
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		401		401		85,377		85,778	120
11.2 Medical professional liablity—claims-made		711		711		15,150		15,861	8,673
12. Earthquake		523		523	10	(147)	10	376	38
13. Group accident and health		4,038		4,038		906		(a) 4,944	395
14. Credit accident and health (group and individual)									
15. Other accident and health		976		976		2,733		(a) 3,709	257
16. Workers' compensation	358,033,623	11,055,868	358,033,623	11,055,868	561,851,276	9,074,179	561,851,276	20,130,047	2,841,351
17.1 Other liability—occurrence	7,033,215	1,419,675	7,033,215	1,419,675	3,685,103	2,386,836	3,685,103	3,806,511	1,714,215
17.2 Other liability—claims-made		235,701		235,701		694,521		930,222	303,943
17.3 Excess workers' compensation	8,301,443	368,238	8,301,443	368,238	63,271,735	621,393	63,271,735	989,631	81,023
18.1 Products liability—occurrence	2,498,092	154,654	2,498,092	154,654	3,339,174	704,440	3,339,174	859,094	533,316
18.2 Products liability—claims-made		452		452		47,466		47,918	30,339
19.1,19.2 Private passenger auto liability	10,435,882	2,312,799	10,435,882	2,312,799	7,412,760	1,636,132	7,412,760	3,948,931	912,104
19.3,19.4 Commercial auto liability	9,984,801	663,803	9,984,801	663,803	4,623,120	484,950	4,623,120	1,148,753	174,291
21. Auto physical damage		2,772		2,772	129,918	(3,556,219)	129,918	(3,553,447)	449,214
22. Aircraft (all perils)		80,011		80,011		20,326		100,337	27,550
23. Fidelity		1,728		1,728	15,673	45,378	15,673	47,106	7,688
24. Surety	1	1,148	1	1,148	2,029	1,200	2,029	2,348	28
26. Burglary and theft		523		523	(14,583)	108	(14,583)	631	631
27. Boiler and machinery		5,807		5,807	292	4,005	292	9,812	727
28. Credit						56		56	
29. International									
30. Warranty						(48)		(48)	31
31. Reinsurance-nonproportional assumed property	XXX	164,462		164,462	XXX	156,470		320,932	5,134
32. Reinsurance-nonproportional assumed liability	XXX	233,100		233,100	XXX	617,635		850,735	56,740
33. Reinsurance-nonproportional assumed financial lines	XXX	9,193		9,193	XXX	(31)		9,162	115
34. Aggregate write-ins for other lines of business									
35. TOTALS	402,046,141	18,009,561	402,046,141	18,009,561	648,348,736	13,919,336	648,348,736	31,928,897	7,693,077

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	29,358,204			29,358,204
1.2 Reinsurance assumed	2,668,634			2,668,634
1.3 Reinsurance ceded	29,358,204			29,358,204
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	2,668,634			2,668,634
2. Commission and brokerage:				
2.1 Direct, excluding contingent		13,261,963		13,261,963
2.2 Reinsurance assumed, excluding contingent		70,904,733		70,904,733
2.3 Reinsurance ceded, excluding contingent		13,261,963		13,261,963
2.4 Contingent—direct		714,163		714,163
2.5 Contingent—reinsurance assumed		197,667		197,667
2.6 Contingent—reinsurance ceded		714,163		714,163
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)		71,102,400		71,102,400
3. Allowances to manager and agents		458,496		458,496
4. Advertising	29,247	456,748	3,332	489,327
5. Boards, bureaus and associations	5,489	49,102	96	54,687
6. Surveys and underwriting reports	89	70,763	2,371	73,223
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	1,039,602	2,451,017	214,176	3,704,795
8.2 Payroll taxes	62,766	216,747	7,192	286,705
9. Employee relations and welfare	221,356	752,639	27,412	1,001,407
10. Insurance	117,376	26,218	3,944	147,538
11. Directors' fees	1	2		3
12. Travel and travel items	72,561	155,845	7,271	235,677
13. Rent and rent items	72,607	253,890	8,794	335,291
14. Equipment	28,826	142,086	4,772	175,684
15. Cost or depreciation of EDP equipment and software	37,409	81,853	10,186	129,448
16. Printing and stationery	10,567	42,623	915	54,105
17. Postage, telephone and telegraph, exchange and express	34,882	148,260	9,927	193,069
18. Legal and auditing	8,203	46,754	14,570	69,527
19. Totals (Lines 3 to 18)	1,740,981	5,353,043	314,958	7,408,982
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 13,464		882,733		882,733
20.2 Insurance department licenses and fees		43,118		43,118
20.3 Gross guaranty association assessments		9,403		9,403
20.4 All other (excluding federal and foreign income and real estate)		54,050		54,050
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		989,304		989,304
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	115,332	420,341	61,169	596,842
25. Total expenses incurred	4,524,947	77,865,088	376,127	(a) 82,766,162
26. Less unpaid expenses—current year	7,693,076	1,493,953		9,187,029
27. Add unpaid expenses—prior year	7,297,087	1,218,356		8,515,443
28. Amounts receivable relating to uninsured plans, prior year		117		117
29. Amounts receivable relating to uninsured plans, current year		57		57
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	4,128,958	77,589,431	376,127	82,094,516

DETAILS OF WRITE-IN LINES				
2401. Other expenses	115,332	420,341	61,169	596,842
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)	115,332	420,341	61,169	596,842

(a) Includes management fees of $ 4,758,230 to affiliates and $ 544,806 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 2,170,223	2,154,262
1.1	Bonds exempt from U.S. tax	(a) 198,914	238,778
1.2	Other bonds (unaffiliated)	(a) 4,429,098	4,421,540
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) 70,520	28,022
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	6,956	6,956
10.	Total gross investment income	6,875,711	6,849,558
11.	Investment expenses		(g) 376,128
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)		376,128
17.	Net investment income (Line 10 minus Line 16)		6,473,430

	DETAILS OF WRITE-IN LINES		
0901.	Micellaneous Income/(Expense)	6,956	6,956
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)	6,956	6,956
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 $ 61,064 accrual of discount less $ 1,536,893 amortization of premium and less $ 86,827 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 $ 18,978 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	(30,463)		(30,463)		
1.1	Bonds exempt from U.S. tax				(68,136)	
1.2	Other bonds (unaffiliated)	134,878		134,878		
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)					
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.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	104,415		104,415	(68,136)	

	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	76,366	69,784	(6,582)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,041	922	(119)
15.3 Accrued retrospective premiums	91,545	127,636	36,091
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	24	55	31
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	268,775	254,435	(14,340)
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	71,334	70,587	(747)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	509,085	523,419	14,334
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	509,085	523,419	14,334

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	71,334	70,471	(863)
2502. Amounts receivable under high deductible policies		116	116
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	71,334	70,587	(747)

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 LM 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, including Mezzanine Real Estate Loans

The Company does not invest in mortgage loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

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

2. All Loan-Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 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	(37,821)	(2,550)
Fair Value of Securities with Unrealized Losses	3,895,598	517,027

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	$ 4,693,922
30 Days or Less	-
31 to 60 Days	-
61 to 90 Days	-
Greater than 90 Days	-
Sub-Total	4,693,922
Securities Received	-
Total Collateral Received	$ 4,693,922

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	1,162,994	1,162,998
31 to 60 Days	2,295,722	2,295,763
61 to 90 Days	1,235,624	1,235,699
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	4,694,340	4,694,460
Securities Received	-	-
Total Collateral Reinvested	$ 4,694,340	$ 4,694,460

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.

