

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, 2012

PROPERTY AND CASUALTY

2012



33600201220100100

ANNUAL STATEMENT

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

LM Insurance Corporation

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

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, Hoffman Estates, IL, US 60192
(Street and Number) (City or Town, State, Country and Zip Code)

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

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

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

Internet Web Site Address www.LibertyMutualGroup.com

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

OFFICERS

Chairman of the Board

David Henry Long

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

VICE-PRESIDENTS

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

DIRECTORS OR TRUSTEES

<u>James Paul Condrin, III #</u>	<u>Anthony Alexander Fontanes</u>	<u>Stephen Douglas Hylka</u>	<u>Dennis James Langwell</u>
<u>Dexter Robert Legg</u>	<u>David Henry Long</u>	<u>Christopher Charles Mansfield</u>	<u>Deborah Lucille Michel</u>
<u>Rodolfo Ortiz</u>	<u>Christopher Locke Peirce</u>	<u>Timothy Michael Sweeney</u>	

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.

<u>(Signature)</u> <u>David Henry Long</u> <u>(Printed Name)</u> 1. <u>President and Chief Executive Officer</u> <u>(Title)</u>	<u>(Signature)</u> <u>Dexter Robert Legg</u> <u>(Printed Name)</u> 2. <u>Vice President and Secretary</u> <u>(Title)</u>	<u>(Signature)</u> <u>Laurance Henry Soyer Yahia</u> <u>(Printed Name)</u> 3. <u>Vice President and Treasurer</u> <u>(Title)</u>
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Subscribed and sworn to (or affirmed) before me on this
22nd day of January, 2013, by

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	155,789,189		155,789,189	180,859,671
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 (\$ 60,572, Schedule E - Part 1), cash equivalents (\$ 0, Schedule E - Part 2), and short-term investments (\$ 3,346,022, Schedule DA)	3,406,594		3,406,594	20,659,622
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	58,202		58,202	
9. Receivables for securities				
10. Securities lending reinvested collateral assets (Schedule DL)				4,693,922
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	159,253,985		159,253,985	206,213,215
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	1,335,215		1,335,215	1,638,201
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	2,513,674	76,053	2,437,621	11,023,176
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 15,881 earned but unbilled premiums)	7,814,766	5,356	7,809,410	6,645,195
15.3 Accrued retrospective premiums	653,481	65,189	588,292	819,351
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	1,441	476	965	57
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	2,026,000		2,026,000	2,177,225
19. Guaranty funds receivable or on deposit	38,137		38,137	40,990
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				
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	2,038,416	80,059	1,958,357	1,757,455
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	175,675,115	227,133	175,447,982	230,314,865
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	175,675,115	227,133	175,447,982	230,314,865

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	1,287,649		1,287,649	1,187,691
2502. Amounts receivable under high deductible policies	433,890		433,890	406,900
2503. Equities and deposits in pools and associations	204,626		204,626	148,879
2598. Summary of remaining write-ins for Line 25 from overflow page	112,251	80,059	32,192	13,985
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,038,416	80,059	1,958,357	1,757,455

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	38,331,199	31,928,899
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	1,328,974	11,128,524
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	7,892,161	7,693,076
4. Commissions payable, contingent commissions and other similar charges	264,925	206,516
5. Other expenses (excluding taxes, licenses and fees)	1,014,059	806,464
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	477,884	480,974
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	2,646,645	342,178
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 \$ 300,325,572 and including warranty reserves of \$ 0 and accrued accident and health experience rating refunds including \$ 0 for medical loss ratio rebate per the Public Health Service Act)	11,396,048	10,196,439
10. Advance premium	107,993	119,748
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	6,654	12,619
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	181,485	147,107
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ 0 certified) (Schedule F, Part 8)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	988,780	913,987
19. Payable to parent, subsidiaries and affiliates	778,249	10,585,286
20. Derivatives		
21. Payable for securities		
22. Payable for securities lending		4,693,922
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	(42,063)	(126,361)
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	65,372,993	79,129,378
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	65,372,993	79,129,378
29. Aggregate write-ins for special surplus funds	1,638,541	2,216,137
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)	(2,061,549)	38,471,353
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)	110,074,989	151,185,487
38. Totals (Page 2, Line 28, Col. 3)	175,447,982	230,314,865

DETAILS OF WRITE-IN LINES		
2501. Amounts held under uninsured plans	1,567,622	1,495,195
2502. Other liabilities	910,083	1,014,120
2503. Retroactive reinsurance reserves	(2,519,768)	(2,635,676)
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(42,063)	(126,361)
2901. Special surplus from retroactive reinsurance	1,638,541	1,631,501
2902. SSAP 10R incremental change		584,636
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	1,638,541	2,216,137
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page		
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	198,588,917	197,267,120
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	119,848,099	110,656,967
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	4,567,909	4,524,947
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	71,195,891	77,865,087
5. Aggregate write-ins for underwriting deductions		(1,096)
6. Total underwriting deductions (Lines 2 through 5)	195,611,899	193,045,905
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	2,977,018	4,221,215
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	6,196,519	6,473,430
10. Net realized capital gains (losses) less capital gains tax of \$ 1,380,574 (Exhibit of Capital Gains (Losses))	2,563,923	67,870
11. Net investment gain (loss) (Lines 9 + 10)	8,760,442	6,541,300
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 7,853 amount charged off \$ 97,546)	(89,693)	(93,439)
13. Finance and service charges not included in premiums	80,188	85,597
14. Aggregate write-ins for miscellaneous income	(133,260)	(518,088)
15. Total other income (Lines 12 through 14)	(142,765)	(525,930)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	11,594,695	10,236,585
17. Dividends to policyholders	49,207	81,359
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)	11,545,488	10,155,226
19. Federal and foreign income taxes incurred	2,614,426	3,946,455
20. Net income (Line 18 minus Line 19) (to Line 22)	8,931,062	6,208,771
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	151,185,487	144,548,559
22. Net income (from Line 20)	8,931,062	6,208,771
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	(44,289)
25. Change in net unrealized foreign exchange capital gain (loss)	27,174	(13,569)
26. Change in net deferred income tax	(396,152)	453,072
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	867,765	(133,378)
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		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders	(50,000,000)	
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	(584,636)	146,350
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(41,110,498)	6,636,928
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	110,074,989	151,185,487

DETAILS OF WRITE-IN LINES		
0501. Private passenger auto escrow		(1,096)
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)
1401. Retroactive reinsurance gain/(loss)	(61,930)	(275,908)
1402. Other income/(expense)	(71,330)	(242,180)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(133,260)	(518,088)
3701. SSAP 10R incremental change	(584,636)	146,350
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(584,636)	146,350

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	207,453,028	215,806,141
2. Net investment income	7,762,268	7,975,412
3. Miscellaneous income	(116,135)	(617,181)
4. Total (Lines 1 through 3)	215,099,161	223,164,372
5. Benefit and loss related payments	123,186,458	134,454,653
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	75,311,040	81,693,724
8. Dividends paid to policyholders	55,171	81,685
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	1,690,533	26,733,465
10. Total (Lines 5 through 9)	200,243,202	242,963,527
11. Net cash from operations (Line 4 minus Line 10)	14,855,959	(19,799,155)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	90,893,735	24,249,922
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	8,616,357	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)	99,510,092	35,707,758
13. Cost of investments acquired (long-term only):		
13.1 Bonds	63,073,384	23,619,408
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	3,980,638	15,453,890
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	67,054,022	39,073,298
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)	32,456,070	(3,365,540)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	50,000,000	
16.6 Other cash provided (applied)	(14,565,057)	20,973,331
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(64,565,057)	20,973,331
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)	(17,253,028)	(2,191,364)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	20,659,622	22,850,986
19.2 End of year (Line 18 plus Line 19.1)	3,406,594	20,659,622

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

20.0001	12.1 - Proceeds from investments sold, matured or repaid - Bonds	49,428,191	
20.0002	16.5 - Dividends to stockholders	49,712,535	
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	708,532	262,685	318,184	653,033
2. Allied lines	288,033	129,853	143,680	274,206
3. Farmowners multiple peril	3,691	305	340	3,656
4. Homeowners multiple peril	3,939,990	1,739,567	2,376,685	3,302,872
5. Commercial multiple peril	599,036	332,659	314,889	616,806
6. Mortgage guaranty				
8. Ocean marine	102,918	41,355	44,669	99,604
9. Inland marine	1,069,203	107,798	114,185	1,062,816
10. Financial guaranty				
11.1 Medical professional liability—occurrence	78,719	41,580	41,378	78,921
11.2 Medical professional liability—claims-made	9,221	1,722	3,093	7,850
12. Earthquake	105,045	37,895	49,865	93,075
13. Group accident and health	1,359			1,359
14. Credit accident and health (group and individual)				
15. Other accident and health	1,320	133	120	1,333
16. Workers' compensation	6,066,652	174,930	393,609	5,847,973
17.1 Other liability—occurrence	1,839,616	751,086	790,100	1,800,602
17.2 Other liability—claims-made	620,315	295,913	340,432	575,796
17.3 Excess workers' compensation	155,021	72,761	80,069	147,713
18.1 Products liability—occurrence	269,583	166,149	167,961	267,771
18.2 Products liability—claims-made	13,257	2,445	2,685	13,017
19.1,19.2 Private passenger auto liability	5,872,706	2,751,709	2,981,520	5,642,895
19.3,19.4 Commercial auto liability	876,499	366,423	383,087	859,835
21. Auto physical damage	176,582,876	1,894,004	2,072,328	176,404,552
22. Aircraft (all perils)	85,599	23,712	18,388	90,923
23. Fidelity	24,332	8,763	11,039	22,056
24. Surety	11,893	4,911	11,098	5,706
26. Burglary and theft	818	215	395	638
27. Boiler and machinery	61,253	24,740	27,325	58,668
28. Credit	3,689		1,908	1,781
29. International				
30. Warranty	13,000		11,142	1,858
31. Reinsurance-nonproportional assumed property	568,683	46,954	49,761	565,876
32. Reinsurance-nonproportional assumed liability	69,654	15,668	8,161	77,161
33. Reinsurance-nonproportional assumed financial lines	62			62
34. Aggregate write-ins for other lines of business				
35. TOTALS	200,042,575	9,295,935	10,758,096	198,580,414

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	313,493	4,691			318,184
2. Allied lines	142,349	1,331			143,680
3. Farmowners multiple peril	340				340
4. Homeowners multiple peril	2,376,685				2,376,685
5. Commercial multiple peril	298,649	16,240			314,889
6. Mortgage guaranty					
8. Ocean marine	38,892	5,777			44,669
9. Inland marine	75,976	38,209			114,185
10. Financial guaranty					
11.1 Medical professional liability—occurrence	41,003	375			41,378
11.2 Medical professional liability—claims-made	3,078	16			3,094
12. Earthquake	49,398	467			49,865
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	120				120
16. Workers' compensation	1,020,982	27,122		(654,494)	393,610
17.1 Other liability—occurrence	659,097	133,368		(2,364)	790,101
17.2 Other liability—claims-made	260,158	80,274			340,432
17.3 Excess workers' compensation	67,916	12,153			80,069
18.1 Products liability—occurrence	89,083	77,658		1,219	167,960
18.2 Products liability—claims-made	2,685				2,685
19.1,19.2 Private passenger auto liability	2,978,165	3,355			2,981,520
19.3,19.4 Commercial auto liability	357,353	8,046		17,688	383,087
21. Auto physical damage	2,069,984	2,344			2,072,328
22. Aircraft (all perils)	18,388				18,388
23. Fidelity	10,606	433			11,039
24. Surety	(153)	11,250			11,097
26. Burglary and theft	395				395
27. Boiler and machinery	26,896	429			27,325
28. Credit	1,908				1,908
29. International					
30. Warranty		11,142			11,142
31. Reinsurance-nonproportional assumed property	49,761				49,761
32. Reinsurance-nonproportional assumed liability	8,000	161			8,161
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	10,961,207	434,841		(637,951)	10,758,097
36. Accrued retrospective premiums based on experience					637,951
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					11,396,048