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

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

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

Note 7 - Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2011.

NOTES TO FINANCIAL STATEMENTS

Note 8 - Derivative Instruments

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

Note 9 - Income Taxes

A. The components of the net deferred tax 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	2,826,000	28,000	2,854,000	2,286,710	30,450	2,317,160	539,290	(2,450)	536,840
Statutory Valuation Allowance Adjustment	-	-	-	-	-	-	-	-	-
Adjusted Gross Deferred Tax Assets	2,826,000	28,000	2,854,000	2,286,710	30,450	2,317,160	539,290	(2,450)	536,840
Deferred Tax Liabilities	(408,000)	-	(408,000)	(348,080)	-	(348,080)	(59,920)	-	(59,920)
Net DTA (DTL)	2,418,000	28,000	2,446,000	1,938,630	30,450	1,969,080	479,370	(2,450)	476,920
Deferred Tax Assets Nonadmitted	(251,807)	(16,968)	(268,775)	(254,435)	-	(254,435)	2,628	(16,968)	(14,340)
Net Admitted DTA (DTL)	2,166,193	11,032	2,177,225	1,684,195	30,450	1,714,645	481,998	(19,418)	462,580

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.)	262,630	11,032	273,662	1,245,909	8,670	1,254,579	(983,279)	2,362	(980,917)
Lesser of:									
Expected to be recognized within one year (10bi.)	1,318,927	-	1,318,927	-	21,780	21,780	1,318,927	(21,780)	1,297,147
10% of adjusted capital and surplus (10bii.)			15,152,726			14,041,136			1,111,590
Adj. gross DTAs offset against existing DTLs (10c.)	408,000	-	408,000	348,080	-	348,080	59,920	-	59,920
Total	1,989,557	11,032	2,000,589	1,593,989	30,450	1,624,439	395,568	(19,418)	376,150

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.)	262,630	11,032	273,662	1,504,839	8,670	1,513,509	(1,242,209)	2,362	(1,239,847)
Lesser of:									
Expected to be recognized within three years (10eiia.)	1,903,563	-	1,903,563	179,356	21,780	201,136	1,724,207	(21,780)	1,702,427
15% of adjusted capital and surplus (10eiib.)			22,729,089			21,061,703			1,667,386
Adj. gross DTAs offset against existing DTLs (10eiii.)	408,000	-	408,000	348,080	-	348,080	59,920	-	59,920
Total	2,574,193	11,032	2,585,225	2,032,275	30,450	2,062,725	541,918	(19,418)	522,500

Used in SSAP No. 10R, Paragraph 10.d.	December 31, 2011	December 31, 2010	Change
Total Adjusted Capital	150,600,851	144,110,272	6,490,579
Authorized Control Level	20,209,874	39,682,896	(19,473,022)

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

NOTES TO FINANCIAL STATEMENTS

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	1,581,557	11,032	1,592,589	1,245,909	30,450	1,276,359	335,648	(19,418)	316,230
Admitted Assets			229,730,229			254,472,342			
Adjusted Statutory Surplus*			151,527,259			140,411,355			
Total Adjusted Capital from DTAs	1,581,557	11,032	1,592,589	1,245,909	30,450	1,276,359	335,648	(19,418)	316,230

*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	584,636	-	584,636	438,286	-	438,286	146,350	-	146,350
Admitted Assets	584,636	-	584,636	438,286	-	438,286	146,350	-	146,350
Statutory Surplus	584,636	-	584,636	438,286	-	438,286	146,350	-	146,350

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	2,376,341	8,049,051
Foreign	1,570,114	4,465,979
Realized capital gains	36,545	10,770
Federal and foreign income taxes incurred	3,983,000	12,525,800

The Company's DTAs and DTLs result primarily from unearned premium reserves, foreign tax credit carry-forward, and discounting of unpaid losses and LAE reserves.

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

	2011
Change in net deferred income tax (without unrealized gain or loss)	453,072
Change in tax effect of unrealized (gains) losses	23,848
Total change in net deferred income tax	476,920

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of foreign tax credit carry-forward, return to provision adjustments, depreciation, tax exempt interest, and discounting of unpaid losses and LAE reserves.

E. The amount of Federal income taxes incurred and available for recoupment in the event of future losses is $2,853,000 from the current year and none from the preceding year.

The Company has no net operating loss carry-forward available to offset future net income subject to Federal income taxes.

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

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

Access Insurance Services, Co. (Dissolved 10/24/2011)
AMBCO Capital Corporation
America First Insurance Company
America First Lloyds Insurance Company
American Economy Insurance Company
American Fire & Casualty Company
American States Insurance Company
American States Insurance Company of Texas
American States Lloyds Insurance Company
American States Preferred Insurance Company
Barrier Ridge LLC
Berkeley Holding Company Associates, Inc.
Berkeley Management Corporation
Bridgefield Casualty Insurance Company
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.

NOTES TO FINANCIAL STATEMENTS

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.
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.

** 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 $10,585,286 due to affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.

NOTES TO FINANCIAL STATEMENTS

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

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

There is a 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.

There is a management services agreement between the Company and Liberty Mutual Insurance Europe Limited ("LMIEUK") under which LMIEUK provides services to manage the operation of the Company's Irish Branch.

The Company is a party to an investment management agreement with Liberty Mutual Group Asset Management Inc. ("LMGAM") and a cash management agreement with Liberty Mutual Investment Advisors LLC ("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 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.

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

1. The Company has 30,000 shares authorized, issued, and outstanding as of December 31, 2011. All shares have a stated par value of $120.

2. Preferred Stock

   Not applicable

3. There are no dividend restrictions.

4. The Company did not pay any dividends to its parent during 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 $15,118,549.
6. As of December 31, 2011, the Company has restricted surplus of $584,636 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 $1,631,501 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

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

NOTES TO FINANCIAL STATEMENTS

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

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized losses is $(68,136) after applicable deferred taxes of $23,848.

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 $380,394 that is offset by future premium tax credits of $37,386. 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	$ 50,520
b.	Decreases current year: Premium tax offset applied	13,134
c.	Increases current year: Premium tax offset increase	-
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$ 37,386

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	$88,500

   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.

NOTES TO FINANCIAL STATEMENTS

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	$ 80,429	$ 247,177
2013	80,730	235,343
2014	56,380	159,115
2015	55,655	99,047
2016	52,956	110,131
2017 & thereafter	176,990	669,692
Total	$ 503,139	$ 1,520,505

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

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

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

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

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

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

A. Transfers of Receivables Reported as Sales

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

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 $4,600,111, with corresponding collateral value of $4,693,922 of which $4,693,922 represents cash collateral.

C. Wash Sales

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

NOTES TO FINANCIAL STATEMENTS

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 $321. Claim payment volume was $9,250.

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:

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	-	$ 884,790	-	$ 884,790
Total Bonds	-	$ 884,790	-	$ 884,790
Preferred Stocks	-	-	-	-
Common Stocks	-	-	-	-
Total assets at fair value	-	$ 884,790	-	$ 884,790
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 Company has no assets or liabilities measured at fair value in the Level 3 category.

3. Policy on Transfers Into and Out of Level 3

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

NOTES TO FINANCIAL STATEMENTS

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

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

U.S. government and agency

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

Mortgage-Backed Securities

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

Asset-Backed Securities

Asset-backed securities ("ABS") include mostly investment-grade bonds backed by pools of loans with a variety of underlying collateral, including automobile loan receivables, credit card receivables, and collateralized loan obligation securities originated by a variety of financial institutions. The fair value of ABS is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, contractual cash flows, prepayment speeds, collateral performance and credit spreads. Accordingly, the fair value of ABS is primarily classified within Level 2.

Municipals

The Company's municipal portfolio comprises bonds issued by U.S. domiciled state and municipal entities. The fair value of municipal securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, broker quotes, issuer ratings, reported trades and credit spreads. Accordingly, the fair value of municipal securities is primarily classified within Level 2.

Corporate debt and other

Corporate debt securities consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair value of corporate and other securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, new issuances, issuer ratings, reported trades of identical or comparable securities, bids, offers and credit spreads. Accordingly, the fair value of corporate and other securities is primarily classified within Level 2. In the event third-party vendor valuation is not available, prices are determined using non-binding price quotes from a broker familiar with the security. In this instance, the valuation inputs are generally unobservable and the fair value is classified within Level 3.

Foreign government securities

Foreign government securities comprise bonds issued by foreign governments and their agencies along with supranational organizations. The fair value of foreign government securities is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active, benchmark yields, broker quotes, issuer ratings, reported trades of identical or comparable securities and credit spreads. Accordingly, the fair value of foreign government securities is primarily classified within Level 2.

Equity Securities

Equity securities include common and preferred stocks. Common stocks with fair values based on quoted market prices in active markets are classified in Level 1. Common stocks with fair values determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active are classified in Level 2. The fair value of preferred stock is generally determined using observable market inputs that include quoted prices for identical or similar assets in markets that are not active. Accordingly, the fair value of preferred stock is primarily classified within Level 2.

NOTES TO FINANCIAL STATEMENTS

Other Investments

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

5. Derivative Fair Values

   Not applicable

B. Other Fair Value Disclosures

   Not applicable

C. Reasons Not Practical to Estimate Fair Value

   Not applicable

Note 21 - Other Items

A. Extraordinary Items

   The Company has no extraordinary items to report.

B. Troubled Debt Restructuring: Debtors

   Not applicable

C. Other Disclosures

   1) Florida Special Disability Trust Fund

      a) The 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 $7,105 and $4,147 in 2011 and 2010 respectively.

      c) The amount the Company was assessed by the Special Disability Trust Fund was $30,929 and $(36,654) in 2011 and 2010, respectively.

   2) Assets in the amount of $9,578,020 and $10,038,276 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 non-admitted amounts are material.

NOTES TO FINANCIAL STATEMENTS

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable and Non-transferable Tax Credits

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

G. Subprime-Mortgage-Related Risk Exposure

1. The Company has not purchased securities characterized by the market as subprime. The Company 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.

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	$10,196,439	$2,735	$178,711,700	$5,282,426	$(168,515,261)	$(5,279,691)
All Other	-	-	-	-	-	-
Total	$10,196,439	$2,735	$178,711,700	$5,282,426	$(168,515,261)	$(5,279,691)

Direct Unearned Premium Reserve: $178,711,700

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	$809,031	$63,628	$809,031	$63,628
Sliding scale adjustments	-	-	-	-
Other profit commissions	-	(225,000)	-	(225,000)
Totals	$809,031	$(161,372)	$809,031	$(161,372)

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.

NOTES TO FINANCIAL STATEMENTS

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial	$(4,585,711)	-
	2. Adjustments – Prior Year(s)	813,421	-
	3. Adjustments – Current Year	1,361,614	-
	4. Total	$(2,410,676)	-
b.	Consideration Paid or Received:		
	1. Initial	$(2,141,693)	-
	2. Adjustments – Prior Year(s)	(111,647)	-
	3. Adjustments – Current Year	(188,114)	-
	4. Total	$(2,441,454)	-
c.	Amounts Recovered / Paid – Cumulative:		
	1. Initial	$(72,451)	-
	2. Adjustments – Prior Year(s)	(1,048,598)	-
	3. Adjustments – Current Year	(1,273,820)	-
	4. Total	$(2,394,869)	-
d.	Special Surplus from Retroactive Reinsurance:		
	1. Initial Surplus Gain or Loss	$2,516,469	-
	2. Adjustments – Prior Year(s)	123,530	-
	3. Adjustments – Current Year	(275,908)	-
	4. Current Year Special Surplus	1,631,501	-
	5. Cumulative Total Transferred to Unassigned Funds	$732,590	-
e.	All cedents and reinsurers included in the above transactions:		
	Liberty Mutual Insurance Company, 23043	$(2,410,676)	-
	Total	$(2,410,676)	-

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	910,896
b.	Unsecured amount	
c.	Less: Nonadmitted amount (10%)	91,545
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	
e.	Admitted amount (a) - (c) - (d)	$819,351

NOTES TO FINANCIAL STATEMENTS

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
	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.

NOTES TO FINANCIAL STATEMENTS

(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	$ (128,588)

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 $1,054,731 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 $1,054,731 as of December 31, 2011.

B. The Company does not have material structured settlements from life insurers for which the Company has not obtained a release of liability from the claimant.

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 - Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	$ -
2. Date of the most recent evaluation of this liability	12/31/2011
3. Was anticipated investment income utilized in the calculation?	Yes

Note 31- High Dollar Deductible Policies

As of December 31, 2011, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $9,866,098 and the amount billed and recoverable on paid claims was $406,900.

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 $2,427,434 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.

NOTES TO FINANCIAL STATEMENTS

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

In the 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.

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	3,699,521	3,364,614	3,126,344	3,702,892	2,724,382
Incurred losses and LAE	462,405	285,288	1,098,576	153,731	864,068
Calendar year payments	797,312	523,559	522,027	1,132,241	623,786
Ending Reserves	3,364,614	3,126,344	3,702,892	2,724,382	2,964,664
Assumed Reinsurance Basis					
Beginning Reserves	1,086,925	1,416,503	1,341,076	959,872	955,255
Incurred losses and LAE	383,293	(15,143)	(305,514)	97,493	39,694
Calendar year payments	53,715	60,284	75,691	102,109	55,640
Ending Reserves	1,416,503	1,341,076	959,872	955,255	939,309
Net of Ceded Reinsurance Basis					
Beginning Reserves	1,794,044	1,594,670	1,318,714	1,773,740	1,153,887
Incurred losses and LAE	170,252	28,488	791,103	(214,344)	636,637
Calendar year payments	369,627	304,444	336,077	405,508	269,886
Ending Reserves	1,594,670	1,318,714	1,773,740	1,153,887	1,520,638

NOTES TO FINANCIAL STATEMENTS

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	1,752,171
Assumed Reinsurance Basis	723,508
Net of Ceded Reinsurance Basis	1,045,708
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	1,290,902
Assumed Reinsurance Basis	53,413
Net of Ceded Reinsurance Basis	696,192