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire		708,532				708,532
2. Allied lines	98,322	288,033		98,322		288,033
3. Farmowners multiple peril		3,691				3,691
4. Homeowners multiple peril	121,885,323	3,939,990		121,885,323		3,939,990
5. Commercial multiple peril	1,052,144	599,036		1,052,144		599,036
6. Mortgage guaranty						
8. Ocean marine		102,918				102,918
9. Inland marine	1,909,088	1,069,203		1,909,088		1,069,203
10. Financial guaranty						
11.1 Medical professional liability--occurrence		78,719				78,719
11.2 Medical professional liability--claims-made		9,221				9,221
12. Earthquake	345,897	105,045		345,897		105,045
13. Group accident and health		1,359				1,359
14. Credit accident and health (group and individual)						
15. Other accident and health		1,320				1,320
16. Workers' compensation	428,289,801	6,066,652		428,289,801		6,066,652
17.1 Other liability—occurrence	7,021,742	1,839,616		7,021,742		1,839,616
17.2 Other liability—claims-made		620,315				620,315
17.3 Excess workers' compensation	54,955,718	155,021		54,955,718		155,021
18.1 Products liability—occurrence	1,905,304	269,583		1,905,304		269,583
18.2 Products liability—claims-made		13,257				13,257
19.1,19.2 Private passenger auto liability	80,549,404	5,872,706		80,549,404		5,872,706
19.3,19.4 Commercial auto liability	3,262,754	876,499		3,262,754		876,499
21. Auto physical damage	46,030,648	176,582,875		46,030,648		176,582,875
22. Aircraft (all perils)		85,599				85,599
23. Fidelity	10,471	24,332		10,471		24,332
24. Surety	40,007	11,893		40,007		11,893
26. Burglary and theft	7,507	818		7,507		818
27. Boiler and machinery		61,253				61,253
28. Credit		3,689				3,689
29. International						
30. Warranty		13,000				13,000
31. Reinsurance-nonproportional assumed property	X X X	568,683				568,683
32. Reinsurance-nonproportional assumed liability	X X X	69,654				69,654
33. Reinsurance-nonproportional assumed financial lines	X X X	62				62
34. Aggregate write-ins for other lines of business						
35. TOTALS	747,364,130	200,042,574		747,364,130		200,042,574

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 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire		369,328		369,328	18	159,872	18	529,200	42,492
2. Allied lines		125,613		125,613	2,539	46,033	2,539	171,646	26,041
3. Farmowners multiple peril									
4. Homeowners multiple peril	10,822,703	476,767	10,822,703	476,767	7,852,092	436,354	7,852,092	913,121	242,831
5. Commercial multiple peril	1,129,985	530,183	1,129,985	530,183	661,564	212,830	661,564	743,013	280,642
6. Mortgage guaranty									
8. Ocean marine		73,562		73,562		57,675		131,237	19,888
9. Inland marine	67,218	58,096	67,218	58,096	55,097	119,960	55,097	178,056	22,509
10. Financial guaranty									
11.1 Medical professional liability—occurrence		4,155		4,155		77,355		81,510	2,421
11.2 Medical professional liability—claims-made		966		966		8,091		9,057	4,056
12. Earthquake		928		928	31	4,221	31	5,149	3,020
13. Group accident and health		4,035		4,035		709		4,744	378
14. Credit accident and health (group and individual)								(a) 4,744	378
15. Other accident and health		1,063		1,063		2,499		(a) 3,562	244
16. Workers' compensation	397,467,129	11,171,176	397,467,129	11,171,176	636,022,331	10,367,356	636,022,331	21,538,532	3,128,814
17.1 Other liability—occurrence	6,652,435	1,754,164	6,652,435	1,754,164	3,416,488	2,630,637	3,416,488	4,384,801	1,724,738
17.2 Other liability—claims-made		224,306		224,306		856,892		1,081,198	340,648
17.3 Excess workers' compensation	22,400,080	437,189	22,400,080	437,189	96,442,748	644,454	96,442,748	1,081,643	109,718
18.1 Products liability—occurrence	2,698,155	147,651	2,698,155	147,651	2,754,565	659,215	2,754,565	806,866	492,606
18.2 Products liability—claims-made		1,682		1,682		55,320		57,002	35,183
19.1,19.2 Private passenger auto liability	22,005,497	2,450,513	22,005,497	2,450,513	18,584,329	1,622,683	18,584,329	4,073,196	950,179
19.3,19.4 Commercial auto liability	6,870,315	718,811	6,870,315	718,811	1,518,669	392,233	1,518,669	1,111,044	234,121
21. Auto physical damage		2,247		2,247	(294,704)	(47,812)	(294,704)	(45,565)	126,119
22. Aircraft (all perils)		64,298		64,298		29,732		94,030	24,584
23. Fidelity		6,042		6,042	18,969	48,342	18,969	54,384	8,393
24. Surety		922		922	(284)	2,028	(284)	2,950	5,156
26. Burglary and theft		61		61	(15,393)	500	(15,393)	561	526
27. Boiler and machinery		10,253		10,253	64	11,301	64	21,554	1,705
28. Credit						1,358		1,358	
29. International									
30. Warranty						767		767	415
31. Reinsurance-nonproportional assumed property	X X X	199,034		199,034	X X X	314,603		513,637	5,742
32. Reinsurance-nonproportional assumed liability	X X X	198,877		198,877	X X X	574,488		773,365	58,650
33. Reinsurance-nonproportional assumed financial lines	X X X	9,596		9,596	X X X	(16)		9,580	344
34. Aggregate write-ins for other lines of business									
35. TOTALS	470,113,517	19,041,518	470,113,517	19,041,518	767,019,123	19,289,680	767,019,123	38,331,198	7,892,163

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	56,889,261			56,889,261
1.2 Reinsurance assumed	2,446,196			2,446,196
1.3 Reinsurance ceded	56,889,261			56,889,261
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	2,446,196			2,446,196
2. Commission and brokerage:				
2.1 Direct, excluding contingent		28,672,254		28,672,254
2.2 Reinsurance assumed, excluding contingent		62,618,204		62,618,204
2.3 Reinsurance ceded, excluding contingent		28,672,254		28,672,254
2.4 Contingent—direct		2,012,232		2,012,232
2.5 Contingent—reinsurance assumed		272,283		272,283
2.6 Contingent—reinsurance ceded		2,012,232		2,012,232
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)		62,890,487		62,890,487
3. Allowances to manager and agents		474,615		474,615
4. Advertising	14,075	642,209	380	656,664
5. Boards, bureaus and associations	5,841	53,249	19	59,109
6. Surveys and underwriting reports	41	84,191	6,630	90,862
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	1,123,140	2,840,387	240,659	4,204,186
8.2 Payroll taxes	56,261	256,491	1,558	314,310
9. Employee relations and welfare	273,166	1,199,295	11,717	1,484,178
10. Insurance	241,221	39,076	5,548	285,845
11. Directors' fees	2	7		9
12. Travel and travel items	91,860	191,604	9,055	292,519
13. Rent and rent items	59,916	267,606	2,880	330,402
14. Equipment	35,093	105,248	4,124	144,465
15. Cost or depreciation of EDP equipment and software	41,151	141,223	8,193	190,567
16. Printing and stationery	10,989	47,000	684	58,673
17. Postage, telephone and telegraph, exchange and express	33,050	162,280	7,823	203,153
18. Legal and auditing	8,853	53,981	21,123	83,957
19. Totals (Lines 3 to 18)	1,994,659	6,558,462	320,393	8,873,514
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 10,996		964,549		964,549
20.2 Insurance department licenses and fees		51,696		51,696
20.3 Gross guaranty association assessments		10,323		10,323
20.4 All other (excluding federal and foreign income and real estate)		45,190		45,190
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		1,071,758		1,071,758
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	126,953	675,185	69,722	871,860
25. Total expenses incurred	4,567,808	71,195,892	390,115	(a) 76,153,815
26. Less unpaid expenses—current year	7,892,161	1,756,868		9,649,029
27. Add unpaid expenses—prior year	7,693,076	1,493,953		9,187,029
28. Amounts receivable relating to uninsured plans, prior year		57		57
29. Amounts receivable relating to uninsured plans, current year		965		965
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	4,368,723	70,933,885	390,115	75,692,723

DETAILS OF WRITE-IN LINES				
2401. Other expenses	126,953	675,185	69,722	871,860
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)	126,953	675,185	69,722	871,860

(a) Includes management fees of \$ 6,134,432 to affiliates and \$ 567,565 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 2,024,713	1,935,895
1.1 Bonds exempt from U.S. tax	(a) 262,728	289,633
1.2 Other bonds (unaffiliated)	(a) 4,561,571	4,322,036
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) 35,143	33,605
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	5,464	5,464
10. Total gross investment income	6,889,619	6,586,633
11. Investment expenses		(g) 390,114
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)		390,114
17. Net investment income (Line 10 minus Line 16)		6,196,519

DETAILS OF WRITE-IN LINES		
0901. Aggregate write-ins for investment income	5,464	5,464
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)	5,464	5,464
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 \$ 45,433 accrual of discount less \$ 1,308,198 amortization of premium and less \$ 106,022 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	710,332		710,332		
1.1 Bonds exempt from U.S. tax	213,305		213,305		
1.2 Other bonds (unaffiliated)	3,020,859		3,020,859	68,136	
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)	3,944,496		3,944,496	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	76,053	76,366	313
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	5,356	1,041	(4,315)
15.3 Accrued retrospective premiums	65,189	91,545	26,356
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	476	24	(452)
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset		268,775	268,775
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	80,059	71,334	(8,725)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	227,133	509,085	281,952
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	227,133	509,085	281,952

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	80,059	71,334	(8,725)
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	80,059	71,334	(8,725)

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 2012.
13. The Company has no pharmaceutical rebate receivables.

Note 2 - Accounting Changes and Correction of Errors

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

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

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

NOTES TO FINANCIAL STATEMENTS

B. Statutory Mergers

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

C. Impairment Loss

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

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

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 2012 as of December 31, 2012: None
3. Each Loan Backed Security with a recognized other-than-temporary impairment held by the Company at December 31, 2012: 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, 2012:
 - a. The aggregate amount of unrealized losses:

1. Less than 12 Months	\$	(10,285)
2. 12 Months or Longer	\$	-
 - b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	\$	1,527,056
2. 12 Months or Longer	\$	-
5. The Company reviews fixed income securities for impairment on a quarterly basis. Securities are reviewed for both quantitative and qualitative considerations including, but not limited to: (a) the extent of the decline in fair value below book value, (b) the duration of the decline, (c) significant adverse changes in the financial condition or near term prospects of the investment or issuer, (d) significant change in the business climate or credit ratings of the issuer, (e) general market conditions and volatility, (f) industry factors, and (g) the past impairment of the security holding or the issuer. If the Company believes a decline in the value of a particular investment is temporary, the decline is recorded as an unrealized loss in policyholders' surplus. If the decline is believed to be "other-than-temporary," and the Company believes it will not be able to collect all cash flows due on its fixed income securities, then the carrying value of the investment is written down to the expected cash flow amount and a realized loss is recorded as a credit impairment.

E. Repurchase Agreements and Securities Lending

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

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits

1. There are five years remaining of unexpired tax credits. The required holding period for the LIHTC investment is fifteen years.
2. The Company's LIHTC property is required to meet regulatory benchmarks to comply with the LIHTC program which include the review of tenant files. Oversight of the projects is administered by the State Housing agencies.
3. The carrying value of the Company's investment in LIHTC did not exceed 10% of its admitted assets.

NOTES TO FINANCIAL STATEMENTS

4. The Company did not recognize any impairment loss on its LIHTC investment during the year.
5. The Company did not write-down its LIHTC investment or reclassify the LIHTC during the year due to the forfeiture or ineligibility of 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, 2012.