Environmental:	2007	2008	2009	2010	2011
Direct Basis					
Beginning Reserves	1,011,028	901,747	746,484	613,078	587,105
Incurred losses and LAE	11,762	13,674	56,307	78,883	123,975
Calendar year payments	121,043	168,937	189,713	104,856	117,708
Ending Reserves	901,747	746,484	613,078	587,105	593,372
Assumed Reinsurance Basis					
Beginning Reserves	95,894	81,710	81,482	105,503	81,453
Incurred losses and LAE	2,951	7,181	34,373	(1,105)	18,852
Calendar year payments	17,135	7,409	10,352	22,946	16,429
Ending Reserves	81,710	81,482	105,503	81,453	83,876
Net of Ceded Reinsurance Basis					
Beginning Reserves	790,732	727,272	623,174	527,392	462,275
Incurred losses and LAE	19,638	(26)	(6)	(5,668)	87,798
Calendar year payments	83,098	104,071	95,777	59,449	123,922
Ending Reserves	727,272	623,174	527,392	462,275	426,152

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	380,735
Assumed Reinsurance Basis	54,793
Net of Ceded Reinsurance Basis	260,637
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	274,102
Assumed Reinsurance Basis	18,297
Net of Ceded Reinsurance Basis	157,153

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. $ 4,693,922

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	$ 9,578,020
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
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	201,403,122	209,007,700	7,604,578
30.2 Preferred stocks	0	0	0
30.3 Totals	201,403,122	209,007,700	7,604,578

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? $ 147,619

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? $ 3,852

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	$ 2,385	$ 4,306
2.2	Premium Denominator	$ 197,267,120	$ 409,509,573
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 9,438	$ 10,301
2.5	Reserve Denominator	$ 60,946,938	$ 83,718,007
2.6	Reserve Ratio (2.4/2.5)	0.00	0.00

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

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

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

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

5.5 If yes, give full information

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] 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 $ 670,029

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 216,924

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? $ 187,736

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 $ 14,194,410

12.62 Collateral and other funds $ 2,727,110

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 142,452

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)	400,555,018	306,882,361	332,018,898	443,101,020	398,426,611
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	211,061,477	409,783,009	16,147,109	9,764,593	7,703,961
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	58,996,993	29,297,801	23,661,179	16,716,982	11,075,713
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	30,591	94,240	149,940	(144,728)	718,099
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	528,539	529,863	503,966	462,620	375,233
6. Total (Line 35)	671,172,618	746,587,274	372,481,092	469,900,487	418,299,617
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)	14,303,955	13,716,342	12,780,164	14,153,398	15,707,085
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	179,462,288	392,089,858	3,796,623	3,666,761	3,677,102
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	4,019,750	3,541,913	2,886,885	3,446,871	3,943,280
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	26,644	24,829	27,534	(316,566)	596,456
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	528,539	529,863	503,966	462,620	375,233
12. Total (Line 35)	198,341,176	409,902,805	19,995,172	21,413,084	24,299,156
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	4,221,215	30,907,178	(2,203,613)	(1,262,492)	(1,307,803)
14. Net investment gain (loss) (Line 11)	6,541,300	5,558,914	2,773,640	2,680,417	2,958,743
15. Total other income (Line 15)	(525,930)	(212,528)	(336,364)	(247,232)	(214,672)
16. Dividends to policyholders (Line 17)	81,359	125,896	46,277	53,581	139,545
17. Federal and foreign income taxes incurred (Line 19)	3,946,455	12,515,030	(423,593)	452,975	482,145
18. Net income (Line 20)	6,208,771	23,612,638	610,979	664,137	814,578
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	230,314,865	254,910,628	76,500,286	73,861,799	71,238,882
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	11,023,176	29,673,212	2,375,432	2,491,760	2,123,391
20.2 Deferred and not yet due (Line 15.2)	6,645,195	5,474,539	5,630,631	4,853,429	5,500,963
20.3 Accrued retrospective premiums (Line 15.3)	819,351	1,145,548	879,469	958,351	1,021,580
21. Total liabilities excluding protected cell business (Page 3, Line 26)	79,129,378	110,362,069	55,005,276	53,481,112	51,510,827
22. Losses (Page 3, Line 1)	31,928,899	35,071,036	33,548,528	33,213,901	33,187,781
23. Loss adjustment expenses (Page 3, Line 3)	7,693,076	7,297,087	6,787,251	6,499,277	6,779,061
24. Unearned premiums (Page 3, Line 9)	10,196,439	9,491,954	8,781,447	8,748,669	9,693,516
25. Capital paid up (Page 3, Lines 30 & 31)	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
26. Surplus as regards policyholders (Page 3, Line 37)	151,185,487	144,548,559	21,495,010	20,380,687	19,728,055
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	(19,799,155)	52,692,583	(448,423)	477,370	3,723,747
Risk-Based Capital Analysis					
28. Total adjusted capital	151,185,487	144,548,559	21,495,010	20,380,687	19,728,055
29. Authorized control level risk-based capital	20,209,947	39,682,962	2,958,511	2,832,171	3,291,906
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)	87.7	88.2	93.1	85.7	93.7
31. Stocks (Lines 2.1 & 2.2)				1.0	1.3
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)	10.0	11.0	6.9	13.3	5.0
35. Contract loans (Line 6)					
36. Derivatives (Line 7)			XXX	XXX	XXX
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)					0.0
39. Securities lending reinvested collateral assets (Line 10)	2.3	0.8	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					
48. Total of above Lines 42 to 47					
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)					

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)	(44,289)		137,549	(129,895)	(24,269)
51.	Dividends to stockholders (Line 35)					
52.	Change in surplus as regards policyholders for the year (Line 38)	6,636,928	123,053,549	1,114,323	652,632	746,787
	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)	236,513,029	228,438,371	241,822,442	236,347,347	219,539,550
54.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	118,281,250	219,420,074	8,032,375	4,732,876	3,858,242
55.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	19,807,839	10,767,289	9,113,483	5,308,418	3,229,877
56.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	12,060	30,743	34,501	377,806	68,127
57.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	219,592	381,630	150,845	176,550	214,490
58.	Total (Line 35)	374,833,770	459,038,107	259,153,646	246,942,997	226,910,286
	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)	9,676,266	7,822,233	8,174,657	9,696,130	8,029,709
60.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	101,432,818	209,723,834	2,465,442	2,170,437	2,000,015
61.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	2,450,303	2,031,319	2,106,337	2,642,710	1,782,482
62.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	12,060	26,663	6,951	218,555	63,781
63.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	219,592	381,630	150,845	176,550	214,490
64.	Total (Line 35)	113,791,039	219,985,679	12,904,232	14,904,382	12,090,477
	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)	56.1	54.1	65.8	67.8	61.9
67.	Loss expenses incurred (Line 3)	2.3	1.0	19.5	15.8	15.9
68.	Other underwriting expenses incurred (Line 4)	39.5	37.4	25.8	22.1	27.8
69.	Net underwriting gain (loss) (Line 8)	2.1	7.5	(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	39.5	37.4	27.3	24.1	27.8
71.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	58.4	55.1	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)	131.2	283.6	93.0	105.1	123.2
	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)	(5,465)	(231)	470	(668)	624
74.	Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0)	(3.8)	(1.1)	2.3	(3.4)	3.3
	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)	518	(216)	(113)	474	2,257
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)	2.4	(1.1)	(0.6)	2.5	12.2

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [ ] No [X]

If no, please explain:

Not applicable

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

($000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1–2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	X X X	X X X	X X X	1,552	530	464	233	142	15	27	1,380	X X X
2. 2002	22,251	4,500	17,751	14,448	3,251	1,195	210	1,694	20	730	13,856	X X X
3. 2003	24,875	6,036	18,839	13,215	2,947	1,133	154	1,794	27	766	13,014	X X X
4. 2004	25,969	6,819	19,150	12,917	3,344	1,033	201	1,831	93	753	12,143	X X X
5. 2005	26,738	6,312	20,426	15,364	4,667	1,056	216	1,834	128	738	13,243	X X X
6. 2006	29,022	6,620	22,402	13,038	2,499	1,062	152	1,960	136	749	13,273	X X X
7. 2007	30,452	7,202	23,250	14,327	3,231	1,095	165	1,994	167	898	13,853	X X X
8. 2008	32,021	8,638	23,383	16,516	3,943	1,078	130	2,208	141	795	15,588	X X X
9. 2009	30,387	9,484	20,903	13,632	3,806	757	107	2,076	26	727	12,526	X X X
10. 2010	419,509	10,000	409,509	219,628	4,249	853	79	2,056	9	730	218,200	X X X
11. 2011	208,618	11,352	197,266	110,127	3,943	304	51	1,687	11	508	108,113	X X X
12. Totals	X X X	X X X	X X X	444,764	36,410	10,030	1,698	19,276	773	7,421	435,189	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	9,496	3,098	4,026	2,819	630	519	1,919	648	243		104	9,230	X X X
2. 2002	604	395	446	387	12	5	79	20	6	1	10	339	X X X
3. 2003	525	240	891	363	12	4	90	22	7		15	896	X X X
4. 2004	576	209	1,032	289	20	4	185	20	6	1	21	1,296	X X X
5. 2005	690	261	1,068	423	24	8	158	29	15	7	25	1,227	X X X
6. 2006	888	271	1,361	406	37	13	210	51	10		40	1,765	X X X
7. 2007	1,233	266	1,564	420	67	21	364	63	38		57	2,496	X X X
8. 2008	1,852	377	2,161	615	97	26	652	127	137	20	72	3,734	X X X
9. 2009	2,106	279	3,001	804	105	21	887	166	186	7	100	5,008	X X X
10. 2010	2,795	493	(1,501)	797	125	20	1,049	128	302	12	136	1,320	X X X
11. 2011	3,736	603	9,220	2,025	119	20	1,275	177	791	10	431	12,306	X X X
12. Totals	24,501	6,492	23,269	9,348	1,248	661	6,868	1,451	1,741	58	1,011	39,617	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	7,605	1,625
2. 2002	18,484	4,289	14,195	83.070	95.311	79.967			100.000	268	71
3. 2003	17,667	3,757	13,910	71.023	62.243	73.836			100.000	813	83
4. 2004	17,600	4,161	13,439	67.773	61.021	70.178			100.000	1,110	186
5. 2005	20,209	5,739	14,470	75.582	90.922	70.841			100.000	1,074	153
6. 2006	18,566	3,528	15,038	63.972	53.293	67.128			100.000	1,572	193
7. 2007	20,682	4,333	16,349	67.917	60.164	70.318			100.000	2,111	385
8. 2008	24,701	5,379	19,322	77.140	62.271	82.633			100.000	3,021	713
9. 2009	22,750	5,216	17,534	74.868	54.998	83.883			100.000	4,024	984
10. 2010	225,307	5,787	219,520	53.707	57.870	53.606			100.000	4	1,316
11. 2011	127,259	6,840	120,419	61.001	60.254	61.044			100.000	10,328	1,978
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	31,930	7,687

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	24,914	26,890	28,890	30,839	31,986	33,374	33,307	34,157	34,072	34,891	819	734
2. 2002	12,398	11,726	11,734	12,135	12,370	12,459	12,524	12,515	12,548	12,580	32	65
3. 2003	X X X	12,976	11,661	11,330	11,986	12,166	12,159	12,232	12,237	12,220	(17)	(12)
4. 2004	X X X	X X X	13,026	12,091	11,760	11,826	11,799	11,779	11,845	11,813	(32)	34
5. 2005	X X X	X X X	X X X	14,177	13,490	13,137	12,943	12,941	12,900	12,890	(10)	(51)
6. 2006	X X X	X X X	X X X	X X X	14,489	13,842	13,571	13,514	13,397	13,354	(43)	(160)
7. 2007	X X X	X X X	X X X	X X X	X X X	15,484	15,116	14,731	14,695	14,615	(80)	(116)
8. 2008	X X X	X X X	X X X	X X X	X X X	X X X	17,683	17,536	17,188	17,338	150	(198)
9. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	15,234	15,521	15,456	(65)	222
10. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	223,589	217,370	(6,219)	X X X
11. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	118,138	X X X	X X X
									12. Totals		(5,465)	518

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	5,749	10,474	13,667	16,070	18,221	20,108	21,660	23,294	24,547	X X X	X X X
2. 2002	5,269	8,135	9,804	10,639	11,328	11,645	11,861	11,996	12,094	12,182	X X X	X X X
3. 2003	X X X	4,900	7,478	8,761	9,681	10,310	10,694	10,965	11,129	11,247	X X X	X X X
4. 2004	X X X	X X X	4,475	6,911	8,078	9,013	9,633	10,020	10,257	10,405	X X X	X X X
5. 2005	X X X	X X X	X X X	5,161	7,935	9,334	10,268	10,902	11,303	11,537	X X X	X X X
6. 2006	X X X	X X X	X X X	X X X	5,038	7,763	9,300	10,343	11,023	11,449	X X X	X X X
7. 2007	X X X	X X X	X X X	X X X	X X X	5,179	8,332	10,036	11,214	12,026	X X X	X X X
8. 2008	X X X	X X X	X X X	X X X	X X X	X X X	6,332	10,129	12,110	13,521	X X X	X X X
9. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	5,413	8,658	10,476	X X X	X X X
10. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	213,501	216,153	X X X	X X X
11. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	106,437	X X X	X X X

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)									
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior	6,022	4,450	3,525	3,915	3,929	4,163	3,367	3,762	2,445	2,800
2. 2002	3,775	1,491	673	507	391	339	257	206	166	141
3. 2003	X X X	5,415	2,226	1,018	1,172	1,085	898	809	705	641
4. 2004	X X X	X X X	5,976	3,334	2,223	1,721	1,396	1,167	1,070	981
5. 2005	X X X	X X X	X X X	6,400	3,475	2,307	1,619	1,263	986	871
6. 2006	X X X	X X X	X X X	X X X	6,670	3,917	2,630	1,940	1,470	1,211
7. 2007	X X X	X X X	X X X	X X X	X X X	7,122	4,344	2,840	2,060	1,535
8. 2008	X X X	X X X	X X X	X X X	X X X	X X X	7,451	4,533	3,011	2,234
9. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	6,764	4,394	3,033
10. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	7,073	(1,214)
11. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	8,461