Note 8 - Derivative Instruments

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

Note 9 - Income Taxes

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

1.

	12/31/2012		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$3,509,350	\$ 20,650	\$ 3,530,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	3,509,350	20,650	3,530,000
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	3,509,350	20,650	3,530,000
(f) Deferred Tax Liabilities	329,750	1,174,250	1,504,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ 3,179,600	\$(1,153,600)	\$ 2,026,000

	12/31/2011		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 2,826,000	28,000	\$ 2,854,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	2,826,000	28,000	2,854,000
(d) Deferred Tax Assets Nonadmitted	251,807	16,968	268,775
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	2,574,193	11,032	2,585,225
(f) Deferred Tax Liabilities	408,000	-	408,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ 2,166,193	\$ 11,032	\$ 2,177,225

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ 683,350	\$ (7,350)	\$ 676,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	683,350	(7,350)	676,000
(d) Deferred Tax Assets Nonadmitted	(251,807)	(16,968)	(268,775)
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	935,157	9,618	944,775
(f) Deferred Tax Liabilities	(78,250)	1,174,250	1,096,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ 1,013,407	\$ (1,164,632)	\$(151,225)

2.

	12/31/2012		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ 2,448,600	\$ -	\$2,448,600
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	-	-	-
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	-	-	-
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			16,980,248
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	329,750	751,650	\$1,081,400
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	\$2,778,350	\$751,650	\$ 3,530,000

	12/31/2011		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ 262,630	\$ 11,032	\$ 273,662
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	1,903,563	-	1,903,563
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	1,903,563	-	1,903,563
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			22,729,089
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	408,000	-	408,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	\$2,574,193	\$ 11,032	\$ 2,585,225

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ 2,185,970	\$ (11,032)	\$ 2,174,938
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	(1,903,563)	-	(1,903,563)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	(1,903,563)	-	(1,903,563)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			(5,748,841)
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	(78,250)	751,650	673,400
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$204,157	\$740,618	\$944,775

3.

	2012	2011
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	608.92%	737.30%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	108,048,989	149,008,262

4.

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

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

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

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

	(1) 12/31/2012	(2) 12/31/2011	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 966,944	\$ 2,376,341	\$ (1,409,397)
(b) Foreign	1,647,482	1,570,114	77,368
(c) Subtotal	2,614,426	3,946,455	(1,332,029)
(d) Federal income tax on net capital gains	1,380,574	36,545	1,344,029
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	\$ 3,995,000	\$3,983,000	\$ 12,000
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$1,166,000	\$1,064,000	\$102,000
(2) Unearned premium reserve	923,000	848,000	75,000
(3) Policyholder reserves	-	-	-
(4) Investments	4,000	4,000	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-

NOTES TO FINANCIAL STATEMENTS

(7) Fixed Assets	-	-	-
(8) Compensation and benefits accrual	133,000	117,000	16,000
(9) Pension accrual	-	-	-
(10) Receivables – nonadmitted	79,000	84,000	(5,000)
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	1,007,000	465,000	542,000
(13) Other (including items <5% of total ordinary tax assets)	197,350	244,000	(46,650)
(99) Subtotal	3,509,350	2,826,000	683,350
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	251,807	(251,807)
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	3,509,350	2,574,193	935,157
(e) Capital			
(1) Investments	20,650	28,000	(7,350)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	20,650	28,000	(7,350)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	16,968	(16,968)
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	20,650	11,032	9,618
(i) Admitted deferred tax assets (2d + 2h)	3,530,000	2,585,225	944,775
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	54,000	49,000	5,000
(2) Fixed assets	203,000	269,000	(66,000)
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total capital tax liabilities)	72,750	90,000	(17,250)
(99) Subtotal	329,750	408,000	(78,250)
(b) Capital:			
(1) Investments	1,174,250	-	1,174,250
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	1,174,250	-	1,174,250
(c) Deferred tax liabilities (3a99 + 3b99)	1,504,000	408,000	1,096,000
4. Net deferred tax assets/liabilities (2i – 3c)	\$ 2,026,000	\$ 2,177,225	\$ (151,225)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of deferred intercompany transactions.

E. The Company has no net operating loss carry-forwards available to offset future net income subject to Federal income tax.

The Company has no alternative minimum tax credit carry-forwards.

The amount of Federal income taxes incurred and available for recoupment in the event of future losses are \$4,387,000 from the current year and \$3,375,400 from the preceding year.

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

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

AMBCO Capital Corporation	Liberty Mutual Insurance Company
America First Insurance Company	Liberty Mutual Personal Insurance Company
America First Lloyd's Insurance Company	Liberty Northwest Insurance Corporation
American Economy Insurance Company	Liberty Personal Insurance Company
American Fire and Casualty Company	Liberty RE (Bermuda) Limited

NOTES TO FINANCIAL STATEMENTS

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

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

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

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

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

NOTES TO FINANCIAL STATEMENTS

- B. Transactions between the Company and its affiliates are listed on Schedule Y Part 2.
- C. There have been no material transactions with the Company's affiliates during 2012.
- D. At December 31, 2012, the Company reported a net \$778,249 due to affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.
- E. The Company has not made any guarantees or initiated any undertakings, written or otherwise, for the benefit of affiliates or other related parties.
- F. Refer to Note 26 for information regarding the Inter-Company Reinsurance Agreement.

There is a management services agreement between the Company and LMIC, under which LMIC provides the Company with services of personnel employed by LMIC and through a management services agreement entered into by LMIC and LMGI including, but not limited to, office space, supplies, equipment, telephone and wire services, the use of computers and similar machines to the extent necessary or appropriate.

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 LMGAM. Under these agreements, LMGAM provides services to the Company.

There is an "Agent-Company Agreement" between the Company and Helmsman Insurance Agency, LLC ("Helmsman") whereby Helmsman is appointed a property-casualty insurance agent of the Company and provides usual and customary services of an insurance agent on all insurance contracts placed by Helmsman with the Company.

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, 2012. All shares have a stated par value of \$120.
2. Preferred Stock
Not applicable
3. There are no dividend restrictions.

NOTES TO FINANCIAL STATEMENTS

4. The Company paid dividends to its parent in 2012 of:

	Ordinary	Extraordinary	Total Dividends
March	\$ -	\$ -	\$ -
June	-	-	-
September	-	-	-
December	15,118,548	34,881,452	50,000,000
Total	\$ 15,118,548	\$34,881,452	\$ 50,000,000

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 Company cannot pay a dividend in 2013 without the prior approval of the Insurance Commissioner, as its unassigned surplus is negative.
6. As of December 31, 2012, the Company has pre-tax restricted surplus of \$1,638,541 resulting from retroactive reinsurance contracts.
7. The Company had no advances to surplus.
8. The Company does not hold stock for special purposes.
9. The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2012.
10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains and (losses) is \$0.
11. Surplus Notes
Not applicable
12. Quasi-reorganization (dollar impact)
Not applicable
13. Quasi-reorganization (effective date)
Not applicable

Note 14 - Contingencies

- A. Contingent Commitments

Refer to Note 10E.

- B. Assessments

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

The Company has accrued a liability for guaranty funds and other assessments of \$310,642 that is offset by future premium tax credits of \$28,853. Current assessments are expected to be paid out in the next two years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2013. During 2012 there were no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.

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

a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$ 37,386
b. Decreases current year: Premium tax offset applied	8,810
c. Increases current year: Premium tax offset increase	<u>277</u>
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	<u><u>\$ 28,853</u></u>

- C. Gain Contingencies

Not applicable

NOTES TO FINANCIAL STATEMENTS

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	\$712,115

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

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

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

(f) Per Claim [X] (g) Per Claimant []

E. Product Warranties

The Company does not write product warranty business.

F. All Other Contingencies

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

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

Note 15 - Leases

A. Lessee Leasing Arrangements

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

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

Year Ending December 31,	<u>Operating Leases</u>
2013	\$ 224,729
2014	214,323
2015	137,514
2016	128,913
2017	70,154
2018 & thereafter	610,588
Total	<u>\$ 1,386,221</u>

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

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

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

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

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

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

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

A. Transfers of Receivables Reported as Sales

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

NOTES TO FINANCIAL STATEMENTS

B. Transfers and Servicing of Financial Assets

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

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

C. Wash Sales

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

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

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20 - Fair Value Measurements

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

Pursuant to the guidance in SSAP No. 100, *Fair Value Measurements*, the Company carries no assets or liabilities on its balance sheet measured at fair value.

B. Other Fair Value Disclosures

Not applicable

C. Aggregate Fair Value of All Financial Instruments

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Cash, Cash Equivalents, and Short Term	\$3,406,594	\$3,406,594	\$3,406,594	\$ -	\$ -	\$ -
Bonds	162,419,630	155,789,189	11,880,799	149,519,451	1,019,380	-
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	-	-	-	-
Securities Lending	-	-	-	-	-	-
Mortgage Loans	-	-	-	-	-	-
Surplus Notes	-	-	-	-	-	-
Total	\$165,826,224	\$159,195,783	\$15,287,393	\$149,519,451	\$1,019,380	\$ -

D. Not Practicable to Estimate Fair Value

Not applicable

Note 21 - Other Items

A. Extraordinary Items

The Company has no extraordinary items to report.

NOTES TO FINANCIAL STATEMENTS

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 2012 and 2011.
- b) The Company reported loss recoveries from the Special Disability Trust Fund of \$5,169 and \$7,105 in 2012 and 2011 respectively.
- c) The amount the Company was assessed by the Special Disability Trust Fund was \$56,473 and \$30,929 in 2012 and 2011, respectively.

2) Assets in the amount of \$10,018,233 and \$9,578,020 as of December 31, 2012 and 2011, respectively, were on deposit with government authorities or trustees as required by law.

3) Interrogatory 6.1

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

Interrogatory 6.2

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

Interrogatory 6.3

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

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

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable and Non-transferable Tax Credit

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

<u>Description of State Transferable and Non-transferable Tax Credits</u>	<u>State</u>	<u>Carrying Value</u>	<u>Unused Amount</u>
Historical Rehabilitation Credit	CT	72,000	72,000
Film Credit	CT	158,400	158,400
Historical Rehabilitation Credit	MO	70,314	70,314
Total		300,714	300,714

(2) Method of estimating utilization of remaining transferable and non-transferable state tax credits

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

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

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

(4) State Tax Credits Admitted and Nonadmitted

	<u>Total Admitted</u>	<u>Total Nonadmitted</u>
Transferable	70,314	-
Non-transferable	230,400	-

NOTES TO FINANCIAL STATEMENTS

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 20, 2013, the date the financial statements were available to be issued.

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

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

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

B. Reinsurance Recoverable in Dispute

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

C. Reinsurance Assumed & Ceded

1. The following table sets forth the maximum return premium and commission equity due the reinsurers or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2012.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$11,396,048	\$145,259	\$300,325,572	\$12,330,449	\$(288,929,524)	\$(12,185,190)
b. All Other	-	-	-	-	-	-
c. TOTAL	\$11,396,048	\$145,259	\$300,325,572	\$12,330,449	\$(288,929,524)	\$(12,185,190)
d. Direct Unearned Premium Reserve	\$300,325,572					

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

	Direct	Assumed	Ceded	Net
a. Contingent Commission	\$2,242,125	\$83,679	\$2,242,125	\$83,679
b. Sliding Scale Adjustments	-	-	-	-
c. Other Profit Commission Arrangements	-	(225,000)	-	(225,000)
d. TOTAL	\$2,242,125	\$(141,321)	\$2,242,125	\$(141,321)

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.