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

		1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
States, Etc.		Active Status	2 Direct Premiums Written	3 Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	L	1,722,963	1,232,602		1,399,677	(269,228)	27,530,975	72	
2. Alaska	AK	L	22,908	115,743		705	8,682	217,218		
3. Arizona	AZ	L	3,822,725	2,735,321		1,509,913	1,156,667	4,112,892	4,686	
4. Arkansas	AR	L	7,935,055	7,086,979		2,215,877	3,820,674	18,659,331		
5. California	CA	L	6,273,112	5,339,526	1,142	3,379,708	4,004,695	14,037,102		
6. Colorado	CO	L	5,707,534	3,661,071	17	3,311,590	(3,664,821)	9,625,318	2,244	
7. Connecticut	CT	L	22,348,593	19,102,294		14,976,365	17,030,802	47,398,091	7,204	
8. Delaware	DE	L	6,970,471	4,701,396		6,682,197	3,788,522	37,574,827	68	
9. District of Columbia	DC	L	267,277	151,702		1,158,215	2,486,488	6,969,906		
10. Florida	FL	L	22,682,976	19,320,419	183,337	8,335,665	22,910,793	70,531,630	120	
11. Georgia	GA	L	19,710,594	17,585,510	3,880	8,489,982	11,771,518	36,525,129	4,984	
12. Hawaii	HI	L	82,856	219,416		156,900	146,331	549,270		
13. Idaho	ID	L	1,502,243	1,168,122		323,810	915,314	1,054,003		
14. Illinois	IL	L	29,081,205	17,940,765		11,973,089	11,513,908	51,966,778	5,835	
15. Indiana	IN	L	17,663,102	11,629,533		4,330,830	6,481,711	13,340,766	2,088	
16. Iowa	IA	L	16,101,043	12,922,797		10,734,506	10,980,934	32,935,806		
17. Kansas	KS	L	4,563,363	5,017,774	126,482	3,092,799	2,093,046	8,348,589		
18. Kentucky	KY	L	18,476,881	16,448,952	336	10,273,397	12,405,981	36,504,021	9,252	
19. Louisiana	LA	L	2,948,287	2,044,117		4,645,241	4,622,870	11,233,923	570	
20. Maine	ME	L	1,850,114	1,004,188		615,246	1,878,319	2,711,302	356	
21. Maryland	MD	L	5,748,178	2,419,307	(7)	1,381,519	1,984,298	3,740,114	10,369	
22. Massachusetts	MA	L	22,944,502	21,173,014	(872)	11,446,511	12,587,389	17,113,565	72,821	
23. Michigan	MI	L	24,793,820	21,867,672	(9,751)	17,101,708	21,227,052	47,183,196	124	
24. Minnesota	MN	L	8,361,826	7,367,408	(85)	5,868,605	7,050,889	22,025,796	68	
25. Mississippi	MS	L	5,207,794	4,816,526		3,359,825	3,913,762	18,116,755		
26. Missouri	MO	L	9,808,188	9,118,526	980	8,105,822	11,082,978	26,696,250	64	
27. Montana	MT	L	280,919	141,229		14,895	122,156	116,363		
28. Nebraska	NE	L	711,535	577,425		1,579,231	912,626	1,618,763		
29. Nevada	NV	L	9,848,713	8,825,670		5,324,817	4,073,958	47,626,371	348	
30. New Hampshire	NH	L	1,579,202	897,882		2,258,628	608,537	23,629,357	4,327	
31. New Jersey	NJ	L	11,724,010	6,212,814	(2,752)	10,321,737	2,104,895	98,146,915	5,623	
32. New Mexico	NM	L	665,303	505,858		35,715	135,736	303,567	236	
33. New York	NY	L	49,088,681	44,700,544		9,952,448	35,299,524	66,407,944		
34. North Carolina	NC	L	3,660,285	6,764,120	842	9,221,967	2,410,185	81,150,614		
35. North Dakota	ND	L	21,128	2,501			(5,421)	17,336		
36. Ohio	OH	L	12,118,711	3,805,333		1,263,966	2,801,777	3,469,596	10,391	
37. Oklahoma	OK	L	2,191,122	1,094,413		3,346,074	2,393,005	2,970,090	1,048	
38. Oregon	OR	L	1,762,961	1,080,131		369,639	1,445,975	1,510,803	644	
39. Pennsylvania	PA	L	15,910,396	11,285,389	(16)	6,619,842	9,778,337	10,538,195	17,730	
40. Rhode Island	RI	L	1,988,712	1,252,071		536,645	1,364,873	1,224,677		
41. South Carolina	SC	L	8,808,583	7,612,596	(25)	4,534,972	7,713,713	20,694,759	6,709	
42. South Dakota	SD	L	884,850	809,360		227,743	575,237	1,717,944		
43. Tennessee	TN	L	2,164,427	2,007,535		828,137	2,849,334	4,243,580	340	
44. Texas	TX	L	7,949,903	8,249,472		18,239,685	1,200,282	46,446,447		
45. Utah	UT	L	2,543,153	2,338,527		1,183,810	1,099,721	6,980,611	96	
46. Vermont	VT	L	5,068,102	4,689,160		3,173,443	4,466,067	13,897,514		
47. Virginia	VA	L	54,646,405	50,940,399		32,199,519	35,123,032	37,134,665	210,748	
48. Washington	WA	L	35,541	26,769			5,068	20,120		
49. West Virginia	WV	L	6,211,598	4,936,051		1,891,972	4,501,665	5,024,322	204	
50. Wisconsin	WI	L	6,303,247	5,663,313	461,023	3,048,126	5,342,878	7,754,760	1,044	
51. Wyoming	WY	L	55,356	30,900		18	1,005,514	1,030,799		
52. American Samoa	AS	N								
53. Guam	GU	L	5,559	6,552			(738)	779		
54. Puerto Rico	PR	N	(10)							
55. U.S. Virgin Islands	VI	L	(1)	10,341			2,090	9,320		
56. Northern Mariana Islands	MP	L								
57. Canada	CN	N								
58. Aggregate Other Alien	OT	X X X	5,441	3,941			3,519	6,111		
59. Totals		(a) 54	472,831,442	390,660,976	764,531	261,042,731	299,263,119	1,050,394,875	380,413	

DETAILS OF WRITE-INS										
5801. Other Alien	X X X	5,441	3,941			3,519	6,111		
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	5,441	3,941			3,519	6,111		

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

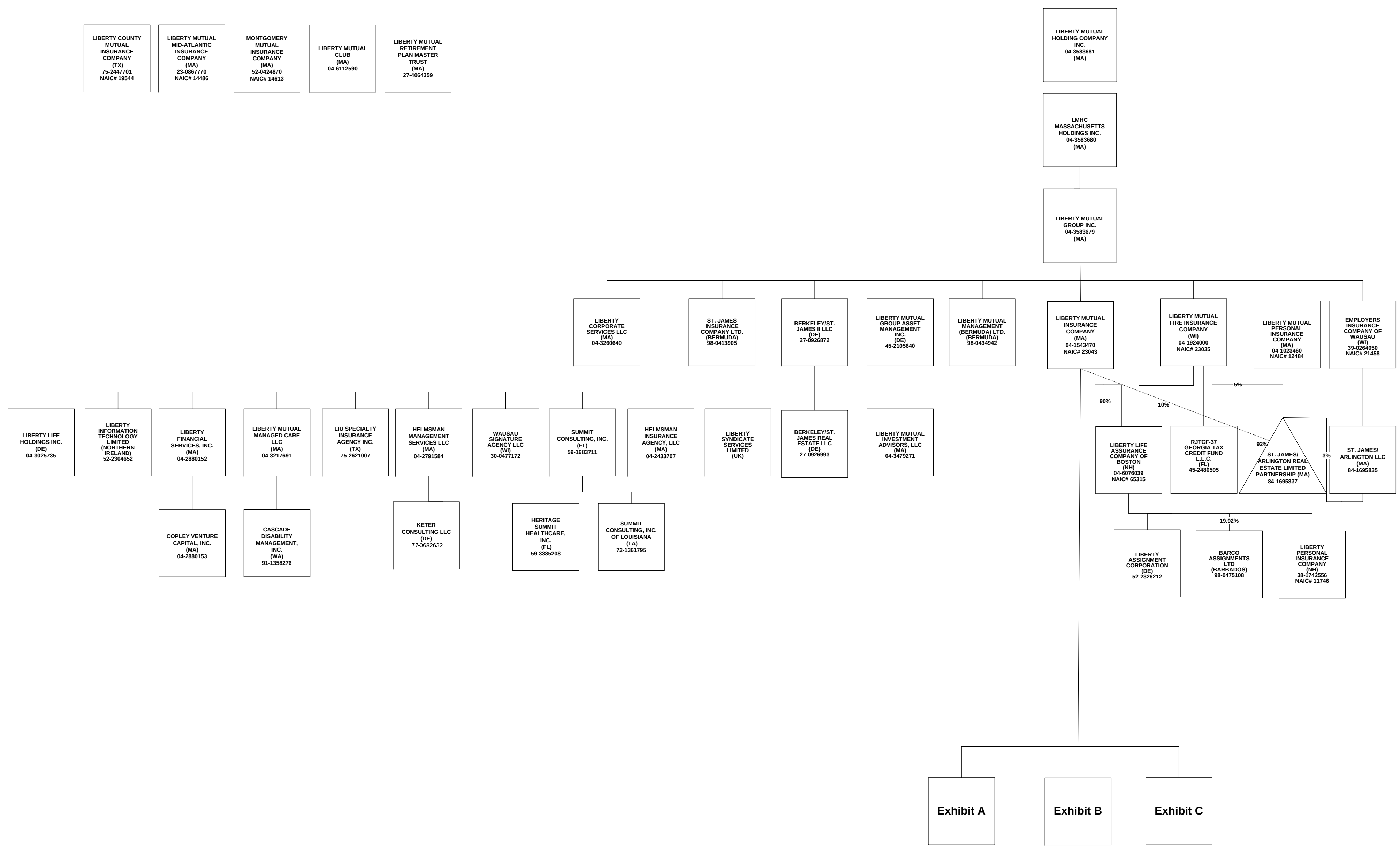
Explanation of basis of allocation of premiums by states, etc.

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

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

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

PART 1 - ORGANIZATIONAL CHART



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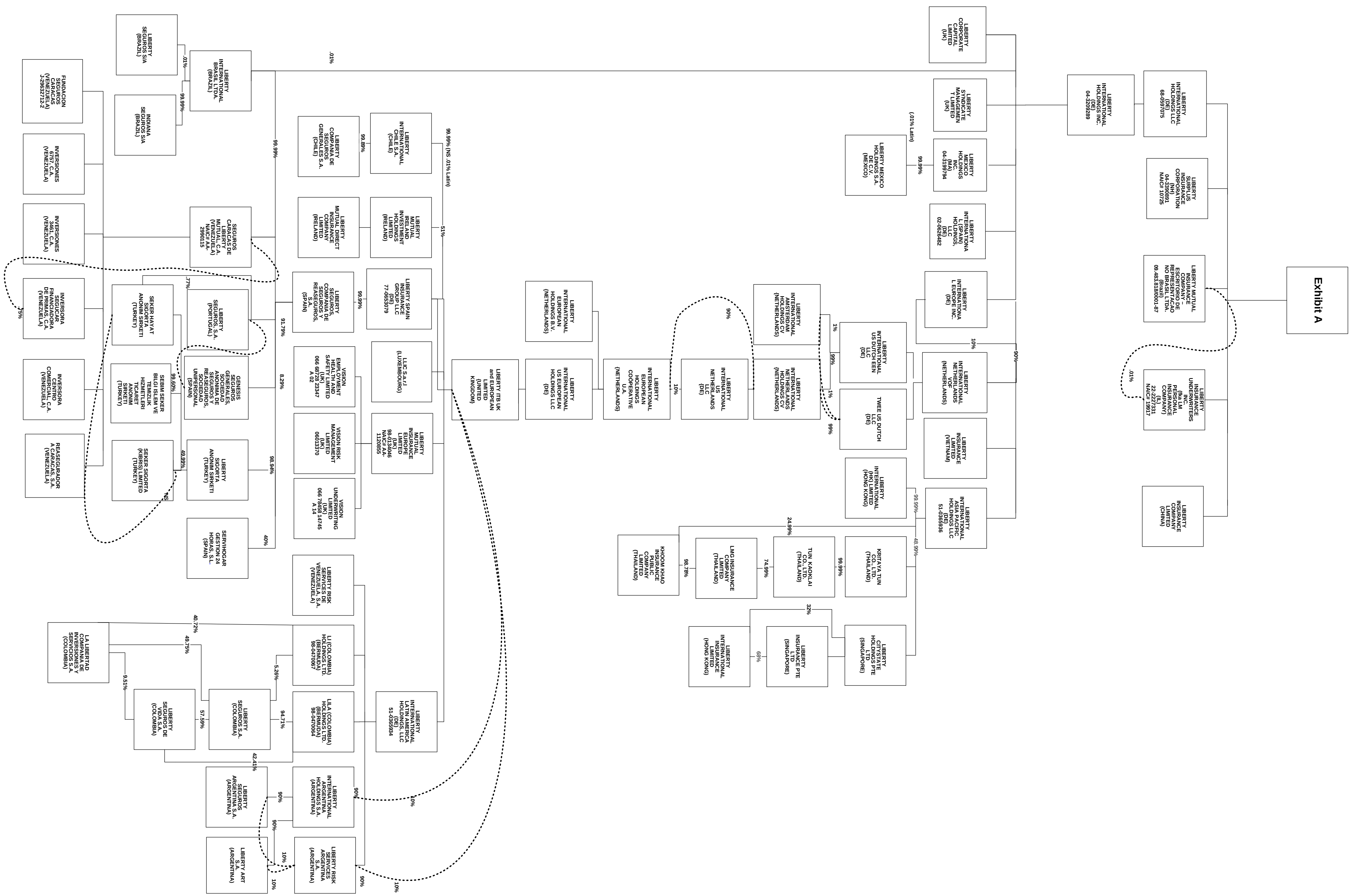