NOTES TO FINANCIAL STATEMENTS

F. Retroactive Reinsurance

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

	<u>Reported Company</u>	
	As:	
	<u>Assumed</u>	<u>Ceded</u>
a. Reserves Transferred:		
1. Initial Reserves	\$(2,862,821)	-
2. Adjustments – Prior Year (s)	452,128	-
3. Adjustments – Current Year	115,925	-
4. Current Total	\$(2,294,768)	-
		-
b. Consideration Paid or Received:		
1. Initial Consideration	\$(850,015)	-
2. Adjustments – Prior Year (s)	(137,141)	-
3. Adjustments – Current Year	(1,383)	-
4. Current Total	\$(988,539)	-
		-
c. Paid Losses Reimbursed or Recovered:		
1. Prior Year (s)	\$(514,889)	-
2. Current Year	(55,376)	-
3. Current Total	\$(570,265)	-
		-
d. Special Surplus from the Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	\$2,084,972	-
2. Adjustments – Prior Year (s)	(146,546)	-
3. Adjustments – Current Year	(61,932)	-
4. Current Year Restricted Surplus	1,638,541	-
5. Cumulative Total Transferred to Unassigned Funds	\$237,953	-
		-
e. All cedents and reinsurers involved in all transactions included in summary totals above:		
<u>Company</u>	<u>Assumed Amount</u>	<u>Ceded Amount</u>
Liberty Mutual Insurance Company, 23043	\$(2,294,768)	-
Total	\$(2,294,768)	-

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

G. Reinsurance Accounted for as a Deposit

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

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

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

I. Certified Reinsurers Downgraded or Status Subject to Revocation

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

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

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

The Company is not a Certified Reinsurer.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. Accrued retrospective premiums reported in Line 15.3 of the assets page have been determined based upon loss experience on business subject to such experience rating adjustment.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. For detail of net premium written subject to retrospective rating features refer to Schedule P, Part 7A.
- D. Medical Loss Ratio Rebates

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.

NOTES TO FINANCIAL STATEMENTS

- 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	\$ 653,481
b. Unsecured amount	-
c. Less: Nonadmitted amount (10%)	65,189
d. Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	-
e. Admitted amount (a) - (c) - (d)	\$ 588,292

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

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

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 ("LMMIAIC")	14486	0.00%	All Lines
			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.

NOTES TO FINANCIAL STATEMENTS

- (e) There were no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the Lead Company and corresponding entries on the assumed and ceded reinsurance schedules of other pooled participants.
- (f) The write-off of uncollectible reinsurance is pooled and the provision for reinsurance is recognized by the entity placing the outbound external reinsurance.
- (g) Amounts due (to)/from affiliated entities participating in the Liberty Mutual intercompany pool as of December 31, 2012:

Affiliate:	Amount:
Liberty Mutual Insurance Company	\$ (893,337)

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

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

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

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

		NAIC Company <u>Number</u>	Pooling <u>Percentage</u>	Line of <u>Business</u>
Lead				
Company:	Liberty Mutual Insurance Company ("LMIC")	23043	50.0%	All Lines
Affiliated	Peerless Insurance Company ("PIC")	24198	20.0%	All Lines
Pool	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
Companies:	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	8.00%	All Lines
	The Ohio Casualty Insurance Company ("OCIC")	24074	8.00%	All Lines
	Safeco Insurance Company of America ("SICOA")	24740	6.0%	All Lines
	American Economy Insurance Company ("AEIC")	19690	0.0%	All Lines
	America First Insurance Company ("AFIC")	12696	0.0%	All Lines
	America Fire and Casualty Company ("AFCIC")	24066	0.0%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.0%	All Lines
	American States Insurance Company ("ASIC")	19704	0.0%	All Lines
	American States Insurance Company of Texas ("ASICT")	19712	0.0%	All Lines
	American States Lloyd's Insurance Company ("ASLCO")	31933	0.0%	All Lines
	American States Preferred Insurance Company ("ASPCO")	37214	0.0%	All Lines
	Colorado Casualty Insurance Company ("CCIC")	41785	0.0%	All Lines
	Consolidated Insurance Company ("CIC")	22640	0.0%	All Lines
	Excelsior Insurance Company ("EIC")	11045	0.0%	All Lines
	First National Insurance Company of America ("FNICA")	24724	0.0%	All Lines
	The First Liberty Insurance Corporation ("FST")	33588	0.0%	All Lines
	General Insurance Company of America ("GICA")	24732	0.0%	All Lines
	Golden Eagle Insurance Corporation ("GEIC")	10836	0.0%	All Lines
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.0%	All Lines
	Insurance Company of Illinois ("ICIL")	26700	0.0%	All Lines
	Indiana Insurance Company ("IIC")	22659	0.0%	All Lines
	Liberty Insurance Corporation ("LIC")	42404	0.0%	All Lines
	Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.0%	All Lines
	Liberty County Mutual Insurance Company ("LCMIC")	19544	0.0%	All Lines
	LM General Insurance Company ("LMGIC")	36447	0.0%	All Lines
	Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.0%	All Lines
	LM Insurance Corporation ("LMC")	33600	0.0%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.0%	All Lines
	Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.0%	All Lines
	Liberty Northwest Insurance Corporation ("LNW")	41939	0.0%	All Lines
	Liberty Personal Insurance Company (LPIC")	11746	0.0%	All Lines
	Liberty Surplus Insurance Corporation ("LSI")	10725	0.0%	All Lines

NOTES TO FINANCIAL STATEMENTS

	Mid-American Fire & Casualty Company (“MAFCC”)	23507	0.0%	All Lines
	Montgomery Mutual Insurance Company (“MMIC”)	14613	0.0%	All Lines
	The Midwestern Indemnity Company (“MWIC”)	23515	0.0%	All Lines
	National Insurance Association (“NIA”)	27944	0.0%	All Lines
	The Netherlands Insurance Company (“NIC”)	24171	0.0%	All Lines
	North Pacific Insurance Company (“NPIC”)	23892	0.0%	All Lines
	Ohio Security Insurance Company (“OSIC”)	24082	0.0%	All Lines
	Oregon Automobile Insurance Company (“OAIC”)	23922	0.0%	All Lines
	Peerless Indemnity Insurance Company (“PIIC”)	18333	0.0%	All Lines
	Safeco Insurance Company of Illinois (“SICIL”)	39012	0.0%	All Lines
	Safeco Insurance Company of Indiana (“SICIN”)	11215	0.0%	All Lines
	Safeco Insurance Company of Oregon (“SICOR”)	11071	0.0%	All Lines
	Safeco Lloyds Insurance Company (“SLICO”)	11070	0.0%	All Lines
	Safeco National Insurance Company (“SNIC”)	24759	0.0%	All Lines
	Safeco Surplus Lines Insurance Company (“SSLIC”)	11100	0.0%	All Lines
	Wausau Business Insurance Company (“WBIC”)	26069	0.0%	All Lines
	Wausau General Insurance Company (“WGIC”)	26425	0.0%	All Lines
	Wausau Underwriters Insurance Company (“WUIC”)	26042	0.0%	All Lines
	West American Insurance Company (“WAIC”)	44393	0.0%	All Lines
			100.00%	
	Bridgefield Employers Insurance Company (“BEIC”)	10701	0.0%	All Lines
100% Quota	Bridgefield Casualty Insurance Company (“BCIC”)	10335	0.0%	All Lines
Share	LM Property and Casualty Insurance Company (“LMPAC”)	32352	0.0%	All Lines
Affiliated				
Companies:				

Note 27 - Structured Settlements

- A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of \$1,014,813 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 \$1,014,813 as of December 31, 2012.
- 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	12/31/2012
3. Was anticipated investment income utilized in the calculation?	Yes

Note 31- High Dollar Deductible Policies

As of December 31, 2012, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was \$ 11,163,947 and the amount billed and recoverable on paid claims was \$ 433,890.

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

For Workers Compensation the Company discounts its reserves for unpaid losses using a tabular discount on the long-term annuity portion of certain workers compensation claims. The tabular discount is based on the Unit Statistical Plan tables as approved by their respective states at an annual discount rate of 4.0%. Asbestos structured settlements are discounted at 4.5%.

NOTES TO FINANCIAL STATEMENTS

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

Schedule P Lines of Business	Tabular Discount Included in Schedule P, Part 1*	
	1 Case	2 IBNR
1. Homeowners/Farmowners	-	-
2. Private Passenger Auto Liability/Medical	-	-
3. Commercial Auto/Truck Liability/Medical	-	-
4. Workers' Compensation	1,304,993	1,369,833
5. Commercial Multiple Peril	-	-
6. Medical Professional Liability – occurrence	-	-
7. Medical Professional Liability – claims-made	-	-
8. Special Liability	-	-
9. Other Liability - occurrence	12,301	-
10. Other Liability – claims-made	-	-
11. Special Property	-	-
12. Auto Physical Damage	-	-
13. Fidelity, Surety	-	-
14. Other (including Credit, Accident & Health)	-	-
15. International	-	-
16. Reinsurance Nonproportional Assumed Property	-	-
17. Reinsurance Nonproportional Assumed Liability	-	-
18. Reinsurance Nonproportional Assumed Financial Lines	-	-
19. Products Liability – occurrence	-	-
20. Products Liability – claims-made	-	-
21. Financial Guaranty/Mortgage Guaranty	-	-
22. Warranty	-	-
23. Total	1,317,294	1,369,833

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

B. Nontabular Discount:

Not applicable

Note 33 - Asbestos/Environmental Reserves

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

Factors Contributing to Uncertainty in Establishing Adequate Reserves

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

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

NOTES TO FINANCIAL STATEMENTS

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

Uncertainty Regarding Reserving Methodologies

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

Effect of Uncertainty in Reserving For Asbestos and Environmental Claims on Company's Financial Condition

The methods of determining estimates for reported and unreported losses and establishing resulting reserves and related reinsurance recoverables are periodically reviewed and updated, and adjustments resulting from this review are reflected in income currently.

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

Asbestos:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Direct Basis					
Beginning Reserves	3,364,614	3,126,344	3,702,892	2,724,382	2,964,664
Incurred losses and LAE	285,288	1,098,576	153,731	864,068	487,248
Calendar year payments	523,559	522,027	1,132,241	623,786	516,448
Ending Reserves	<u>3,126,344</u>	<u>3,702,892</u>	<u>2,724,382</u>	<u>2,964,664</u>	<u>2,935,463</u>
Assumed Reinsurance Basis					
Beginning Reserves	1,416,503	1,341,076	959,872	955,255	939,309
Incurred losses and LAE	(15,143)	(305,514)	97,493	39,694	836
Calendar year payments	60,284	75,691	102,109	55,640	82,236
Ending Reserves	<u>1,341,076</u>	<u>959,872</u>	<u>955,255</u>	<u>939,309</u>	<u>857,909</u>
Net of Ceded Reinsurance Basis					
Beginning Reserves	1,594,670	1,318,714	1,773,740	1,153,887	1,520,638
Incurred losses and LAE	28,488	791,103	(214,344)	657,037	311,149
Calendar year payments	304,444	336,077	405,508	290,286	441,315
Ending Reserves	<u>1,318,714</u>	<u>1,773,740</u>	<u>1,153,887</u>	<u>1,520,638</u>	<u>1,390,472</u>
Ending Reserves for Bulk + IBNR included above (Loss & LAE)					
Direct Basis					1,524,898
Assumed Reinsurance Basis					658,389
Net of Ceded Reinsurance Basis					752,259
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Direct Basis					1,328,369
Assumed Reinsurance Basis					52,177
Net of Ceded Reinsurance Basis					574,006
Environmental:					
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Direct Basis					
Beginning Reserves	901,747	746,484	613,078	587,105	593,372
Incurred losses and LAE	13,674	56,307	78,883	123,975	123,898
Calendar year payments	168,937	189,713	104,856	117,708	102,889
Ending Reserves	<u>746,484</u>	<u>613,078</u>	<u>587,105</u>	<u>593,372</u>	<u>614,382</u>

NOTES TO FINANCIAL STATEMENTS

Assumed Reinsurance Basis

Beginning Reserves	81,710	81,482	105,503	81,453	83,876
Incurred losses and LAE	7,181	34,373	(1,105)	18,852	17,594
Calendar year payments	7,409	10,352	22,946	16,429	5,865
Ending Reserves	81,482	105,503	81,453	83,876	95,604

Net of Ceded Reinsurance Basis

Beginning Reserves	727,272	623,174	527,392	462,275	426,152
Incurred losses and LAE	(26)	(6)	(5,668)	27,998	(63,645)
Calendar year payments	104,071	95,777	59,449	64,122	(19,548)
Ending Reserves	623,174	527,392	462,275	426,152	382,055

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

Direct Basis	402,008
Assumed Reinsurance Basis	66,449
Net of Ceded Reinsurance Basis	221,406

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

Direct Basis	303,366
Assumed Reinsurance Basis	18,037
Net of Ceded Reinsurance Basis	134,095

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 - Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A
- 1.3 State Regulating? _____ 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
- 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
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 4.12 renewals? Yes No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes No
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

.....

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

7.2 If yes,

7.21 State the percentage of foreign control. _____ 0.00 %
 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....

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

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

.....

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

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

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

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

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

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

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

.....

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

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

.....

GENERAL INTERROGATORIES

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

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

.....

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

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

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

	0
\$	0

12.2 If yes, provide explanation:

.....

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

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

.....

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

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

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

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

- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules, and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.

Yes No

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

.....

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

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

.....

GENERAL INTERROGATORIES

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

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

.....

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

22.2 If answer is yes:

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

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

Yes No

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

\$ _____ 0

INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)

Yes No

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

.....

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

Please reference Note 17B

.....

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes No N/A

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

\$ _____ 0

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

\$ _____ 0

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

Yes No N/A

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

Yes No N/A

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes No N/A

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

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

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes No

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

25.21	Subject to repurchase agreements	\$	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	\$	10,018,233
25.29	Other	\$	0

GENERAL INTERROGATORIES

25.3 For category (25.27) provide the following:

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

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005
.....

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

29.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	159,135,211	165,765,521	6,630,310
30.2 Preferred stocks	0	0	0
30.3 Totals	159,135,211	165,765,521	6,630,310

30.4 Describe the sources or methods utilized in determining the fair values:

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

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [] No []

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

.....

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes [X] No []

32.2 If no, list exceptions:

.....

OTHER

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

\$ _____ 0

GENERAL INTERROGATORIES

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

.....

.....

.....

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ 0

1.62 Total incurred claims \$ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned \$ 0

1.65 Total incurred claims \$ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ 0

1.72 Total incurred claims \$ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned \$ 0

1.75 Total incurred claims \$ 0

1.76 Number of covered lives 0

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ 2,692		\$ 2,385	
2.2 Premium Denominator	\$ 198,588,917		\$ 197,267,120	
2.3 Premium Ratio (2.1/2.2)	<u>0.00</u>		<u>0.00</u>	
2.4 Reserve Numerator	\$ 9,047		\$ 9,438	
2.5 Reserve Denominator	\$ 58,948,382		\$ 60,946,938	
2.6 Reserve Ratio (2.4/2.5)	<u>0.00</u>		<u>0.00</u>	

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

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

3.21 Participating policies \$ 1,249,850

3.22 Non-participating policies \$ 746,114,280

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

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

5.5 If yes, give full information

.....

.....

.....

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
See Note 21C3
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
See Note 21C3
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [] No [X]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss
The Company cedes 100% of its business to Liberty Mutual Insurance Company, the lead company in the Liberty Mutual Pool. Liberty Mutual Insurance Company purchases external catastrophe reinsurance coverage.
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. _____ 0
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or, Yes [] No [X]
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [X] No []

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

11.2 If yes, give full information

.....

.....

.....

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

12.11 Unpaid losses	\$ 449,340
12.12 Unpaid underwriting expenses (including loss adjustment expenses)	\$ 156,856

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? \$ 421,535

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

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

12.41 From	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 No

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

12.61 Letters of Credit	\$ 13,586,898
12.62 Collateral and other funds	\$ 2,952,220

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 217,841

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

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

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

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

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

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

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

N/A

.....

.....

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

15.2 If yes, give full information

.....

.....

.....

16.1 Does the reporting entity write any warranty business? Yes No

If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage: _____

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5.

Yes [] No [X]

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

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

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	\$ <u> 0</u>
17.19 Unfunded portion of Interrogatory 17.18	\$ <u> 0</u>
17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$ <u> 0</u>
17.21 Case reserves portion of Interrogatory 17.18	\$ <u> 0</u>
17.22 Incurred but not reported portion of Interrogatory 17.18	\$ <u> 0</u>
17.23 Unearned premium portion of Interrogatory 17.18	\$ <u> 0</u>
17.24 Contingent commission portion of Interrogatory 17.18	\$ <u> 0</u>

18.1 Do you act as a custodian for health savings accounts?

Yes [] No [X]

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

\$ 0

18.3 Do you act as an administrator for health savings accounts?

Yes [] No [X]

18.4 If yes, please provide the balance of the funds administered as of the reporting date.

\$ 0

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2012	2011	2010	2009	2008
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	591,786,312	400,555,018	306,882,361	332,018,898	443,101,020
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	227,145,968	211,061,477	409,783,009	16,147,109	9,764,593
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	127,729,954	58,996,993	29,297,801	23,661,179	16,716,982
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	106,071	30,591	94,240	149,940	(144,728)
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	638,399	528,539	529,863	503,966	462,620
6. Total (Line 35)	947,406,704	671,172,618	746,587,274	372,481,092	469,900,487
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)	15,801,589	14,303,955	13,716,342	12,780,164	14,153,398
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	178,754,506	179,462,288	392,089,858	3,796,623	3,666,761
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	4,792,487	4,019,750	3,541,913	2,886,885	3,446,871
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	55,593	26,644	24,829	27,534	(316,566)
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	638,399	528,539	529,863	503,966	462,620
12. Total (Line 35)	200,042,574	198,341,176	409,902,805	19,995,172	21,413,084
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	2,977,018	4,221,215	30,907,178	(2,203,613)	(1,262,492)
14. Net investment gain (loss) (Line 11)	8,760,442	6,541,300	5,558,914	2,773,640	2,680,417
15. Total other income (Line 15)	(142,765)	(525,930)	(212,528)	(336,364)	(247,232)
16. Dividends to policyholders (Line 17)	49,207	81,359	125,896	46,277	53,581
17. Federal and foreign income taxes incurred (Line 19)	2,614,426	3,946,455	12,515,030	(423,593)	452,975
18. Net income (Line 20)	8,931,062	6,208,771	23,612,638	610,979	664,137
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	175,447,982	230,314,865	254,910,628	76,500,286	73,861,799
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	2,437,621	11,023,176	29,673,212	2,375,432	2,491,760
20.2 Deferred and not yet due (Line 15.2)	7,809,410	6,645,195	5,474,539	5,630,631	4,853,429
20.3 Accrued retrospective premiums (Line 15.3)	588,292	819,351	1,145,548	879,469	958,351
21. Total liabilities excluding protected cell business (Page 3, Line 26)	65,372,993	79,129,378	110,362,069	55,005,276	53,481,112
22. Losses (Page 3, Line 1)	38,331,199	31,928,899	35,071,036	33,548,528	33,213,901
23. Loss adjustment expenses (Page 3, Line 3)	7,892,161	7,693,076	7,297,087	6,787,251	6,499,277
24. Unearned premiums (Page 3, Line 9)	11,396,048	10,196,439	9,491,954	8,781,447	8,748,669
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)	110,074,989	151,185,487	144,548,559	21,495,010	20,380,687
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	14,855,959	(19,799,155)	52,692,583	(448,423)	477,370
Risk-Based Capital Analysis					
28. Total adjusted capital	110,074,989	151,185,487	144,548,559	21,495,010	20,380,687
29. Authorized control level risk-based capital	17,744,390	20,209,947	39,682,962	2,958,511	2,832,171
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)	97.8	87.7	88.2	93.1	85.7
31. Stocks (Lines 2.1 & 2.2)					1.0
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)	2.1	10.0	11.0	6.9	13.3
35. Contract loans (Line 6)					
36. Derivatives (Line 7)				X X X	X X X
37. Other invested assets (Line 8)	0.0				
38. Receivables for securities (Line 9)					
39. Securities lending reinvested collateral assets (Line 10)		2.3	0.8	X X X	X X X
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
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. Total investment in parent included in Lines 42 to 47 above					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)					

FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2012	2011	2010	2009	2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	44,289	(44,289)		137,549	(129,895)
52. Dividends to stockholders (Line 35)	(50,000,000)				
53. Change in surplus as regards policyholders for the year (Line 38)	(41,110,498)	6,636,928	123,053,549	1,114,323	652,632
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	259,156,005	236,513,029	228,438,371	241,822,442	236,347,347
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	128,978,542	118,281,250	219,420,074	8,032,375	4,732,876
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	49,942,100	19,807,839	10,767,289	9,113,483	5,308,418
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	4,337	12,060	30,743	34,501	377,806
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	239,755	219,592	381,630	150,845	176,550
59. Total (Line 35)	438,320,739	374,833,770	459,038,107	259,153,646	246,942,997
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	9,434,278	9,676,266	7,822,233	8,174,657	9,696,130
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	101,304,167	101,432,818	209,723,834	2,465,442	2,170,437
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	2,478,473	2,450,303	2,031,319	2,106,337	2,642,710
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	4,337	12,060	26,663	6,951	218,555
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	239,755	219,592	381,630	150,845	176,550
65. Total (Line 35)	113,461,010	113,791,039	219,985,679	12,904,232	14,904,382
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	60.4	56.1	54.1	65.8	67.8
68. Loss expenses incurred (Line 3)	2.3	2.3	1.0	19.5	15.8
69. Other underwriting expenses incurred (Line 4)	35.9	39.5	37.4	25.8	22.1
70. Net underwriting gain (loss) (Line 8)	1.5	2.1	7.5	(11.1)	(5.7)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	35.7	39.5	37.4	27.3	24.1
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	62.7	58.4	55.1	85.3	83.5
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	181.7	131.2	283.6	93.0	105.1
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(5,326)	(5,465)	(231)	470	(668)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	(3.5)	(3.8)	(1.1)	2.3	(3.4)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(9,411)	518	(216)	(113)	474
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(6.5)	2.4	(1.1)	(0.6)	2.5

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

Yes [] No [X]

If no, please explain:

Not Applicable

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	1,481	459	440	187	7	13	7	1,269	X X X
2. 2003	24,875	6,036	18,839	13,299	2,982	1,145	157	1,793	27	769	13,071	X X X
3. 2004	25,969	6,819	19,150	13,055	3,378	1,059	211	1,831	94	756	12,262	X X X
4. 2005	26,738	6,312	20,426	15,596	4,749	1,116	236	1,837	130	743	13,434	X X X
5. 2006	29,022	6,620	22,402	13,390	2,621	1,125	167	1,964	138	760	13,553	X X X
6. 2007	30,452	7,202	23,250	15,019	3,432	1,188	184	2,028	169	925	14,450	X X X
7. 2008	32,021	8,638	23,383	17,553	4,151	1,268	178	2,254	144	836	16,602	X X X
8. 2009	30,387	9,484	20,903	14,901	3,964	968	140	2,135	29	778	13,871	X X X
9. 2010	419,509	10,000	409,509	211,399	4,533	1,256	117	2,152	15	793	210,142	X X X
10. 2011	208,618	11,351	197,267	114,200	5,140	798	138	2,156	16	813	111,860	X X X
11. 2012	210,900	12,311	198,589	119,393	4,290	428	41	1,781	8	472	117,263	X X X
12. Totals	X X X	X X X	X X X	549,286	39,699	10,791	1,756	19,938	783	7,652	537,777	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13 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			
1. Prior	9,767	3,473	3,820	2,813	652	535	1,865	832	416	1	67	8,866	X X X
2. 2003	507	221	834	344	12	5	92	21	33		10	887	X X X
3. 2004	518	189	941	281	15	6	190	19	30		16	1,199	X X X
4. 2005	606	231	923	432	20	7	153	26	34		20	1,040	X X X
5. 2006	736	203	1,212	352	27	13	173	36	34		27	1,578	X X X
6. 2007	1,039	233	1,329	343	49	18	267	43	20	1	41	2,066	X X X
7. 2008	1,536	310	1,582	462	79	19	520	88	82	3	60	2,917	X X X
8. 2009	1,635	271	2,012	483	91	18	604	87	109	3	66	3,589	X X X
9. 2010	2,306	437	2,668	524	109	21	652	114	151	5	96	4,785	X X X
10. 2011	2,966	479	4,224	867	154	41	1,067	156	315	7	140	7,176	X X X
11. 2012	4,228	756	8,796	2,140	115	23	1,286	161	804	21	445	12,128	X X X
12. Totals	25,844	6,803	28,341	9,041	1,323	706	6,869	1,583	2,028	41	988	46,231	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		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	7,301	1,565
2. 2003	17,715	3,757	13,958	71.216	62.243	74.091			100.000	776	111
3. 2004	17,639	4,178	13,461	67.923	61.270	70.292			100.000	989	210
4. 2005	20,285	5,811	14,474	75.866	92.063	70.861			100.000	866	174
5. 2006	18,661	3,530	15,131	64.299	53.323	67.543			100.000	1,393	185
6. 2007	20,939	4,423	16,516	68.761	61.413	71.037			100.000	1,792	274
7. 2008	24,874	5,355	19,519	77.680	61.994	83.475			100.000	2,346	571
8. 2009	22,455	4,995	17,460	73.897	52.668	83.529			100.000	2,893	696
9. 2010	220,693	5,766	214,927	52.607	57.660	52.484			100.000	4,013	772
10. 2011	125,880	6,844	119,036	60.340	60.294	60.343			100.000	5,844	1,332
11. 2012	136,831	7,440	129,391	64.880	60.434	65.155			100.000	10,128	2,000
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	38,341	7,890

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT		
	1	2	3	4	5	6	7	8	9	10	11	12	
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	One Year	Two Year	
1. Prior	24,731	26,739	29,090	30,471	31,947	31,946	32,788	32,735	33,590	33,895	305	1,160	
2. 2003	12,976	11,661	11,330	11,986	12,166	12,159	12,232	12,237	12,221	12,230	9	(7)	
3. 2004	XXX	13,026	12,091	11,760	11,826	11,799	11,779	11,845	11,813	11,805	(8)	(40)	
4. 2005	XXX	XXX	14,177	13,490	13,137	12,943	12,941	12,900	12,885	12,859	(26)	(41)	
5. 2006	XXX	XXX	XXX	14,489	13,842	13,571	13,514	13,397	13,355	13,406	51	9	
6. 2007	XXX	XXX	XXX	XXX	15,484	15,116	14,731	14,695	14,617	14,760	143	65	
7. 2008	XXX	XXX	XXX	XXX	XXX	17,683	17,536	17,188	17,340	17,517	177	329	
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	15,234	15,521	15,455	15,389	(66)	(132)	
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	223,589	217,370	212,835	(4,535)	(10,754)	
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	118,136	116,760	(1,376)	XXX	
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	126,944	XXX	XXX	
											12. Totals	(5,326)	(9,411)

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
1. Prior	000	6,394	10,421	13,514	15,982	18,084	19,771	21,503	22,847	24,122	XXX	XXX
2. 2003	4,900	7,478	8,761	9,681	10,310	10,694	10,965	11,129	11,246	11,305	XXX	XXX
3. 2004	XXX	4,475	6,911	8,078	9,013	9,633	10,020	10,257	10,405	10,525	XXX	XXX
4. 2005	XXX	XXX	5,161	7,935	9,334	10,268	10,902	11,303	11,534	11,727	XXX	XXX
5. 2006	XXX	XXX	XXX	5,038	7,763	9,300	10,343	11,023	11,450	11,727	XXX	XXX
6. 2007	XXX	XXX	XXX	XXX	5,179	8,332	10,036	11,214	12,028	12,591	XXX	XXX
7. 2008	XXX	XXX	XXX	XXX	XXX	6,332	10,129	12,110	13,523	14,492	XXX	XXX
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	5,413	8,658	10,474	11,765	XXX	XXX
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	213,501	216,152	208,005	XXX	XXX
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	106,435	109,720	XXX	XXX
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	115,490	XXX	XXX

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Prior	5,942	4,198	4,422	4,320	4,502	3,624	3,967	2,611	2,938	2,375
2. 2003	5,415	2,226	1,018	1,172	1,085	898	809	705	641	596
3. 2004	XXX	5,976	3,334	2,223	1,721	1,396	1,167	1,070	981	897
4. 2005	XXX	XXX	6,400	3,475	2,307	1,619	1,263	986	870	707
5. 2006	XXX	XXX	XXX	6,670	3,917	2,630	1,940	1,470	1,210	1,090
6. 2007	XXX	XXX	XXX	XXX	7,122	4,344	2,840	2,060	1,536	1,293
7. 2008	XXX	XXX	XXX	XXX	XXX	7,451	4,533	3,011	2,235	1,703
8. 2009	XXX	XXX	XXX	XXX	XXX	XXX	6,764	4,394	3,034	2,154
9. 2010	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,073	(1,213)	2,834
10. 2011	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,462	4,423
11. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,883

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN Allocated By States and Territories

States, Etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
	Active Status	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	L	4,209,961	3,223,489		2,886,258	1,057,934	25,702,651	5,013
2. Alaska	AK	L	12,023,810	7,479,448		984,788	5,739,682	4,972,112	
3. Arizona	AZ	L	7,776,983	5,695,434		3,465,516	4,952,109	5,599,485	11,847
4. Arkansas	AR	L	9,647,005	8,413,879		2,756,580	4,935,510	20,838,261	194
5. California	CA	L	6,969,232	6,844,056		4,757,610	8,331,023	17,610,515	
6. Colorado	CO	L	12,834,097	11,796,280		4,166,573	6,009,235	11,467,980	9,960
7. Connecticut	CT	L	30,924,074	27,811,295		16,037,389	27,056,365	58,417,066	24,948
8. Delaware	DE	L	10,882,252	9,630,246		8,298,732	6,319,743	35,595,836	2,904
9. District of Columbia	DC	L	794,863	461,238		926,953	439,173	6,482,125	901
10. Florida	FL	L	31,957,707	26,728,170	2,645	11,466,991	27,195,039	86,259,676	10,236
11. Georgia	GA	L	15,203,669	12,900,776		10,652,922	9,886,582	35,758,791	42,757
12. Hawaii	HI	L	20,252	14,122		193,599	32,114	387,785	
13. Idaho	ID	L	2,003,748	1,742,108		466,211	1,407,330	1,995,122	1,215
14. Illinois	IL	L	47,373,312	39,910,318		16,532,710	34,219,886	69,653,952	30,596
15. Indiana	IN	L	23,301,583	20,372,148		10,991,244	16,015,739	18,365,261	12,203
16. Iowa	IA	L	22,532,208	20,334,272		11,974,402	14,684,080	35,645,484	580
17. Kansas	KS	L	3,991,827	3,968,172	136,055	2,634,633	2,685,281	8,399,237	224
18. Kentucky	KY	L	22,653,473	21,643,916		13,163,083	16,385,077	39,726,014	16,605
19. Louisiana	LA	L	4,390,714	3,536,653		6,366,817	2,814,694	7,681,799	2,201
20. Maine	ME	L	1,863,585	1,999,139		828,317	908,800	2,791,785	5,864
21. Maryland	MD	L	16,185,735	10,845,323		6,532,915	9,687,318	6,894,516	55,359
22. Massachusetts	MA	L	53,524,970	40,367,625	(285)	7,533,375	19,689,759	29,269,951	83,842
23. Michigan	MI	L	39,944,390	36,469,597		16,934,640	26,842,227	57,090,784	8,159
24. Minnesota	MN	L	9,270,555	8,993,603	(27)	7,520,435	9,550,198	24,055,560	2,940
25. Mississippi	MS	L	10,805,102	8,165,734		4,291,143	7,516,879	21,342,491	1,316
26. Missouri	MO	L	13,386,352	12,404,701		9,402,813	13,452,607	30,746,043	2,588
27. Montana	MT	L	158,625	243,559		1,779	183,057	297,642	
28. Nebraska	NE	L	937,493	539,286		421,330	480,515	1,677,949	530
29. Nevada	NV	L	13,286,582	11,981,658		6,901,656	10,287,991	51,012,706	3,759
30. New Hampshire	NH	L	2,863,967	2,172,911		2,371,942	965,600	22,223,017	9,050
31. New Jersey	NJ	L	77,642,133	47,470,555		16,675,925	42,371,176	123,842,168	76,902
32. New Mexico	NM	L	992,619	815,004		1,047,229	1,306,606	562,944	3,563
33. New York	NY	L	62,221,561	58,820,570		16,966,573	52,492,850	101,934,218	63,785
34. North Carolina	NC	L	3,801,437	2,918,376	26	5,170,292	2,338,347	78,318,669	
35. North Dakota	ND	L	16,287	33,659		835	(2,488)	14,013	16
36. Ohio	OH	L	26,676,966	21,369,463		10,674,971	23,720,093	16,514,717	56,450
37. Oklahoma	OK	L	4,871,587	3,486,683		3,043,696	3,452,655	3,379,050	4,481
38. Oregon	OR	L	14,008,124	9,227,552		1,933,749	6,936,584	6,513,640	4,261
39. Pennsylvania	PA	L	22,759,715	18,221,883		10,290,942	17,060,868	17,308,122	48,753
40. Rhode Island	RI	L	3,474,811	3,492,534		1,196,061	2,670,361	2,698,978	1,888
41. South Carolina	SC	L	12,593,775	9,586,366	(227)	6,103,203	7,559,036	22,150,592	15,565
42. South Dakota	SD	L	524,541	557,137		168,982	254,628	1,803,590	
43. Tennessee	TN	L	10,624,454	6,291,750		3,970,802	4,350,091	4,622,870	18,793
44. Texas	TX	L	9,624,617	8,912,665		6,928,944	7,569,463	47,086,966	847
45. Utah	UT	L	3,206,335	2,644,017		1,447,090	3,295,174	8,828,694	3,795
46. Vermont	VT	L	5,325,144	4,983,149		3,897,480	4,294,828	14,294,863	870
47. Virginia	VA	L	47,855,151	50,403,892		36,833,710	34,049,444	34,350,400	202,861
48. Washington	WA	L	1,793,605	701,460		49,997	156,795	126,918	828
49. West Virginia	WV	L	2,475,208	4,176,684		3,653,445	4,991,890	6,362,767	2,914
50. Wisconsin	WI	L	5,090,345	5,776,806	607,378	2,352,356	2,931,513	8,333,919	6,006
51. Wyoming	WY	L	24,030	58,955		990,090	43,816	84,525	60
52. American Samoa	AS	N							
53. Guam	GU	L	2,400	2,749			(378)	402	
54. Puerto Rico	PR	N	(261)						
55. U.S. Virgin Islands	VI	L	602	1,102			(2,710)	6,610	
56. Northern Mariana Islands	MP	L							
57. Canada	CAN	N							
58. Aggregate Other Alien	OT	X X X	40,819	22,015		25,300	31,411		
59. Totals	(a) 54		747,364,131	626,664,182	745,565	324,859,728	511,597,489	1,237,132,642	858,429

DETAILS OF WRITE-INS									
58001. Other Alien	X X X		40,819	22,015			25,300	31,411	
58002.	X X X								
58003.	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X		40,819	22,015			25,300	31,411	

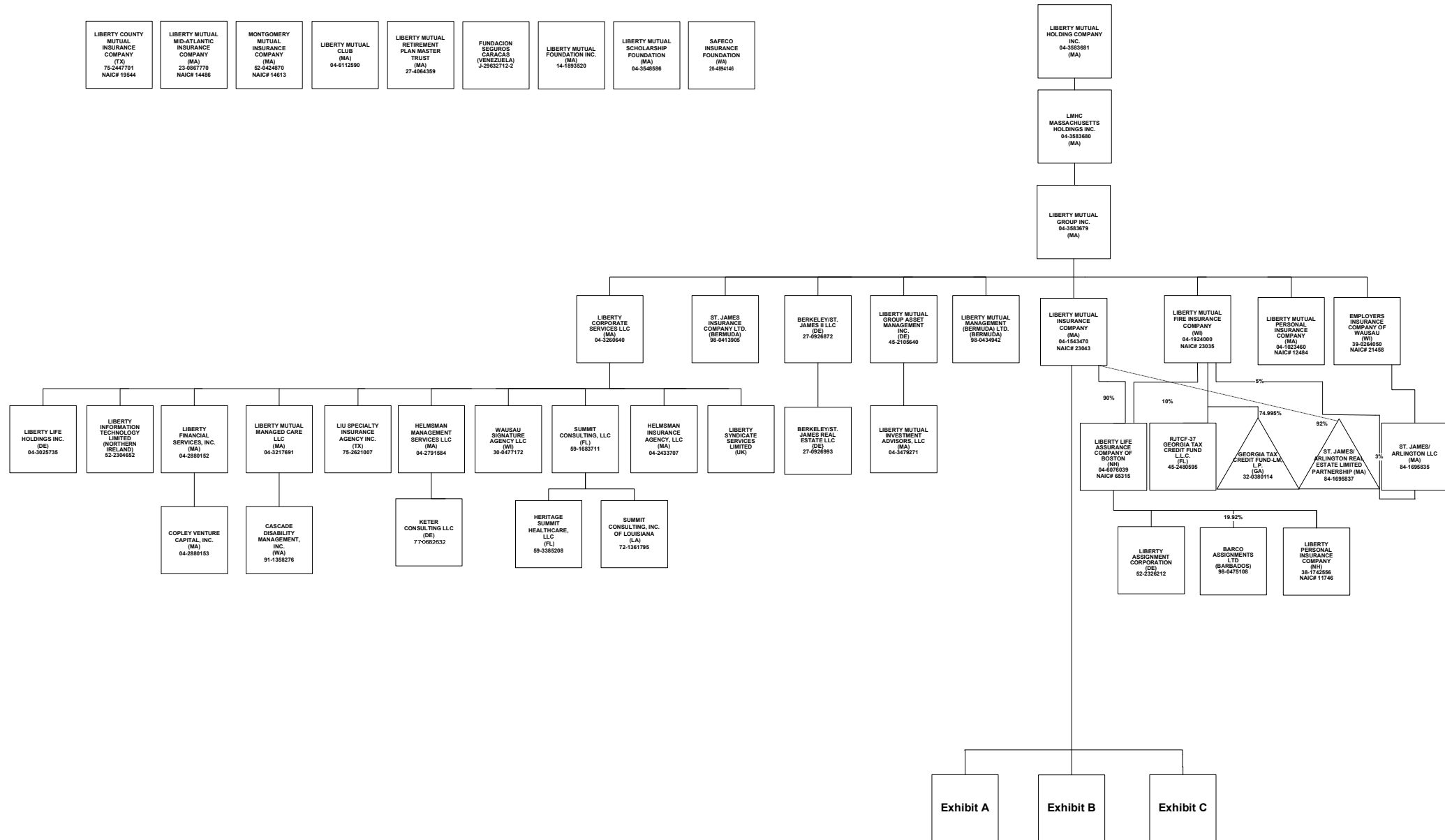
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business 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	*Location of Court or Obligor - Surety
*States employee's main work place - Worker's Compensation	*Address of Assured - Other Accident and Health
*Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage	*Location of Properties covered - Burglary and Theft
*Principal Location of business or location of coverage - Liability other than Auto, Fidelity, Warranty	*Principal Location of Assured - Ocean Marine, Credit
*Point of origin of shipment or principal location of assured - Inland Marine	*Primary residence of Assured - Aircraft (all perils)
*State in which employees regularly work - Group Accident and Health	

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

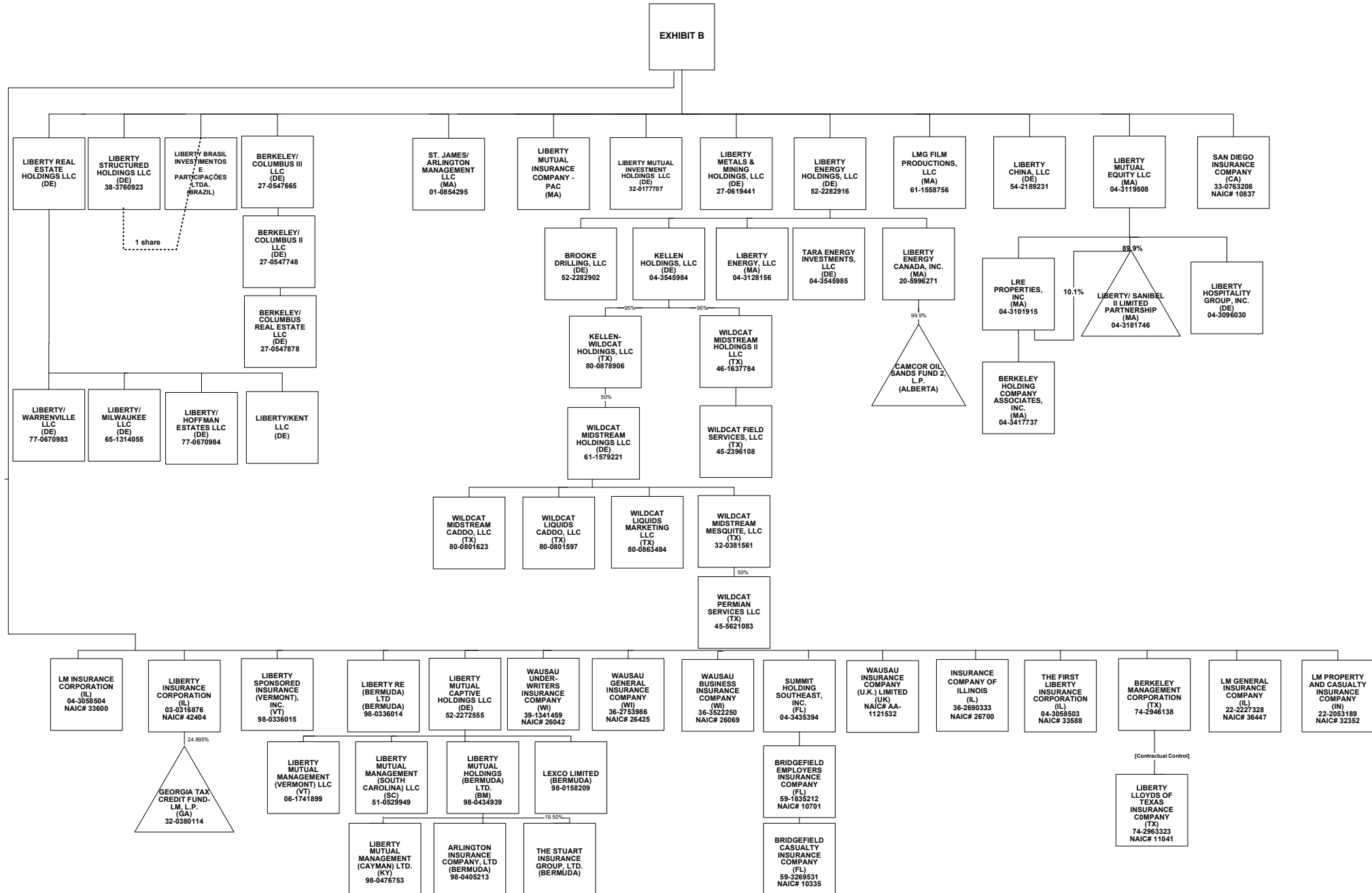
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



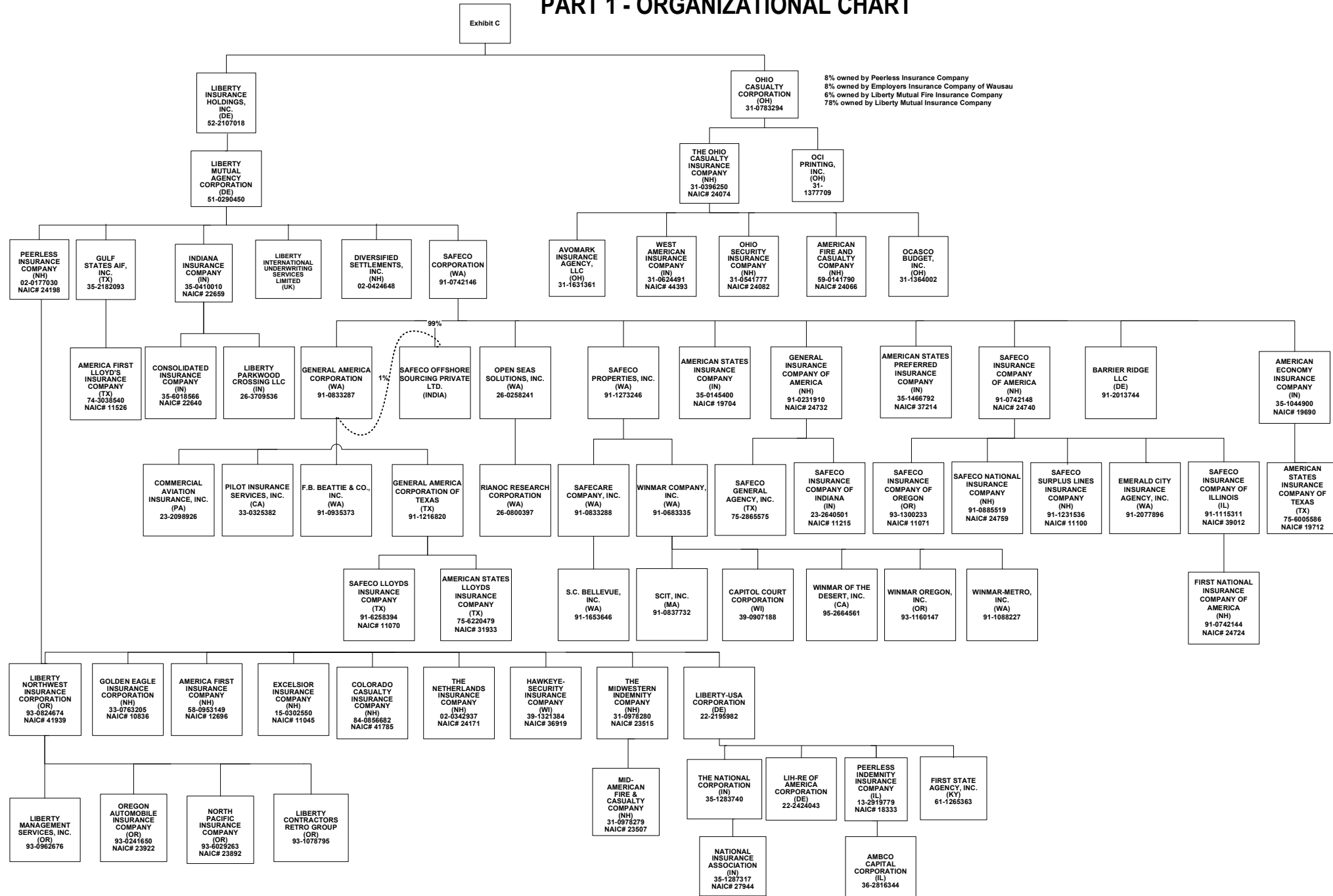
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

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	112,251	80,059	32,192	13,985
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	112,251	80,059	32,192	13,985

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

Assets	2	Schedule E – Verification Between Years	SI15
Cash Flow	5	Schedule F – Part 1	20
Exhibit of Capital Gains (Losses)	12	Schedule F – Part 2	21
Exhibit of Net Investment Income	12	Schedule F – Part 3	22
Exhibit of Nonadmitted Assets	13	Schedule F – Part 4	23
Exhibit of Premiums and Losses (State Page)	19	Schedule F – Part 5	24
Five-Year Historical Data	17	Schedule F – Part 6 - Section 1	25
General Interrogatories	15	Schedule F – Part 6 - Section 2	27
Jurat Page	1	Schedule F – Part 7	28
Liabilities, Surplus and Other Funds	3	Schedule F – Part 8	29
Notes To Financial Statements	14	Schedule F – Part 9	30
Overflow Page For Write-ins	101	Schedule H – Accident and Health Exhibit – Part 1	31
Schedule A – Part 1	E01	Schedule H – Part 2, Part 3 and Part 4	32
Schedule A – Part 2	E02	Schedule H – Part 5 – Health Claims	33
Schedule A – Part 3	E03	Schedule P – Part 1 – Summary	34
Schedule A – Verification Between Years	SI02	Schedule P – Part 1A – Homeowners/Farmowners	36
Schedule B – Part 1	E04	Schedule P – Part 1B – Private Passenger Auto Liability/Medical	37
Schedule B – Part 2	E05	Schedule P – Part 1C – Commercial Auto/Truck Liability/Medical	38
Schedule B – Part 3	E06	Schedule P – Part 1D – Workers' Comp (Excluding Excess Workers' Comp)	39
Schedule B – Verification Between Years	SI02	Schedule P – Part 1E – Commercial Multiple Peril	40
Schedule BA – Part 1	E07	Schedule P – Part 1F – Section 1 – Medical Professional Liability	
Schedule BA – Part 2	E08	– Occurrence	41
Schedule BA – Part 3	E09	Schedule P – Part 1F – Section 2 – Medical Professional Liability	
Schedule BA – Verification Between Years	SI03	– Claims-Made	42
Schedule D – Part 1	E10	Schedule P – Part 1G - Special Liability (Ocean, Marine, Aircraft (All	
Schedule D – Part 1A – Section 1	SI05	Perils), Boiler and Machinery)	43
Schedule D – Part 1A – Section 2	SI08	Schedule P – Part 1H – Section 1 – Other Liability – Occurrence	44
Schedule D – Part 2 – Section 1	E11	Schedule P – Part 1H – Section 2 – Other Liability – Claims-Made	45
Schedule D – Part 2 – Section 2	E12	Schedule P – Part 1I – Special Property (Fire, Allied Lines, Inland Marine,	
Schedule D – Part 3	E13	Earthquake, Burglary & Theft)	46
Schedule D – Part 4	E14	Schedule P – Part 1J – Auto Physical Damage	47
Schedule D – Part 5	E15	Schedule P – Part 1K – Fidelity/Surety	48
Schedule D – Part 6 – Section 1	E16	Schedule P – Part 1L – Other (Including Credit, Accident and Health)	49
Schedule D – Part 6 – Section 2	E16	Schedule P – Part 1M – International	50
Schedule D – Summary By Country	SI04	Schedule P – Part 1N – Reinsurance - Nonproportional Assumed Property	51
Schedule D – Verification Between Years	SI03	Schedule P – Part 1O – Reinsurance - Nonproportional Assumed Liability	52
Schedule DA – Part 1	E17	Schedule P – Part 1P – Reinsurance - Nonproportional Assumed Financial Lines	53
Schedule DA – Verification Between Years	SI10	Schedule P – Part 1R – Section 1 – Products Liability – Occurrence	54
Schedule DB – Part A – Section 1	E18	Schedule P – Part 1R – Section 2 – Products Liability – Claims – Made	55
Schedule DB – Part A – Section 2	E19	Schedule P – Part 1S – Financial Guaranty/Mortgage Guaranty	56
Schedule DB – Part A – Verification Between Years	SI11	Schedule P – Part 1T – Warranty	57
Schedule DB – Part B – Section 1	E20	Schedule P – Part 2, Part 3 and Part 4 - Summary	35
Schedule DB – Part B – Section 2	E21	Schedule P – Part 2A – Homeowners/Farmowners	58
Schedule DB – Part B – Verification Between Years	SI11	Schedule P – Part 2B – Private Passenger Auto Liability/Medical	58
Schedule DB – Part C – Section 1	SI12	Schedule P – Part 2C – Commercial Auto/Truck Liability/Medical	58
Schedule DB – Part C – Section 2	SI13	Schedule P – Part 2D – Workers' Comp (Excluding Excess Workers' Comp)	58
Schedule DB - Part D	E22	Schedule P – Part 2E – Commercial Multiple Peril	58
Schedule DB - Verification	SI14	Schedule P – Part 2F – Section 1 – Medical Professional Liability	
Schedule DL - Part 1	E23	– Occurrence	59
Schedule DL - Part 2	E24	Schedule P - Part 2F - Medical Professional Liability - Claims - Made	59
Schedule E – Part 1 – Cash	E25	Schedule P – Part 2G – Special Liability (Ocean Marine, Aircraft (All Perils),	
Schedule E – Part 2 – Cash Equivalents	E26	Boiler and Machinery)	59
Schedule E – Part 3 – Special Deposits	E27	Schedule P – Part 2H – Section 1 – Other Liability – Occurrence	59

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

Schedule P – Part 2H – Section 2 – Other Liability – Claims – Made	59	Schedule P – Part 4I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary and Theft)	70
Schedule P – Part 2I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	60	Schedule P – Part 4J – Auto Physical Damage	70
Schedule P – Part 2J – Auto Physical Damage	60	Schedule P – Part 4K – Fidelity/Surety	70
Schedule P – Part 2K – Fidelity, Surety	60	Schedule P – Part 4L – Other (Including Credit, Accident and Health)	70
Schedule P – Part 2L – Other (Including Credit, Accident and Health)	60	Schedule P – Part 4M – International	70
Schedule P – Part 2M – International	60	Schedule P – Part 4N – Reinsurance - Nonproportional Assumed Property	71
Schedule P – Part 2N – Reinsurance - Nonproportional Assumed Property	61	Schedule P – Part 4O – Reinsurance - Nonproportional Assumed Liability	71
Schedule P – Part 2O – Reinsurance - Nonproportional Assumed Liability	61	Schedule P – Part 4P – Reinsurance - Nonproportional Assumed Financial Lines	71
Schedule P – Part 2P – Reinsurance - Nonproportional Assumed Financial Lines	61	Schedule P – Part 4R – Section 1 – Products Liability – Occurrence	72
Schedule P – Part 2R – Section 1 – Products Liability – Occurrence	62	Schedule P – Part 4R – Section 2 – Products Liability – Claims-Made	72
Schedule P – Part 2R – Section 2 – Products Liability – Claims-Made	62	Schedule P – Part 4S – Financial Guaranty/Mortgage Guaranty	72
Schedule P – Part 2S – Financial Guaranty/Mortgage Guaranty	62	Schedule P – Part 4T – Warranty	72
Schedule P – Part 2T – Warranty	62	Schedule P – Part 5A – Homeowners/Farmowners	73
Schedule P – Part 3A – Homeowners/Farmowners	63	Schedule P – Part 5B – Private Passenger Auto Liability/Medical	74
Schedule P – Part 3B – Private Passenger Auto Liability/Medical	63	Schedule P – Part 5C – Commercial Auto/Truck Liability/Medical	75
Schedule P – Part 3C – Commercial Auto/Truck Liability/Medical	63	Schedule P – Part 5D – Workers' Comp (Excluding Excess Workers' Comp)	76
Schedule P – Part 3D – Workers' Comp (Excluding Excess Workers' Comp)	63	Schedule P – Part 5E – Commercial Multiple Peril	77
Schedule P – Part 3E – Commercial Multiple Peril	63	Schedule P – Part 5F – Medical Professional Liability – Claims-Made	79
Schedule P – Part 3F – Section 1 – Medical Professional Liability – Occurrence	64	Schedule P – Part 5F – Medical Professional Liability – Occurrence	78
Schedule P – Part 3F – Section 2 – Medical Professional Liability – Claims-Made	64	Schedule P – Part 5H – Other Liability – Claims-Made	81
Schedule P – Part 3G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	64	Schedule P – Part 5H – Other Liability – Occurrence	80
Schedule P – Part 3H – Section 1 – Other Liability – Occurrence	64	Schedule P – Part 5R – Products Liability – Claims-Made	83
Schedule P – Part 3H – Section 2 – Other Liability – Claims-Made	64	Schedule P – Part 5R – Products Liability – Occurrence	82
Schedule P – Part 3I – Special Property (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, and Theft)	65	Schedule P – Part 5T – Warranty	84
Schedule P – Part 3J – Auto Physical Damage	65	Schedule P – Part 6C – Commercial Auto/Truck Liability/Medical	85
Schedule P – Part 3K – Fidelity/Surety	65	Schedule P – Part 6D – Workers' Comp (Excluding Excess Workers' Comp)	85
Schedule P – Part 3L – Other (Including Credit, Accident and Health)	65	Schedule P – Part 6E – Commercial Multiple Peril	86
Schedule P – Part 3M – International	65	Schedule P – Part 6H – Other Liability – Claims-Made	87
Schedule P – Part 3N – Reinsurance - Nonproportional Assumed Property	66	Schedule P – Part 6H – Other Liability – Occurrence	86
Schedule P – Part 3O – Reinsurance - Nonproportional Assumed Liability	66	Schedule P – Part 6M – International	87
Schedule P – Part 3P – Reinsurance - Nonproportional Assumed Financial Lines	66	Schedule P – Part 6N – Reinsurance - Nonproportional Assumed Property	88
Schedule P – Part 3R – Section 1 – Products Liability – Occurrence	67	Schedule P – Part 6O – Reinsurance - Nonproportional Assumed Liability	88
Schedule P – Part 3R – Section 2 – Products Liability – Claims-Made	67	Schedule P – Part 6R – Products Liability – Claims-Made	89
Schedule P – Part 3S – Financial Guaranty/Mortgage Guaranty	67	Schedule P – Part 6R – Products Liability – Occurrence	89
Schedule P – Part 3T – Warranty	67	Schedule P – Part 7A – Primary Loss Sensitive Contracts	90
Schedule P – Part 4A – Homeowners/Farmowners	68	Schedule P – Part 7B – Reinsurance Loss Sensitive Contracts	92
Schedule P – Part 4B – Private Passenger Auto Liability/Medical	68	Schedule P Interrogatories	94
Schedule P – Part 4C – Commercial Auto/Truck Liability/Medical	68	Schedule T – Exhibit of Premiums Written	95
Schedule P – Part 4D – Workers' Comp (Excluding Excess Workers' Comp)	68	Schedule T – Part 2 – Interstate Compact	96
Schedule P – Part 4E – Commercial Multiple Peril	68	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	97
Schedule P – Part 4F – Section 1 – Medical Professional Liability – Occurrence	68	Schedule Y - Part 1A - Detail of Insurance Holding Company System	98
Schedule P – Part 4F – Section 2 – Medical Professional Liability – Claims-Made	69	Schedule Y – Part 2 – Summary of Insurer's Transactions With Any Affiliates	99
Schedule P – Part 4G – Special Liability (Ocean Marine, Aircraft (All Perils), Boiler and Machinery)	69	Statement of Income	4
Schedule P – Part 4H – Section 1 – Other Liability – Occurrence	69	Summary Investment Schedule	SI01
Schedule P – Part 4H – Section 2 – Other Liability – Claims-Made	69	Supplemental Exhibits and Schedules Interrogatories	100
		Underwriting and Investment Exhibit Part 1	6
		Underwriting and Investment Exhibit Part 1A	7
		Underwriting and Investment Exhibit Part 1B	8
		Underwriting and Investment Exhibit Part 2	9
		Underwriting and Investment Exhibit Part 2A	10
		Underwriting and Investment Exhibit Part 3	11