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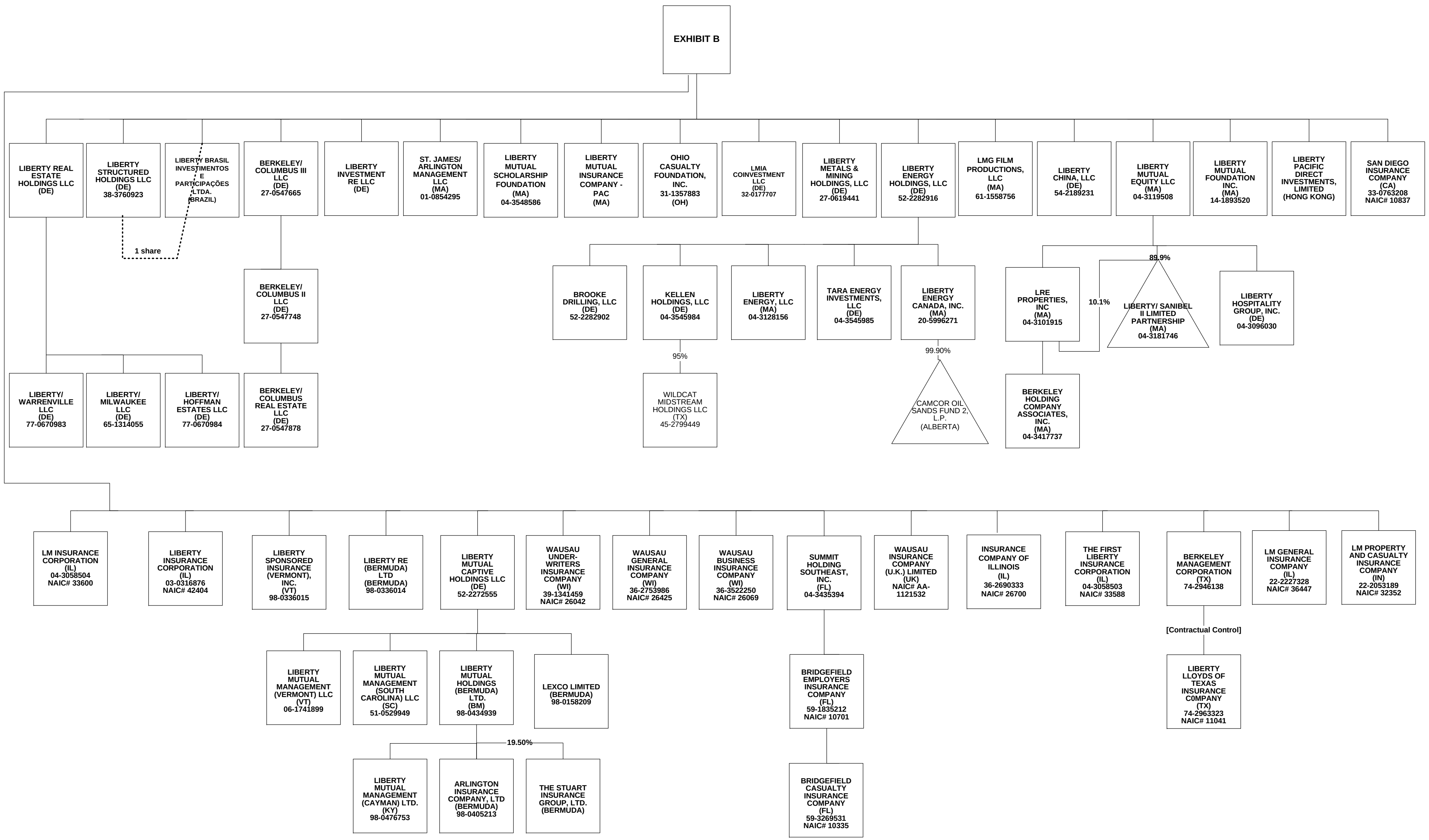

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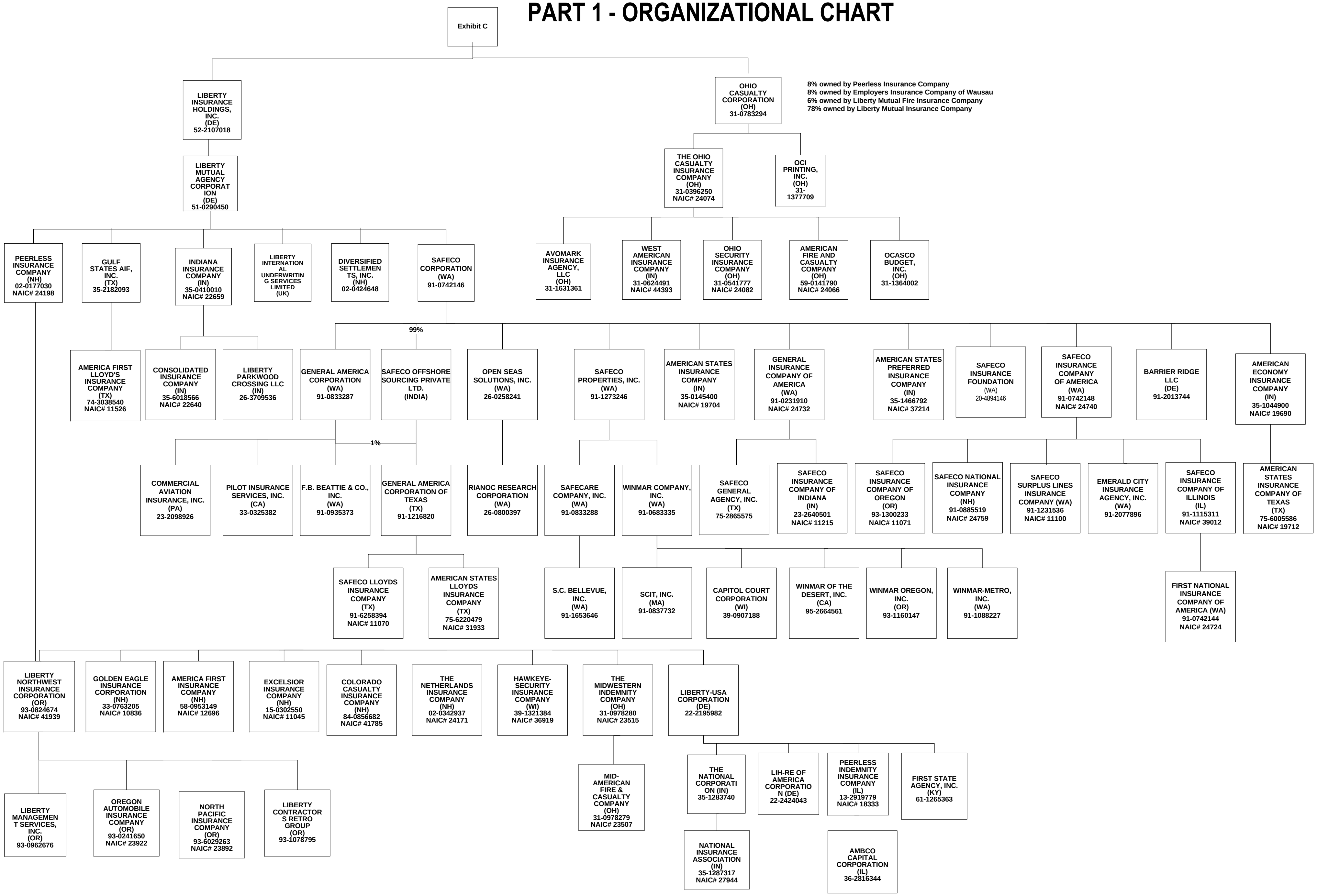

OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Other assets	85,319	71,334	13,985	9,865
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	85,319	71,334	13,985	9,865

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	(2,635,676)	(4,162,290)
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	(2,635,676)	(4,162,290)

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT