ANNUAL STATEMENT

OF THE

LIBERTY MUTUAL FIRE INSURANCE COMPANY

of WAUSAU

in the state of WISCONSIN

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2012

PROPERTY AND CASUALTY

2012

23035201220100100

ANNUAL STATEMENT

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

Liberty Mutual Fire Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 23035 **Employer's ID Number** 04-1924000

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

Country of Domicile United States of America

Incorporated/Organized October 31, 1908 **Commenced Business** November 5, 1908

Statutory Home Office 2000 Westwood Drive (Street and Number), Wausau, WI, US 54401 (City or Town, State, Country and Zip Code)

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

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

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

Internet Web Site Address www.LibertyMutualGroup.com

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

OFFICERS

Chairman of the Board

David Henry Long

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

VICE-PRESIDENTS

Name	Title	Name	Title
Paul Garvin Alexander	Senior Vice President	John Eric Brosius	SVP & Corporate Actuary
James Paul Condrin, III	Executive Vice President	John Derek Doyle	Vice President and Comptroller
Melanie Marie Foley	Senior Vice President	Anthony Alexander Fontanes	EVP and Chief Investment Officer
Dennis James Langwell	SVP and Chief Financial Officer	Christopher Charles Mansfield	Senior Vice President and General Counsel
James Martin McGlennon	SVP and Chief Information Officer	Christopher Locke Peirce	Executive Vice President
Timothy Michael Sweeney	Executive Vice President		

DIRECTORS OR TRUSTEES

James Paul Condrin, III #	Anthony Alexander Fontanes	Dennis James Langwell	Dexter Robert Legg
David Henry Long	Christopher Charles Mansfield	Christopher Locke Peirce	Timothy Michael Sweeney

State of Massachusetts

County of Suffolk ss

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

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

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

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

ASSETS

	Current Year 1 Assets	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	3,151,296,529		3,151,296,529	3,015,091,860
2. Stocks (Schedule D):				
2.1 Preferred stocks	22,549,678		22,549,678	18,718,548
2.2 Common stocks	344,607,279		344,607,279	332,911,747
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	110,109,559		110,109,559	95,325,758
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 ($ 26,115,981, Schedule E - Part 1), cash equivalents ($ 10,099,612, Schedule E - Part 2), and short-term investments ($ 61,871,486, Schedule DA)	98,087,079		98,087,079	56,571,299
6. Contract loans (including $ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	435,138,189		435,138,189	381,496,442
9. Receivables for securities	1,790,423		1,790,423	2,044,447
10. Securities lending reinvested collateral assets (Schedule DL)	86,281,705		86,281,705	54,376,803
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	4,249,860,441		4,249,860,441	3,956,536,904
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	32,921,748		32,921,748	32,689,505
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	162,131,988	4,905,424	157,226,564	154,279,760
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 1,024,355 earned but unbilled premiums)	504,052,430	345,469	503,706,961	428,615,107
15.3 Accrued retrospective premiums	42,149,498	4,204,700	37,944,798	52,848,135
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	92,924	30,673	62,251	3,656
18.1 Current federal and foreign income tax recoverable and interest thereon	12,588,120		12,588,120	3,208,391
18.2 Net deferred tax asset	220,185,000	107,526,415	112,658,585	128,789,352
19. Guaranty funds receivable or on deposit	2,459,835		2,459,835	2,643,877
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				3,790,604
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	131,477,832	5,163,766	126,314,066	113,373,146
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	5,357,919,816	122,176,447	5,235,743,369	4,876,778,437
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	5,357,919,816	122,176,447	5,235,743,369	4,876,778,437

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	83,053,353		83,053,353	76,606,078
2502. Amounts receivable under high deductible policies	27,985,882	38	27,985,844	26,245,032
2503. Equities and deposits in pools and associations	13,198,388		13,198,388	9,602,684
2598. Summary of remaining write-ins for Line 25 from overflow page	7,240,209	5,163,728	2,076,481	919,352
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	131,477,832	5,163,766	126,314,066	113,373,146

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	2,472,362,373	2,290,227,323
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	85,718,835	107,387,283
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	509,044,421	474,690,945
4.	Commissions payable, contingent commissions and other similar charges	17,087,645	13,320,255
5.	Other expenses (excluding taxes, licenses and fees)	65,406,798	52,016,921
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	30,823,560	31,022,821
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))		
7.2	Net deferred tax liability		
8.	Borrowed money $ 150,000,000 and interest thereon $ 505,042	150,505,042	
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $ 2,753,286,714 and including warranty reserves of $ 0 and accrued accident and healthexperience rating refunds including $ 0 for medical loss ratio rebate per the Public Health Service Act)	735,045,089	657,670,302
10.	Advance premium	6,965,536	7,723,750
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	429,198	813,903
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	11,705,752	9,488,413
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	63,776,280	58,952,170
19.	Payable to parent, subsidiaries and affiliates	31,430,853	36,926,184
20.	Derivatives	2,673,471	
21.	Payable for securities	14,482,946	9,189,730
22.	Payable for securities lending	86,281,705	54,376,803
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	12,863,812	(71,022)
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	4,296,603,316	3,803,735,781
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	4,296,603,316	3,803,735,781
29.	Aggregate write-ins for special surplus funds	105,685,871	149,920,527
30.	Common capital stock	10,000,000	10,000,000
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds	1,250,000	1,250,000
33.	Surplus notes		
34.	Gross paid in and contributed surplus	375,000,000	375,000,000
35.	Unassigned funds (surplus)	447,204,182	536,872,129
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)	939,140,053	1,073,042,656
38.	Totals (Page 2, Line 28, Col. 3)	5,235,743,369	4,876,778,437

	DETAILS OF WRITE-IN LINES		
2501.	Amounts held under uninsured plans	101,111,608	96,440,065
2502.	Other liabilities	74,277,233	73,489,985
2503.	Retroactive reinsurance reserves	(162,525,029)	(170,001,072)
2598.	Summary of remaining write-ins for Line 25 from overflow page		
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	12,863,812	(71,022)
2901.	Special surplus from retroactive reinsurance	105,685,871	105,231,809
2902.	SSAP 10R incremental change		44,688,718
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	105,685,871	149,920,527
3201.	Guaranty funds	1,250,000	1,250,000
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)	1,250,000	1,250,000

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	1,590,470,098	1,407,625,896
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	1,153,949,419	989,405,588
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	282,828,146	278,315,308
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	504,485,732	381,421,833
5.	Aggregate write-ins for underwriting deductions		(70,675)
6.	Total underwriting deductions (Lines 2 through 5)	1,941,263,297	1,649,072,054
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(350,793,199)	(241,446,158)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	140,562,326	148,332,163
10.	Net realized capital gains (losses) less capital gains tax of $ 22,666,291 (Exhibit of Capital Gains (Losses))	42,094,540	15,821,170
11.	Net investment gain (loss) (Lines 9 + 10)	182,656,866	164,153,333
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 506,530 amount charged off $ 6,291,734)	(5,785,204)	(6,026,814)
13.	Finance and service charges not included in premiums	5,172,125	5,521,006
14.	Aggregate write-ins for miscellaneous income	(6,006,441)	(36,168,058)
15.	Total other income (Lines 12 through 14)	(6,619,520)	(36,673,866)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(174,755,853)	(113,966,691)
17.	Dividends to policyholders	3,173,848	5,247,666
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)	(177,929,701)	(119,214,357)
19.	Federal and foreign income taxes incurred	(47,127,291)	(19,792,091)
20.	Net income (Line 18 minus Line 19) (to Line 22)	(130,802,410)	(99,422,266)
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,073,042,656	1,204,356,192
22.	Net income (from Line 20)	(130,802,410)	(99,422,266)
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ 6,507,451	17,935,672	(2,515,831)
25.	Change in net unrealized foreign exchange capital gain (loss)	2,661,577	(3,341,331)
26.	Change in net deferred income tax	43,989,481	41,764,908
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(13,371,449)	(48,775,890)
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	5,373,244	1,288,156
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	(15,000,000)	(65,000,000)
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	(44,688,718)	44,688,718
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	(133,902,603)	(131,313,536)
39.	Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	939,140,053	1,073,042,656

	DETAILS OF WRITE-IN LINES		
0501.	Private passenger auto escrow		(70,675)
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)		(70,675)
1401.	Other income/(expense)	(2,011,932)	(18,371,969)
1402.	Retroactive reinsurance gain/(loss)	(3,994,509)	(17,796,089)
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(6,006,441)	(36,168,058)
3701.	SSAP 10R incremental change	(44,688,718)	44,688,718
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)	(44,688,718)	44,688,718

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	1,605,490,137	1,381,205,978
2.	Net investment income	147,685,839	154,631,690
3.	Miscellaneous income	(4,901,872)	(42,559,609)
4.	Total (Lines 1 through 3)	1,748,274,104	1,493,278,059
5.	Benefit and loss related payments	989,684,317	944,253,023
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	736,598,312	616,563,342
8.	Dividends paid to policyholders	3,558,553	5,268,668
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	(15,081,270)	14,610,716
10.	Total (Lines 5 through 9)	1,714,759,912	1,580,695,749
11.	Net cash from operations (Line 4 minus Line 10)	33,514,192	(87,417,690)
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	769,527,276	512,092,355
	12.2 Stocks	31,044,808	21,640,362
	12.3 Mortgage loans	7,152,089	5,768,636
	12.4 Real estate		
	12.5 Other invested assets	342,653,946	292,447,992
	12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds	180,780	6,790,382
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,150,558,899	838,739,727
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	887,284,597	471,108,101
	13.2 Stocks	19,611,339	13,857,366
	13.3 Mortgage loans	22,323,965	19,952,477
	13.4 Real estate		
	13.5 Other invested assets	386,269,376	327,159,571
	13.6 Miscellaneous applications	(3,767,298)	33,927,495
	13.7 Total investments acquired (Lines 13.1 to 13.6)	1,311,721,979	866,005,010
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)	(161,163,080)	(27,265,283)
	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	150,505,042	
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders	15,000,000	65,000,000
	16.6 Other cash provided (applied)	33,659,626	109,177,563
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	169,164,668	44,177,563
	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)	41,515,780	(70,505,410)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	56,571,299	127,076,709
	19.2 End of year (Line 18 plus Line 19.1)	98,087,079	56,571,299

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

20.0001	12.1 - Proceeds from investments sold, matured or repaid - Bonds		3,600,000
20.0002	12.2 - Proceeds from investments sold, matured or repaid - Stocks		3,930,000
20.0003	12.3 - Proceeds from investments sold, matured or repaid - Mortgage loans	197,859	1,106,837
20.0004	13.1 Cost of Investment Acquired - Bonds		7,530,000
20.0005	13.5 Cost of Investment Acquired - Other invested assets		1,106,837

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	45,700,328	16,943,175	20,522,889	42,120,614
2. Allied lines	18,578,137	8,375,492	9,267,340	17,686,289
3. Farmowners multiple peril	238,040	19,668	21,950	235,758
4. Homeowners multiple peril	254,129,379	112,202,093	153,296,197	213,035,275
5. Commercial multiple peril	38,637,829	21,456,502	20,310,361	39,783,970
6. Mortgage guaranty				
8. Ocean marine	6,638,236	2,667,400	2,881,152	6,424,484
9. Inland marine	68,963,581	6,952,997	7,364,960	68,551,618
10. Financial guaranty				
11.1 Medical professional liability—occurrence	5,077,400	2,681,898	2,668,874	5,090,424
11.2 Medical professional liability—claims-made	594,763	111,061	199,529	506,295
12. Earthquake	6,775,388	2,444,204	3,216,321	6,003,271
13. Group accident and health	87,679			87,679
14. Credit accident and health (group and individual)				
15. Other accident and health	85,158	8,559	7,737	85,980
16. Workers' compensation	391,299,065	11,282,971	25,387,801	377,194,235
17.1 Other liability—occurrence	118,655,259	48,445,024	50,961,452	116,138,831
17.2 Other liability—claims-made	40,010,337	19,086,416	21,957,836	37,138,917
17.3 Excess workers' compensation	9,998,825	4,693,063	5,164,429	9,527,459
18.1 Products liability—occurrence	17,388,116	10,716,616	10,833,471	17,271,261
18.2 Products liability—claims-made	855,078	157,732	173,187	839,623
19.1,19.2 Private passenger auto liability	378,789,543	177,485,235	192,308,055	363,966,723
19.3,19.4 Commercial auto liability	56,534,171	23,634,264	24,709,118	55,459,317
21. Auto physical damage	171,080,406	122,163,233	133,665,170	159,578,469
22. Aircraft (all perils)	5,521,145	1,529,449	1,186,041	5,864,553
23. Fidelity	1,569,427	565,222	712,008	1,422,641
24. Surety	767,114	316,734	715,798	368,050
26. Burglary and theft	52,781	13,856	25,461	41,176
27. Boiler and machinery	3,950,831	1,595,718	1,762,467	3,784,082
28. Credit	237,930		123,064	114,866
29. International				
30. Warranty	838,500		718,649	119,851
31. Reinsurance-nonproportional assumed property	36,680,084	3,028,507	3,209,559	36,499,032
32. Reinsurance-nonproportional assumed liability	4,492,704	1,010,610	526,372	4,976,942
33. Reinsurance-nonproportional assumed financial lines	4,014			4,014
34. Aggregate write-ins for other lines of business				
35. TOTALS	1,684,231,248	599,587,699	693,897,248	1,589,921,699

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	20,220,326	302,563			20,522,889
2. Allied lines	9,181,521	85,818			9,267,339
3. Farmowners multiple peril	21,950				21,950
4. Homeowners multiple peril	153,296,197				153,296,197
5. Commercial multiple peril	19,262,887	1,047,474			20,310,361
6. Mortgage guaranty					
8. Ocean marine	2,508,560	372,591			2,881,151
9. Inland marine	4,900,475	2,464,484			7,364,959
10. Financial guaranty					
11.1 Medical professional liability—occurrence	2,644,673	24,200			2,668,873
11.2 Medical professional liablity—claims-made	198,529	1,000			199,529
12. Earthquake	3,186,175	30,147			3,216,322
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	7,737				7,737
16. Workers' compensation	65,853,327	1,749,341		(42,214,867)	25,387,801
17.1 Other liability—occurrence	42,511,741	8,602,217		(152,506)	50,961,452
17.2 Other liability—claims-made	16,780,173	5,177,663			21,957,836
17.3 Excess workers' compensation	4,380,582	783,847			5,164,429
18.1 Products liability—occurrence	5,745,865	5,008,963		78,644	10,833,472
18.2 Products liability—claims-made	173,187				173,187
19.1,19.2 Private passenger auto liability	192,091,638	216,417			192,308,055
19.3,19.4 Commercial auto liability	23,049,294	518,938		1,140,886	24,709,118
21. Auto physical damage	133,513,964	151,206			133,665,170
22. Aircraft (all perils)	1,186,041				1,186,041
23. Fidelity	684,107	27,901			712,008
24. Surety	(9,854)	725,651			715,797
26. Burglary and theft	25,461				25,461
27. Boiler and machinery	1,734,822	27,644			1,762,466
28. Credit	123,064				123,064
29. International					
30. Warranty		718,649			718,649
31. Reinsurance-nonproportional assumed property	3,209,559				3,209,559
32. Reinsurance-nonproportional assumed liability	516,000	10,372			526,372
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	706,998,001	28,047,086		(41,147,843)	693,897,244
36. Accrued retrospective premiums based on experience					41,147,843
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					735,045,087

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	342,228,571	45,700,328		342,228,571		45,700,328
2. Allied lines	162,801,604	18,578,137		162,801,604		18,578,137
3. Farmowners multiple peril		238,040				238,040
4. Homeowners multiple peril	1,462,194,757	254,129,379		1,462,194,757		254,129,379
5. Commercial multiple peril	37,298,305	38,637,829		37,298,305		38,637,829
6. Mortgage guaranty						
8. Ocean marine	4,136,823	6,638,236		4,136,823		6,638,236
9. Inland marine	32,929,350	68,963,581		32,929,350		68,963,581
10. Financial guaranty						
11.1 Medical professional liability--occurrence		5,077,400				5,077,400
11.2 Medical professional liability--claims-made		594,763				594,763
12. Earthquake	48,663,659	6,775,388		48,663,659		6,775,388
13. Group accident and health		87,679				87,679
14. Credit accident and health (group and individual)						
15. Other accident and health		85,158				85,158
16. Workers' compensation	480,251,177	391,299,065		480,251,177		391,299,065
17.1 Other liability—occurrence	192,195,817	118,655,259		192,195,817		118,655,259
17.2 Other liability—claims-made	1,662,040	40,010,337		1,662,040		40,010,337
17.3 Excess workers' compensation	209,372	9,998,825		209,372		9,998,825
18.1 Products liability—occurrence	73,581,675	17,388,116		73,581,675		17,388,116
18.2 Products liability—claims-made	6,117,222	855,078		6,117,222		855,078
19.1,19.2 Private passenger auto liability	1,546,143,664	378,789,543		1,546,143,664		378,789,543
19.3,19.4 Commercial auto liability	213,647,818	56,534,171		213,647,818		56,534,171
21. Auto physical damage	1,072,936,948	171,080,406		1,072,936,948		171,080,406
22. Aircraft (all perils)		5,521,145				5,521,145
23. Fidelity	142,393	1,569,427		142,393		1,569,427
24. Surety	6,279,592	767,114		6,279,592		767,114
26. Burglary and theft	102,448	52,781		102,448		52,781
27. Boiler and machinery	29,313,346	3,950,831		29,313,346		3,950,831
28. Credit		237,930				237,930
29. International						
30. Warranty	6,500,000	838,500		6,500,000		838,500
31. Reinsurance-nonproportional assumed property	X X X	36,680,084				36,680,084
32. Reinsurance-nonproportional assumed liability	X X X	4,492,704				4,492,704
33. Reinsurance-nonproportional assumed financial lines	X X X	4,014				4,014
34. Aggregate write-ins for other lines of business						
35. TOTALS	5,719,336,581	1,684,231,248		5,719,336,581		1,684,231,248

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 $ 406,576,600

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 424,168,610

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	235,034,775	28,874,170	235,034,775	28,874,170	34,133,445	19,552,096	43,455,519	103.169
2. Allied lines	92,126,715	9,398,380	92,126,715	9,398,380	11,071,171	7,313,983	13,155,568	74.383
3. Farmowners multiple peril		4,958		4,958			4,958	2.103
4. Homeowners multiple peril	736,921,841	126,056,638	736,921,841	126,056,638	58,896,288	53,321,503	131,631,423	61.789
5. Commercial multiple peril	14,440,789	24,868,394	14,440,789	24,868,394	47,924,309	44,534,331	28,258,372	71.030
6. Mortgage guaranty								
8. Ocean marine	3,045,296	2,083,576	3,045,296	2,083,576	8,464,782	7,620,219	2,928,139	45.578
9. Inland marine	10,172,609	45,725,332	10,172,609	45,725,332	11,484,609	7,590,500	49,619,441	72.383
10. Financial guaranty								
11.1 Medical professional liability—occurrence		167,785		167,785	5,257,427	5,532,643	(107,431)	(2.110)
11.2 Medical professional liability—claims-made		2,609		2,609	584,152	1,023,033	(436,272)	(86.170)
12. Earthquake		12,389		12,389	332,168	24,277	320,280	5.335
13. Group accident and health		66,213		66,213	305,940	318,858	53,295	60.784
14. Credit accident and health (group and individual)								
15. Other accident and health		31,061		31,061	229,714	239,244	21,531	25.042
16. Workers' compensation	482,462,358	251,751,619	482,462,358	251,751,619	1,389,235,325	1,298,388,071	342,598,873	90.828
17.1 Other liability—occurrence	167,672,815	75,425,702	167,672,815	75,425,702	282,819,631	245,519,961	112,725,372	97.061
17.2 Other liability—claims-made	4,034,745	9,262,677	4,034,745	9,262,677	69,737,268	59,999,330	19,000,615	51.161
17.3 Excess workers' compensation	248,769	2,684,006	248,769	2,684,006	69,765,972	63,831,214	8,618,764	90.462
18.1 Products liability—occurrence	26,527,295	6,163,207	26,527,295	6,163,207	52,042,879	55,411,544	2,794,542	16.180
18.2 Products liability—claims-made	72,255	60,144	72,255	60,144	3,676,658	3,090,681	646,121	76.954
19.1,19.2 Private passenger auto liability	1,061,314,400	221,043,225	1,061,314,400	221,043,225	262,780,902	254,765,798	229,058,329	62.934
19.3,19.4 Commercial auto liability	141,523,447	41,949,942	141,523,447	41,949,942	71,602,640	74,034,844	39,517,738	71.255
21. Auto physical damage	662,423,781	104,617,440	662,423,781	104,617,440	(2,938,933)	1,616,013	100,062,494	62.704
22. Aircraft (all perils)		4,380,184		4,380,184	6,064,934	6,471,719	3,973,399	67.753
23. Fidelity	93,465	198,034	93,465	198,034	3,507,756	3,038,294	667,496	46.919
24. Surety		(15,603)		(15,603)	190,279	151,481	23,195	6.302
26. Burglary and theft	5,393	51,421	5,393	51,421	36,205	40,710	46,916	113.940
27. Boiler and machinery	18,985,366	2,467,814	18,985,366	2,467,814	1,390,247	632,888	3,225,173	85.230
28. Credit					87,614	3,598	84,016	73.143
29. International								
30. Warranty					49,491	(3,066)	52,557	43.852
31. Reinsurance-nonproportional assumed property	X X X	8,095,852		8,095,852	33,129,581	20,700,141	20,525,292	56.235
32. Reinsurance-nonproportional assumed liability	X X X	7,280,250		7,280,250	49,882,013	54,872,446	2,289,817	46.009
33. Reinsurance-nonproportional assumed financial lines	X X X	88,104		88,104	617,904	590,971	115,037	2865.894
34. Aggregate write-ins for other lines of business								
35. TOTALS	3,657,106,114	972,795,523	3,657,106,114	972,795,523	2,472,362,371	2,290,227,325	1,154,930,569	72.641

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

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

	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire	161,338,122	23,821,679	161,338,122	23,821,679	39,389,907	10,311,765	39,389,907	34,133,444	2,740,749
2. Allied lines	88,783,894	8,102,032	88,783,894	8,102,032	8,751,500	2,969,139	8,751,500	11,071,171	1,679,637
3. Farmowners multiple peril									
4. Homeowners multiple peril	183,607,645	30,751,465	183,607,645	30,751,465	174,273,766	28,144,823	174,273,766	58,896,288	15,662,588
5. Commercial multiple peril	33,259,098	34,196,780	33,259,098	34,196,780	11,341,155	13,727,529	11,341,155	47,924,309	18,101,382
6. Mortgage guaranty									
8. Ocean marine	443,551	4,744,774	443,551	4,744,774	2,277,419	3,720,008	2,277,419	8,464,782	1,282,788
9. Inland marine	1,611,307	3,747,163	1,611,307	3,747,163	1,941,488	7,737,446	1,941,488	11,484,609	1,451,815
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		267,999		267,999		4,989,429		5,257,428	156,157
11.2 Medical professional liablity—claims-made		62,285		62,285		521,867		584,152	261,582
12. Earthquake	240,000	59,888	240,000	59,888	(188,838)	272,280	(188,838)	332,168	194,777
13. Group accident and health		260,234		260,234		45,706		(a) 305,940	24,405
14. Credit accident and health (group and individual)									
15. Other accident and health		68,550		68,550		161,164		(a) 229,714	15,748
16. Workers' compensation	1,816,342,947	720,540,880	1,816,342,947	720,540,880	1,469,298,379	668,694,445	1,469,298,379	1,389,235,325	201,808,485
17.1 Other liability—occurrence	205,457,780	113,143,564	205,457,780	113,143,564	420,328,961	169,676,067	420,328,961	282,819,631	111,245,601
17.2 Other liability—claims-made	1,020,391	14,467,736	1,020,391	14,467,736	7,707,020	55,269,532	7,707,020	69,737,268	21,971,788
17.3 Excess workers' compensation	224,622	28,198,719	224,622	28,198,719	2,379,143	41,567,254	2,379,143	69,765,973	7,076,791
18.1 Products liability—occurrence	42,428,530	9,523,517	42,428,530	9,523,517	140,777,579	42,519,362	140,777,579	52,042,879	31,773,063
18.2 Products liability—claims-made	284,449	108,489	284,449	108,489	14,961,729	3,568,169	14,961,729	3,676,658	2,269,285
19.1,19.2 Private passenger auto liability	945,311,278	158,058,115	945,311,278	158,058,115	520,677,530	104,722,787	520,677,530	262,780,902	61,226,801
19.3,19.4 Commercial auto liability	182,092,803	46,363,338	182,092,803	46,363,338	117,320,089	25,239,302	117,320,089	71,602,640	15,160,534
21. Auto physical damage		144,918		144,918	(11,352,879)	(3,083,851)	(11,352,879)	(2,938,933)	8,134,699
22. Aircraft (all perils)		4,147,214		4,147,214		1,917,721		6,064,935	1,585,662
23. Fidelity	465,515	389,707	465,515	389,707	114,549	3,118,049	114,549	3,507,756	541,375
24. Surety		59,469		59,469	4,906,923	130,810	4,906,923	190,279	332,566
26. Burglary and theft		3,926		3,926	24,651	32,279	24,651	36,205	33,924
27. Boiler and machinery	5,079,461	661,310	5,079,461	661,310	5,474,573	728,937	5,474,573	1,390,247	109,965
28. Credit						87,614		87,614	
29. International									
30. Warranty					465,125	49,491	465,125	49,491	26,780
31. Reinsurance-nonproportional assumed property	X X X	12,837,695		12,837,695	X X X	20,291,886		33,129,581	370,377
32. Reinsurance-nonproportional assumed liability	X X X	12,827,549		12,827,549	X X X	37,054,465		49,882,014	3,782,900
33. Reinsurance-nonproportional assumed financial lines	X X X	618,959		618,959	X X X	(1,055)		617,904	22,196
34. Aggregate write-ins for other lines of business									
35. TOTALS	3,667,991,393	1,228,177,954	3,667,991,393	1,228,177,954	2,930,869,769	1,244,184,420	2,930,869,769	2,472,362,374	509,044,420

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	274,432,890			274,432,890
1.2 Reinsurance assumed	145,977,656			145,977,656
1.3 Reinsurance ceded	274,432,890			274,432,890
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	145,977,656			145,977,656
2. Commission and brokerage:				
2.1 Direct, excluding contingent		203,363,870		203,363,870
2.2 Reinsurance assumed, excluding contingent		(47,162,691)		(47,162,691)
2.3 Reinsurance ceded, excluding contingent		203,363,870		203,363,870
2.4 Contingent—direct		107,311,331		107,311,331
2.5 Contingent—reinsurance assumed		17,562,239		17,562,239
2.6 Contingent—reinsurance ceded		107,311,331		107,311,331
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)		(29,600,452)		(29,600,452)
3. Allowances to manager and agents		30,612,667		30,612,667
4. Advertising	907,866	41,422,473	9,777	42,340,116
5. Boards, bureaus and associations	376,720	3,434,548	493	3,811,761
6. Surveys and underwriting reports	2,619	5,430,325	170,537	5,603,481
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	72,442,511	183,204,967	6,190,518	261,837,996
8.2 Payroll taxes	3,628,832	16,543,672	40,086	20,212,590
9. Employee relations and welfare	17,619,178	77,354,534	301,394	95,275,106
10. Insurance	15,558,774	2,520,381	142,707	18,221,862
11. Directors' fees	101	460	1	562
12. Travel and travel items	5,924,981	12,358,428	232,914	18,516,323
13. Rent and rent items	3,864,577	17,260,594	74,073	21,199,244
14. Equipment	2,263,491	6,788,482	106,074	9,158,047
15. Cost or depreciation of EDP equipment and software	2,654,262	9,108,913	210,752	11,973,927
16. Printing and stationery	708,762	3,031,520	17,590	3,757,872
17. Postage, telephone and telegraph, exchange and express	2,131,726	10,467,070	201,239	12,800,035
18. Legal and auditing	570,996	3,481,766	543,356	4,596,118
19. Totals (Lines 3 to 18)	128,655,396	423,020,800	8,241,511	559,917,707
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 709,229		62,213,436		62,213,436
20.2 Insurance department licenses and fees		3,334,421		3,334,421
20.3 Gross guaranty association assessments		665,843		665,843
20.4 All other (excluding federal and foreign income and real estate)		2,914,776		2,914,776
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		69,128,476		69,128,476
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	8,188,485	41,936,907	1,793,479	51,918,871
25. Total expenses incurred	282,821,537	504,485,731	10,034,990	(a) 797,342,258
26. Less unpaid expenses—current year	509,044,421	113,318,003		622,362,424
27. Add unpaid expenses—prior year	474,690,945	96,359,996		571,050,941
28. Amounts receivable relating to uninsured plans, prior year		3,656		3,656
29. Amounts receivable relating to uninsured plans, current year		62,251		62,251
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	248,468,061	487,586,319	10,034,990	746,089,370

DETAILS OF WRITE-IN LINES				
2401. Other expenses	8,188,485	41,936,907	1,793,479	51,918,871
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)	8,188,485	41,936,907	1,793,479	51,918,871

(a) Includes management fees of $ 378,632,382 to affiliates and $ 36,906,603 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 14,022,396	14,652,923
1.1	Bonds exempt from U.S. tax	(a) 42,509,076	42,944,736
1.2	Other bonds (unaffiliated)	(a) 79,911,376	79,052,816
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 1,143,278	1,123,747
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	3,172,478	3,122,323
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c) 6,357,915	6,421,292
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 982,830	987,286
7.	Derivative instruments	(f) 62,172	88,641
8.	Other invested assets	6,512,832	6,512,832
9.	Aggregate write-ins for investment income	350,137	350,137
10.	Total gross investment income	155,024,490	155,256,733
11.	Investment expenses		(g) 10,034,990
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h) 4,659,417
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)		14,694,407
17.	Net investment income (Line 10 minus Line 16)		140,562,326

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)	350,137	350,137
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)	350,137	350,137
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 $ 2,360,145 accrual of discount less $ 9,877,579 amortization of premium and less $ 2,045,280 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 $ 31,516 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	7,971		7,971		
1.1	Bonds exempt from U.S. tax	652,473		652,473		
1.2	Other bonds (unaffiliated)	16,853,465	(1,955,829)	14,897,636	10,914,287	(507,589)
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)	(307)		(307)	5,081,130	
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	17,955,517	(793,407)	17,162,110	(977,448)	
2.21	Common stocks of affiliates				5,694,648	
3.	Mortgage loans	(385,454)		(385,454)	(2,621)	
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments	(1,525,918)		(1,525,918)	(2,673,471)	
8.	Other invested assets	43,278,705	(9,326,385)	33,952,320	6,406,597	1,337,385
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	76,836,452	(12,075,621)	64,760,831	24,443,122	829,796

	DETAILS OF WRITE-IN LINES					
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 09 from overflow page					
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)					

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	4,905,424	4,925,638	20,214
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	345,469	67,138	(278,331)
15.3 Accrued retrospective premiums	4,204,700	5,904,646	1,699,946
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	30,673	1,544	(29,129)
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	107,526,415	53,913,648	(53,612,767)
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	5,163,766	4,601,038	(562,728)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	122,176,447	69,413,652	(52,762,795)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	122,176,447	69,413,652	(52,762,795)

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	5,163,728	4,601,038	(562,690)
2502. Amounts receivable under high deductible policies	38		(38)
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	5,163,766	4,601,038	(562,728)

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

Effective January 1, 2001, and subject to any deviations prescribed or permitted by the State of Wisconsin, the accompanying financial statements of Liberty Mutual Fire Insurance Company (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.

NOTES TO FINANCIAL STATEMENTS

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

On August 24, 2007, the Company and three affiliates (Liberty Mutual Insurance Company (“LMIC”), a Massachusetts insurance company; Peerless Insurance Company (“PIC”), a New Hampshire insurance company; and Employers Insurance Company of Wausau (“EICOW”), a Wisconsin insurance company) acquired all of the issued and outstanding voting securities of Ohio Casualty Corporation, a non-insurance holding company, which is the upstream parent of four property casualty insurance companies. The Company directly acquired a 6% ownership interest in Ohio Casualty Corporation, a non-insurance holding company, while the affiliates account for the remaining 94% (LMIC 78%, PIC 8%, and EICOW 8%). The transaction was accounted for as a statutory purchase and the cost was $166,800,420, resulting in goodwill in the amount of $88,284,180. Goodwill amortization relating to the purchase of Ohio Casualty Corporation was $8,828,420 for year ended December 31, 2012; goodwill is being amortized over ten years.

B. Statutory Mergers

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

C. Impairment Loss

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

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

1. The maximum and minimum lending rates for commercial mortgage loans during 2012 were 10.50% and 4.13% respectively.

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

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

		Current Year	Prior Year
4.	As of year end, the Company held mortgages with interest more than 180 days past due with a recorded investment excluding accrued interest	$463,799	$173,024
	a. Total interest due on mortgages with interest more than 180 days past due	$24,753	$21,719
5.	Taxes, assessments and any amounts advanced and not included in the mortgage loan total	$9,926	$9,891
6.	Current year impaired loans with a related allowance for credit losses	$1,558,031	$1,589,925
	a. Related allowance for credit losses	$738,107	$735,487
7.	Impaired Mortgage loans without an allowance for credit losses	$435,396	$385,595
8.	Average recorded investment in impaired loans	$39,950	$48,180
9.	Amount of interest income recognized within that period that the loans were impaired	$75,423	$22,587
10.	Amount of interest income recognized on a cash basis during the time within that period the loans were impaired	$61,395	$22,587
11.	Allowance for credit losses:		
	a. Balance at beginning of period	$735,487	$581,186
	b. Additions charged to operations	$297,985	$818,217
	c. Direct write-downs charged against the allowances	$295,365	$663,916
	d. Recoveries of amounts previously charged off	$ -	$ -
	e. Balance at end of period	$738,107	$735,487

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

B. Troubled Debt Restructuring for Creditors

		Current Year	Prior Year
1.	The total recorded investment in restructured loans, as of year end	$1,368,439	$1,551,253
2.	The realized capital losses related to these loans	$0	$0
3.	Total contractual commitments to extend credit to debtors owing receivables whose terms have been modified in troubled debt restructurings	$0	$0

NOTES TO FINANCIAL STATEMENTS

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

C. Reverse Mortgages

The company has no reverse mortgages.

D. Loan Backed Securities

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

2. All Loan Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2012 as of December 31, 2012: None

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

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other-than-temporary impairment	Amortized cost after other-than-temporary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Report
32052TAD8	8,649,449	8,043,795	605,654	8,043,795	3,277,308	12/31/2009
32052TAD8	8,071,441	7,869,262	202,178	7,869,262	6,066,035	9/30/2010
32052TAD8	7,869,262	7,766,800	102,462	7,766,800	6,920,041	12/31/2010
32052TAD8	7,652,411	7,574,070	78,341	7,574,070	6,979,434	6/30/2011
32052TAD8	7,447,561	7,401,622	45,938	7,401,622	6,318,304	9/30/2011
32052TAD8	7,199,441	7,023,101	176,340	7,023,101	5,628,276	12/31/2011
32052TAD8	6,993,477	6,771,741	161,736	6,771,741	6,311,690	3/31/2012
32052TAD8	6,384,952	6,357,089	27,863	6,357,089	6,294,307	9/30/2012
81375BAM4	30,996	3,099	27,897	3,099	3,100	6/30/2009
74958YAA0	2,000,000	1,878,500	121,500	1,878,500	1,713,250	12/31/2010
74958YAA0	1,878,500	1,868,080	10,420	1,868,080	1,732,646	3/31/2011
74958YAA0	1,850,585	1,835,045	15,540	1,835,045	1,667,613	6/30/2011
74958YAA0	1,732,369	1,719,275	13,094	1,719,275	1,525,712	12/31/2011
74958YAA0	1,628,256	1,613,796	14,460	1,613,796	1,490,596	3/31/2012
74958YAA0	1,528,439	1,519,921	8,518	1,519,921	1,369,718	6/30/2012
74958YAA0	1,474,750	1,473,325	1,425	1,473,325	1,426,854	9/30/2012
74958YAA0	1,403,814	1,401,274	2,540	1,401,274	1,401,274	12/31/2012
12544LAK7	4,884,552	4,760,950	123,602	4,760,950	4,760,950	3/31/2011
12544LAK7	4,760,453	4,710,920	49,533	4,710,920	4,707,275	9/30/2011
12544LAK7	4,489,292	4,435,907	53,386	4,435,907	4,433,072	12/31/2011
12544LAK7	4,289,879	4,206,600	83,279	4,206,600	4,207,263	3/31/2012
12544LAK7	4,018,233	3,975,909	42,324	3,975,909	3,991,715	6/30/2012
32056FAC6	3,457,005	3,153,578	303,426	3,153,578	3,121,093	6/30/2012

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

a. The aggregate amount of unrealized losses:

1.	Less than 12 Months	$	(67,877)
2.	12 Months or Longer	$	(1,112,482)

b. The aggregate related fair value of securities with unrealized losses:

1.	Less than 12 Months	$	7,527,621
2.	12 Months or Longer	$	9,213,371

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.

NOTES TO FINANCIAL STATEMENTS

E. Repurchase Agreements and Securities Lending

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

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

3. Aggregate Amount of Contractually open cash collateral positions:

a. Aggregate Amount Cash Collateral Received

	Fair Value
1. Repurchase Agreement	
(a) Open	$ -
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	-
(g) Securities Received	-
(h) Total Collateral Received	$ -
2. Securities Lending	
(a) Open	$86,281,705
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	86,281,705
(g) Securities Received	2,679,720
(h) Total Collateral Received	$88,961,425
3. Dollar Repurchase Agreement	
(a) Open	$ -
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	-
(g) Securities Received	-
(h) Total Collateral Received	$ -

b. The aggregate fair value of all securities acquired from the sale, trade or use of the accepted collateral (reinvested collateral) $86,281,705

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

4. Securities Lending Transactions Administered by an Affiliated Agent

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

NOTES TO FINANCIAL STATEMENTS

5. Collateral Reinvestment

a. Aggregate Amount Cash Collateral Reinvested

	Amortized Cost	Fair Value
1. Repurchase Agreement		
(a) Open	$ -	$ -
(b) 30 Days or Less	-	-
(c) 31 to 60 Days	-	-
(d) 61 to 90 Days	-	-
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	-	-
(l) Securities Received	-	-
(m) Total Collateral Reinvested	$ -	$ -
2. Securities Lending		
(a) Open	$ -	$ -
(b) 30 Days or Less	13,246,850	13,246,850
(c) 31 to 60 Days	33,720,664	33,720,294
(d) 61 to 90 Days	39,332,012	39,314,561
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	86,299,526	86,281,705
(l) Securities Received	-	-
(m) Total Collateral Reinvested	$86,299,526	$86,281,705
3. Dollar Repurchase Agreement		
(a) Open	$ -	$ -
(b) 30 Days or Less	-	-
(c) 31 to 60 Days	-	-
(d) 61 to 90 Days	-	-
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	-	-
(l) Securities Received	-	-
(m) Total Collateral Reinvested	$ -	$ -

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

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits (“LIHTC”)

1. There are eleven 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.

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.

NOTES TO FINANCIAL STATEMENTS

Note 6 - Joint Ventures, Partnerships & Limited Liability Companies

A. Investments in joint ventures, partnerships and limited liability companies

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

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

The Company invests in limited partnerships that are reported in accordance with SSAP No. 48. These limited partnerships are valued by the equity method using traditional private equity valuation measures. Interim poor performance which indicates a probable inability to recover the carrying amount of the assets leads to impairment losses being recognized by management. The Company realized impairment losses of $9,326,387 during the year.

Note 7 - Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2012.

Note 8 - Derivative Instruments

The Company has a Derivative Use Policy, which was approved in 2011 by the state of New York Insurance Department. Pursuant to the policy, the Company may enter into derivative transactions. The Company may also acquire derivatives as additions to bond, common stock, or preferred stock investments. These derivatives are ancillary to the overall investment and immaterial to the underlying investment portfolio.

Beginning in July 2012, the Company, as part of its risk management program, diversification, and economic hedging strategies, entered into total return swap agreements with notional amounts totaling $72,200,000. As of December 31, 2012, the losses on these contracts totaled $4,199,389. Of this total, one position with notional amounts totaling $23,600,000 matured in December 2012 with realized losses of $1,525,918. The remaining losses $2,673,471 are attributable to the unrealized loss on the open positions. The remaining contracts expire at various points during 2013, with the last contract expiring in September 2013.

Note 9 - Income Taxes

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

1.

	12/31/2012		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross Deferred Tax Assets	$ 264,017,300	$ 36,463,700	$ 300,481,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	264,017,300	36,463,700	300,481,000
(d) Deferred Tax Assets Nonadmitted	99,890,584	7,635,831	107,526,415
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	164,126,716	28,827,869	192,954,585
(f) Deferred Tax Liabilities	52,274,158	28,021,842	80,296,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 111,852,558	$ 806,027	$ 112,658,585

	12/31/2011		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
(a) Gross Deferred Tax Assets	$ 222,483,700	$ 35,111,300	$ 257,595,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	222,483,700	35,111,300	257,595,000
(d) Deferred Tax Assets Nonadmitted	42,708,010	11,205,638	53,913,648
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	179,775,690	23,905,662	203,681,352
(f) Deferred Tax Liabilities	51,844,959	23,047,041	74,892,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 127,930,731	$ 858,621	$ 128,789,352

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	$ 41,533,600	$ 1,352,400	$ 42,886,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	41,533,600	1,352,400	42,886,000
(d) Deferred Tax Assets Nonadmitted	57,182,574	(3,569,807)	53,612,767
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	(15,648,974)	4,922,207	(10,726,767)
(f) Deferred Tax Liabilities	429,199	4,974,801	5,404,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ (16,078,173)	$ (52,594)	$ (16,130,767)

2.

	12/31/2012		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	$ -	$ -	$ -
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	111,852,558	806,027	112,658,585
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	161,054,770	806,027	161,860,797
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			112,658,585
(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	52,274,158	28,021,842	80,296,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	$ 164,126,716	$ 28,827,869	$ 192,954,585

	12/31/2011		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	$ -	$ -	$ -
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	127,930,731	858,621	128,789,352
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	146,918,930	858,621	147,777,551
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			128,798,352
(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	51,844,959	23,047,041	74,892,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	$ 179,775,690	$ 23,905,662	$ 203,681,352

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	$ -	$ -	$ -
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	(16,078,173)	(52,594)	(16,130,767)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	14,135,840	(52,594)	14,083,246
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			(16,130,767)
(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	429,199	4,974,801	5,404,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ (15,648,974)	$ 4,922,207	$ (10,726,767)

3.

	2012	2011
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	302.48%	403.56%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	835,998,762	952,687,304

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%	25%	0%	25%	(25)%	0%	(25)%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0%	0%	0%	49%	0%	49%	(49)%	0%	(49)%

(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	$ (47,127,291)	$ (19,792,091)	$ (27,335,200)
(b) Foreign	-	-	-
(c) Subtotal	(47,127,291)	(19,792,091)	(27,335,200)
(d) Federal income tax on net capital gains	22,666,291	8,519,091	14,147,200
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	$ (24,461,000)	$ (11,273,000)	$ (13,188,000)
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	$ 75,201,000	$ 66,938,0000	$ 8,263,000
(2) Unearned premium reserve	59,598,000	54,713,000	4,885,000
(3) Policyholder reserves	-	-	-
(4) Investments	3,593,000	3,521,000	72,000
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	2,823,000	-	2,823,000

NOTES TO FINANCIAL STATEMENTS

(8) Compensation and benefits accrual	8,784,000	7,706,000	1,078,000
(9) Pension accrual	-	-	-
(10) Receivables – nonadmitted	5,128,000	5,425,000	(297,000)
(11) Net operating loss carry-forward	77,984,000	51,042,000	26,942,000
(12) Tax credit carry-forward	3,194,000	3,194,000	-
(13) Other (including items <5% of total ordinary tax assets)	27,712,300	29,944,700	(2,232,400)
(99) Subtotal	264,017,300	222,483,700	41,533,600
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	99,890,584	42,708,010	57,182,574
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	164,126,716	179,775,690	(15,648,974)
(e) Capital			
(1) Investments	36,463,700	35,111,300	1,352,400
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	36,463,700	35,111,300	1,352,400
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	7,635,831	11,205,638	(3,569,807)
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	28,827,869	23,905,662	4,922,207
(i) Admitted deferred tax assets (2d + 2h)	192,954,585	203,681,352	(10,726,767)
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	37,083,000	30,908,000	6,175,000
(2) Fixed assets	12,217,000	15,492,000	(3,275,000)
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total capital tax liabilities)	2,974,158	5,444,959	(2,470,801)
(99) Subtotal	52,274,158	51,844,959	429,199
(b) Capital:			
(1) Investments	28,021,842	23,047,041	4,974,801
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	28,021,842	23,047,041	4,974,801
(c) Deferred tax liabilities (3a99 + 3b99)	80,296,000	74,892,000	5,404,000
4. Net deferred tax assets/liabilities (2i – 3c)	$ 112,658,585	$ 128,789,352	$ (16,130,767)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of net operating losses generated in 2012, excludable dividend income, impairments, deferred intercompany transactions, sale-leasebacks, tax exempt interest, depreciation, discounting of unpaid losses and LAE, and unearned premium reserve deductions.

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

Year Generated	Amount	Expiration
2011	$ 159,229,000	2031
2012	$ 63,583,000	2032

The Company has alternative minimum tax credit carry-forwards of $3,194,000. The alternative minimum tax credit carry-forward does not expire.

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

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

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

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

1. Received return of capital distributions of $375,606.

2. Contributed capital in the amount of $15,881,481.

3. Received dividends in the amount of $689,394.

D. At December 31, 2012, the Company reported a net $31,430,853 due to affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.

E. The Company has entered into guarantees to or on behalf of the following affiliates, as described in Note 14A(2):

Liberty Mutual Group Inc.

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

The Company is a party to an investment management agreement with Liberty Mutual Group Asset Management Inc. ("LMGAM"), an investment management agreement with Liberty Mutual Investment Advisors LLC ("LMIA") and a cash management agreement with LMGAM. Under these agreements, LMGAM and LMIA provide 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 party to revolving credit agreements under which the Company may lend funds to the following affiliated SCA companies for the purpose of accommodating fluctuations in daily cash flow and to promote efficient management of investments:

Company	Credit Line
Liberty Mutual Insurance Company	$450,000,000
Liberty Mutual Group Inc.	$150,000,000

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

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

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

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

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

The Company paid $14,637,505 under the LMHC Tax Sharing Agreement and paid $9,736,359 under the LMGAM and LMIA investment management agreements. Pursuant to the Inter Company Reinsurance Agreement with LMIC (Refer to Note 26), the expenses incurred under the Liberty Mutual management services agreement are allocated to the Company in accordance with the Company's "Pool" participation percentage.

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

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

I. The Company does not own investments in subsidiary, controlled or affiliated companies that exceed 10% of its admitted assets.

J. The Company did not recognize any impairment write down for its investments in subsidiary, controlled, or affiliated entities during the statement period.

NOTES TO FINANCIAL STATEMENTS

K. The Company does not hold 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 is a member of the Federal Home Loan Bank of Chicago. On March 21, 2012, the Company borrowed $150,000,000 under the agreement with a maturity date of March 22, 2032. The borrowing is fully collateralized. Interest on the borrowing accrues at an annual rate of 3.91%. For December year-to-date, the Company has paid and incurred interest expense of $4,154,375 and $4,659,417 respectively.

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

A. Eligible employees may participate in the Liberty Mutual Retirement Benefit Plan for U.S. Employees; the Supplemental Income at Retirement Plan (SIRP) which has both a defined benefit component and defined contribution component; the Employees' Thrift Incentive Plan (defined-contribution savings); and the U.S. postretirement health and life insurance benefit plans sponsored by a Holding Company, Liberty Mutual Group Inc. (LMGI).

Also, eligible employees may participate in non-contributory defined benefit plans, contributory defined contribution pension plans and health care and life insurance postretirement benefits plans sponsored by Liberty Mutual Insurance Company (LMIC).

The Company has no legal obligation for these plans. Accordingly, these plans' assets and obligations are not disclosed in this note. The costs of the LMGI plans are allocated by LMGI to LMIC, pursuant to an Employee Benefit Plan Cost-Sharing Agreement, and a portion of the LMGI and LMIC benefit plan costs, in turn, are allocated to the Company through the Liberty Mutual Inter-Company Reinsurance Agreement, as described in Note 26.

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

1. The Company has 100,000 shares authorized, issued and outstanding as of December 31, 2012. All shares have a stated par value of $100.

   The Company has 100,000 shares authorized of 10% non-convertible perpetual Series A Preferred Stock. All shares have a stated par value of $0.01.

2. On December 31, 2008, the Company issued 1,000 shares at an issuance price of $200,000,000 to its parent, LMGI at a discount of 25%. Dividends, based on the issuance price, are cumulative and payable on a quarterly basis.

3. There are no dividend restrictions.

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

	Ordinary	Total Dividends
March	$ 3,750,000	$ 3,750,000
April	3,750,000	3,750,000
June	3,750,000	3,750,000
September	3,750,000	3,750,000
December	3,750,000	3,750,000
Total	$ 15,000,000	$ 15,000,000

5. The maximum amount of dividends that can be paid by Wisconsin-domiciled insurance companies to shareholders without prior approval of the Insurance Commissioner is the lesser of (a) 10% of surplus, or the greater of (b) or (c); (b) net income for calendar year preceding date of dividend less realized gains for that calendar year, or (c) the aggregate of net income for three calendar years preceding the date of dividend less realized gains for those calendar years less dividends paid/credited within the first two of the preceding three calendar years. The maximum dividend payout that may be made without prior approval in 2013 is $0.

6. As of December 31, 2012, the Company has pre-tax restricted surplus of $105,685,871 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.

NOTES TO FINANCIAL STATEMENTS

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is $67,395,944 after applicable deferred taxes of $(27,499,292).

11. Surplus Notes

    Not applicable

12. Quasi-reorganization (dollar impact)

    Not applicable

13. Quasi-reorganization (effective date)

    Not applicable

Note 14 - Contingencies

A. Contingent Commitments

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

2. The Company has made a guarantee on behalf of its affiliate as follows:

1	2	3	4	5
Nature and circumstances of guarantee and key attributes, including date and duration of the agreement	Liability recognition of the guarantee	Ultimate financial statement impact if action under the guarantee is required	Maximum potential amount of future payments (undiscounted)	Current status of payment or performance risk of the guarantee
The Company guarantees, jointly and severally with Liberty Mutual Insurance Company, $25,000,000 of the medium term notes payable that are obligations of its parent company, LMGI. The notes were issued on June 1, 1993 and mature on May 31, 2013.	No liability at inception of the guarantee	Dividend to Stockholder	$ 25,000,000	Guaranteed entity is in compliance with the terms of guaranteed contract.
		Total:	$ 25,000,000	

3. Aggregate compilation of guarantee obligations:

a. Aggregate Maximum Potential of Future Payments of All Guarantees (undiscounted) the guarantor could be required to make under guarantees.	$ 25,000,000
b. Current Liability Recognized in Financial Statements:	
1. Noncontingent Liabilities	-
2. Contingent Liabilities	-
c. Ultimate Financial Statement Impact if action under the guarantee is required.	
1. Investments in SCA	-
2. Joint Venture	-
3. Dividends to Stockholders (capital contribution)	25,000,000
4. Expense	-
5. Other	-
6. Total (Should equal (3)a.)	$ 25,000,000

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 $20,036,394 that is offset by future premium tax credits of $1,861,045. 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.

NOTES TO FINANCIAL STATEMENTS

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	$ 2,411,374
b.	Decreases current year: Premium tax offset applied	568,226
c.	Increases current year: Premium tax offset increase	17,897
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$ 1,861,045

C. Gain Contingencies

Not applicable

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

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

	Direct
Claims related ECO and bad faith losses paid during the reporting period	$8,440,300

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

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

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

E. Product Warranties

The Company does not write product warranty business.

F. All Other Contingencies

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

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

Note 15 - Leases

A. Lessee Leasing Arrangements

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

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

Year Ending December 31,	Operating Leases
2013	$ 14,495,029
2014	13,823,865
2015	8,869,682
2016	8,314,857
2017	4,524,939
2018 & thereafter	39,382,953
Total	$ 89,411,325

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

A. Transfers of Receivables Reported as Sales

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

B. Transfers and Servicing of Financial Assets

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

At December 31, 2012 the total fair value of securities on loan was $87,111,700, with corresponding collateral value of $88,961,425 of which $86,281,705 represents cash collateral.

C. Wash Sales

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

Note 18 - Gain or Loss from Uninsured 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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	$ -	$24,987,092	$ -	$24,987,092
Residential Mortgage-Backed Securities	-	9,213,371	-	$9,213,371
Total Bonds	$ -	$34,200,463	$ -	$34,200,463
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	$ -	$22,401,230	$36,000	$22,437,230
Total Preferred Stocks	$ -	$22,401,230	$36,000	$22,437,230
Common Stocks				
Industrial and Miscellaneous	$126,928,671	$ -	$7,500,000	$134,428,671
Total Common Stocks	$126,928,671	$ -	$7,500,000	$134,428,671
Total assets at fair value	$126,928,671	$56,601,693	$7,536,000	$191,066,364
Liabilities at fair value				
Derivative Liabilities	$ -	$2,673,471	$ -	$2,673,471
Total liabilities at fair value	$ -	$2,673,471	$ -	$2,673,471

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

2. Rollforward of Level 3 Items

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

1	2	3	4	5	6	7	8	9	10	11
	Balance at 12/31/2011	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31/2012
Bonds	$1,000,000	-	($1,000,000)	-	-	-	-	-	-	$ -
Preferred Stock	93,254	36,750	(95,004)	-	(750)	1,750	-	-	-	$36,000
Common Stock	-	-	-	-	-	7,500,000	-	-	-	$7,500,000
Total	$1,093,254	$36,750	($1,095,004)	$ -	($750)	$7,501,750	$ -	$ -	$ -	$7,536,000

3. Policy on Transfers Into and Out of Level 3

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

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

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

NOTES TO FINANCIAL STATEMENTS

U.S. government and agency

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

Mortgage-Backed Securities

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

Asset-Backed Securities

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

Municipals

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

Corporate debt and other

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

Foreign government securities

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

Equity Securities

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

Other Investments

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

NOTES TO FINANCIAL STATEMENTS

5. Derivative Fair Values

Type of Financial Instrument	Aggregate Fair Value	Liabilities	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Derivative Liabilities	$ 2,673,471	$ 2,673,471	$ -	$ 2,673,471	$ -	$ -
Total	$ 2,673,471	$ 2,673,471	$ -	$ 2,673,471	$ -	$ -

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	$ 98,087,079	$98,087,079	$98,087,079	$ -	$ -	$ -
Bonds	3,355,684,809	3,151,296,529	31,293,558	3,319,225,204	5,166,047	-
Preferred Stock	22,614,522	22,549,678	-	22,578,518	36,004	-
Common Stock	134,428,671	134,428,671	126,928,671	-	7,500,000	-
Securities Lending	86,281,705	86,281,705	-	86,281,705	-	-
Mortgage Loans	123,516,228	110,109,559	-	-	123,516,228	-
Surplus Notes	7,553,438	6,494,430	-	7,553,438	-	-
Total	$3,828,166,452	$3,609,247,651	$256,309,308	$3,435,638,865	$136,218,279	$ -

D. Not Practicable to Estimate Fair Value

Not applicable

Note 21 - Other Items

A. Extraordinary Items

The Company has no extraordinary items to report.

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

1) Florida Special Disability Trust Fund

a) The 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 $333,373 in 2012 and $458,257 in 2011.

c) The amount the Company was assessed by the Special Disability Trust Fund was $147,671 in 2012 and $104,969 in 2011.

2) Assets in the amount of $242,584,774 and $243,334,234 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 nonadmitted amounts are material.

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

NOTES TO FINANCIAL STATEMENTS

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

Description of State Transferable and Non-transferable Tax Credits	State	Carrying Value	Unused Amount
Historical Rehabilitation Credit	CT	720,000	720,000
Film Credit	CT	704,000	704,000
Historical Rehabilitation Credit	MO	615,728	615,728
Total		2,039,728	2,039,728

(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

	Total Admitted	Total Nonadmitted
Transferable	615,728	-
Non-transferable	1,424,000	-

G. Subprime-Mortgage-Related Risk Exposure

1. The Company has purchased securities characterized by the market as subprime. The Company looks at such factors as average FICO scores, loan to value ratios, and levels of documentation when evaluating securities. The Company's only exposure to subprime is through Investments in residential mortgage-backed securities.

2. The Company does not have any direct exposure through investments in subprime mortgage loans.

3. The Company has direct exposure through their investment in residential mortgage-backed securities.

Actual Cost	Book Adjusted Carrying Value	Fair Value	Other-Than-Temporary Impairments Recognized
3,779,704	3,779,139	3,904,371	$ -

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.

NOTES TO FINANCIAL STATEMENTS

C. Reinsurance Assumed & Ceded

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

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	$735,045,089	$9,369,229	$2,753,286,714	$149,558,938	$(2,018,241,625)	$(140,189,709)
b. All Other	-	-	-	-	-	-
c. TOTAL	$735,045,089	$9,369,229	$2,753,286,714	$149,558,938	$(2,018,241,625)	$(140,189,709)
d. Direct Unearned Premium Reserve: $2,753,286,714						

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	$9,353,391	$5,397,352	$9,353,391	$5,397,352
b. Sliding Scale Adjustments	-	-	-	-
c. Other Profit Commission Arrangements	-	(14,512,500)	-	(14,512,500)
d. TOTAL	$9,353,391	$(9,115,148)	$9,353,391	$(9,115,148)

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

D. Uncollectible Reinsurance

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

E. Commutation of Ceded Reinsurance

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

F. Retroactive Reinsurance

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

	Reported Company	
	As:	
	Assumed	Ceded
a. Reserves Transferred:		
1. Initial Reserves	$(184,651,924)	-
2. Adjustments – Prior Year (s)	29,162,273	-
3. Adjustments – Current Year	7,477,122	-
4. Current Total	$(148,012,529)	-
b. Consideration Paid or Received:		
1. Initial Consideration	$(54,825,951)	-
2. Adjustments – Prior Year (s)	(8,845,590)	-
3. Adjustments – Current Year	(89,211)	-
4. Current Total	$(63,760,752)	-
c. Paid Losses Reimbursed or Recovered:		
1. Prior Year (s)	$(33,210,291)	-
2. Current Year	(3,571,825)	-
3. Current Total	$(36,782,116)	-
d. Special Surplus from the Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	$134,480,667	-
2. Adjustments – Prior Year (s)	(9,452,266)	-
3. Adjustments – Current Year	(3,994,508)	-
4. Current Year Restricted Surplus	105,685,871	-
5. Cumulative Total Transferred to Unassigned Funds	$15,348,022	-
e. All cedents and reinsurers involved in all transactions included in summary totals above:		
Company	Assumed Amount	Ceded Amount
Liberty Mutual Insurance Company, 23043	$(148,012,529)	-
Total	$(148,012,529)	$ -

NOTES TO FINANCIAL STATEMENTS

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 asset 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.

E. 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.

F. 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	$ 42,149,498
b.	Unsecured amount	-
c.	Less: Nonadmitted amount (10%)	4,204,700
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	-
e.	Admitted amount (a) - (c) - (d)	$ 37,944,798

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 Commercial Multiple Peril and Special Liability lines. Prior estimates are revised as additional information becomes known regarding individual claims.

Note 26 - Intercompany Pooling Arrangements

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

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

NOTES TO FINANCIAL STATEMENTS

	LM General Insurance Company ("LMGIC")	36447	0.10%	All Lines
	Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.10%	All Lines
	Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.00%	All Lines
	Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.00%	All Lines
	Liberty Personal Insurance Company ("LPIC")	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation ("LSI")	10725	0.00%	All Lines
	Insurance Company of Illinois ("ICIL")	26700	0.00%	All Lines
	Wausau General Insurance Company ("WGIC")	26425	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.00%	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.

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

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

(g) Amounts due (to)/from affiliated entities participating in the Liberty Mutual inter-company pool as at December 31, 2012:

Affiliate:	Amount:
Liberty Mutual Insurance Company	$(57,620,257)

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 Number	Pooling Percentage	Line of Business
Lead Company:	Liberty Mutual Insurance Company ("LMIC")	23043	50.0%	All Lines
Affiliated Pool Companies:	Peerless Insurance Company ("PIC")	24198	20.0%	All Lines
	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	8.00%	All Lines
	The Ohio Casualty Insurance Company ("OCIC")	24074	8.00%	All Lines

NOTES TO FINANCIAL STATEMENTS

	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
	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%	
100% Quota Share Affiliated Companies:	Bridgefield Employers Insurance Company (“BEIC”)	10701	0.0%	All Lines
	Bridgefield Casualty Insurance Company (“BCIC”)	10335	0.0%	All Lines
	LM Property and Casualty Insurance Company (“LMPAC”)	32352	0.0%	All Lines

Note 27 - Structured Settlements

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of $65,455,427 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 $65,455,427 as of December 31, 2012.

NOTES TO FINANCIAL STATEMENTS

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

Life Insurance Company and Location	Licensed in Company's State of Domicile (Yes/No)	Statement Value of Annuities
Liberty Life Assurance Company of Boston Boston, Massachusetts	Yes	$ 38,167,190
Nationwide Life Insurance Company Columbus, Ohio	Yes	$ 16,850,748

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 $ 720,074,599 and the amount billed and recoverable on paid claims was $ 27,985,883.

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

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

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

Schedule P Lines of Business	Tabular Discount Included in Schedule P, Part 1*	
	1 Case	2 IBNR
1. Homeowners/Farmowners	-	-
2. Private Passenger Auto Liability/Medical	-	-
3. Commercial Auto/Truck Liability/Medical	-	-
4. Workers' Compensation	84,172,079	88,354,202
5. Commercial Multiple Peril	-	-
6. Medical Professional Liability – occurrence	-	-
7. Medical Professional Liability – claims-made	-	-
8. Special Liability	-	-
9. Other Liability - occurrence	793,406	-
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	84,965,485	88,354,202

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

B. Nontabular Discount:

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 33 - Asbestos/Environmental Reserves

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

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

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

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

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

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

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

Asbestos:

	2008	2009	2010	2011	2012
Direct Basis					
Beginning Reserves	$ 217,017,606	$ 201,649,173	$ 238,836,539	$ 175,722,652	$ 191,220,814
Incurred losses and LAE	18,401,096	70,858,121	9,915,652	55,732,365	31,427,465
Calendar year payments	33,769,530	33,670,755	73,029,540	40,234,203	33,310,924
Ending Reserves	$ 201,649,173	$ 238,836,539	$ 175,722,652	$ 191,220,814	$ 189,337,355

NOTES TO FINANCIAL STATEMENTS

Assumed Reinsurance Basis					
Beginning Reserves	$ 91,364,459	$ 86,499,393	$ 61,911,712	$61,613,965	$ 60,585,409
Incurred losses and LAE	(976,742)	(19,705,643)	5,903,826	2,560,245	53,927
Calendar year payments	3,888,323	4,882,038	6,201,573	3,588,801	5,304,194
Ending Reserves	$ 86,499,393	$ 61,911,712	$ 61,613,965	$60,585,409	$ 55,335,141
Net of Ceded Reinsurance Basis					
Beginning Reserves	$ 102,856,200	$ 85,057,023	$ 114,406,239	$74,425,737	$ 98,081,163
Incurred losses and LAE	1,837,484	51,026,166	(6,722,552)	41,063,092	20,069,090
Calendar year payments	19,636,660	21,676,950	33,257,950	17,407,666	28,464,797
Ending Reserves	$ 85,057,023	$ 114,406,239	$ 74,425,737	$98,081,163	$ 89,685,456
Ending Reserves for Bulk + IBNR included above (Loss & LAE)					
Direct Basis					$ 98,355,935
Assumed Reinsurance Basis					42,466,067
Net of Ceded Reinsurance Basis					$ 48,520,730
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Direct Basis					85,679,810
Assumed Reinsurance Basis					3,365,428
Net of Ceded Reinsurance Basis					37,023,413

Environmental:	2008	2009	2010	2011	2012
Direct Basis					
Beginning Reserves	$ 58,162,682	$ 48,148,214	$ 39,543,509	$37,868,245	38,272,492
Incurred losses and LAE	881,996	3,631,816	5,087,923	7,996,380	7,991,446
Calendar year payments	10,896,464	12,236,520	6,763,187	7,592,134	6,636,310
Ending Reserves	$ 48,148,214	$ 39,543,509	$ 37,868,245	$38,272,492	39,627,628
Assumed Reinsurance Basis					
Beginning Reserves	$ 5,270,321	$ 5,255,573	$ 6,804,948	$5,253,694	5,409,991
Incurred losses and LAE	463,148	2,217,073	(74,433)	1,215,969	1,134,786
Calendar year payments	477,896	667,698	1,476,820	1,059,672	378,319
Ending Reserves	$ 5,255,573	$ 6,804,948	$ 5,253,694	$5,409,991	6,166,459
Net of Ceded Reinsurance Basis					
Beginning Reserves	$ 46,909,033	$ 40,194,738	$ 34,016,770	$29,816,720	27,486,773
Incurred losses and LAE	(1,703)	(366)	(368,794)	5,662,990	(4,105,077)
Calendar year payments	6,712,592	6,177,603	3,831,255	7,992,938	(1,260,866)
Ending Reserves	$ 40,194,738	$ 34,016,770	$ 29,816,720	$27,486,773	24,642,562
Ending Reserves for Bulk + IBNR included above (Loss & LAE)					
Direct Basis					25,929,499
Assumed Reinsurance Basis					4,285,973
Net of Ceded Reinsurance Basis					14,280,655
Ending Reserves for LAE included above (Case, Bulk & IBNR)					
Direct Basis					19,567,080
Assumed Reinsurance Basis					1,163,379
Net of Ceded Reinsurance Basis					8,649,151

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 - Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

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

1.3 State Regulating? Wisconsin

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

2.2 If yes, date of change:

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

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

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/25/2011

3.4 By what department or departments?
Wisconsin Department of Insurance

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control. 0.00 %

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

1 Nationality	2 Type of Entity

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

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

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

12.11	Name of real estate holding company	St. James/Arlington Real Estate
12.12	Number of parcels involved	2
12.13	Total book/adjusted carrying value	$ 21,049,889

12.2 If yes, provide explanation:
Liberty Mutual Fire Insurance Company directly owns 5% of St. James/ Arlington Real Estate LP.

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

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

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

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

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

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

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

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

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).
During Q1 and Q3, 2012, Liberty Mutual Insurance Group published certain non-material changes to its Code of Business Ethics and Conduct designed to clarify existing Code provisions.

GENERAL INTERROGATORIES

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

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

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

22.2 If answer is yes:

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

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

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

INVESTMENT

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

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

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

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

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. $ 88,961,425

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

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

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

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

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

24.101	Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	$ 86,281,705
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	$ 86,281,705
24.103	Total payable for securities lending reported on the liability page	$ 86,281,705

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

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

25.21	Subject to repurchase agreements	$ 0
25.22	Subject to reverse repurchase agreements	$ 0
25.23	Subject to dollar repurchase agreements	$ 0
25.24	Subject to reverse dollar repurchase agreements	$ 0
25.25	Pledged as collateral	$ 0
25.26	Placed under option agreements	$ 0
25.27	Letter stock or securities restricted as to sale	$ 0
25.28	On deposit with state or other regulatory body	$ 242,584,774
25.29	Other	$ 0

GENERAL INTERROGATORIES

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
N/A	Liberty Mutual Group Asset Managemen	175 Berkeley Street, Boston, MA 02116
N/A	Liberty Mutual Investment Advisors, LLC	175 Berkeley Street, Boston, MA 02116
N/A	Liberty Mutual Insurance Company	175 Berkeley Street, Boston, MA 02116
N/A	StanCorp Mortgage Investors	1100 SW Sixth Avenue, Portland, OR 97204

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

GENERAL INTERROGATORIES

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	3,213,168,016	3,417,556,511	204,388,495
30.2 Preferred stocks	22,549,678	22,614,522	64,844
30.3 Totals	3,235,717,694	3,440,171,033	204,453,339

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

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

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

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

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

32.2 If no, list exceptions:

OTHER

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

GENERAL INTERROGATORIES

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

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

1.6 Individual policies:

Most current three years:

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

All years prior to most current three years:

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

1.7 Group policies:

Most current three years:

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

All years prior to most current three years:

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

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 173,659	$ 153,804
2.2	Premium Denominator	$ 1,590,470,098	$ 1,407,625,896
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 583,544	$ 608,722
2.5	Reserve Denominator	$ 3,802,170,718	$ 3,529,975,854
2.6	Reserve Ratio (2.4/2.5)	0.00	0.00

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

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

3.21	Participating policies	$ 5,634,972,762
3.22	Non-participating policies	$ 84,363,819

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 [X] No [ ] N/A [ ]

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes [ ] No [X]
11.2 If yes, give full information

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
12.11 Unpaid losses $ 28,982,429
12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 10,117,231

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? $ 27,189,021

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

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
12.41 From 4.00 %
12.42 To 7.00 %

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

12.6 If yes, state the amount thereof at December 31 of current year:
12.61 Letters of Credit $ 876,354,934
12.62 Collateral and other funds $ 190,418,165

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 14,050,722

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

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

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

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

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

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

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

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

15.2 If yes, give full information

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

		1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11	Home	$ (316,322)	$ 5,395,843	$ 6,500,000	$ 5,264,385	$ 1,235,615
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: GL

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

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

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

FIVE – YEAR HISTORICAL DATA

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

	1 2012	2 2011	3 2010	4 2009	5 2008
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	3,533,011,342	3,497,441,610	3,580,509,074	3,590,647,037	3,718,690,571
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,970,813,201	1,930,850,590	1,889,538,771	2,010,912,616	1,993,882,355
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,842,058,691	1,817,468,665	1,810,596,040	1,804,217,748	1,730,228,776
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	16,507,793	7,552,196	6,240,766	9,919,017	(7,207,304)
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	41,176,802	34,090,706	34,176,123	33,282,664	23,130,966
6. Total (Line 35)	7,403,567,829	7,287,403,767	7,321,060,774	7,448,979,082	7,458,725,364
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)	1,019,202,557	922,605,139	884,704,009	879,669,500	707,669,879
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	311,150,621	259,214,236	212,319,062	276,270,576	183,338,000
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	309,115,460	259,273,868	228,453,431	209,918,385	172,343,529
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	3,585,808	1,718,576	1,601,488	1,898,466	(15,828,295)
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	41,176,802	34,090,706	34,176,123	33,282,664	23,130,966
12. Total (Line 35)	1,684,231,248	1,476,902,525	1,361,254,113	1,401,039,591	1,070,654,079
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(350,793,199)	(241,446,158)	(107,972,761)	(142,133,087)	(63,124,588)
14. Net investment gain (loss) (Line 11)	182,656,866	164,153,333	205,695,647	151,268,944	154,213,924
15. Total other income (Line 15)	(6,619,520)	(36,673,866)	(13,647,580)	(22,092,934)	(12,278,518)
16. Dividends to policyholders (Line 17)	3,173,848	5,247,666	8,120,272	2,984,835	2,679,073
17. Federal and foreign income taxes incurred (Line 19)	(47,127,291)	(19,792,091)	8,838,227	(608,129)	(25,866,829)
18. Net income (Line 20)	(130,802,410)	(99,422,266)	67,116,807	(15,333,783)	101,998,574
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	5,235,743,369	4,876,778,437	4,825,276,385	4,590,131,975	3,569,946,982
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	157,226,564	154,279,760	135,020,259	153,215,375	124,587,991
20.2 Deferred and not yet due (Line 15.2)	503,706,961	428,615,107	353,107,772	363,175,679	242,671,447
20.3 Accrued retrospective premiums (Line 15.3)	37,944,798	52,848,135	73,887,870	56,725,740	47,917,537
21. Total liabilities excluding protected cell business (Page 3, Line 26)	4,296,603,316	3,803,735,781	3,620,920,193	3,517,256,976	2,601,953,831
22. Losses (Page 3, Line 1)	2,472,362,373	2,290,227,323	2,249,862,822	2,163,880,048	1,660,695,040
23. Loss adjustment expenses (Page 3, Line 3)	509,044,421	474,690,945	450,887,864	437,777,667	324,963,843
24. Unearned premiums (Page 3, Line 9)	735,045,089	657,670,302	612,231,039	566,403,363	437,433,448
25. Capital paid up (Page 3, Lines 30 & 31)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	939,140,053	1,073,042,656	1,204,356,192	1,072,874,999	967,993,151
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	33,514,192	(87,417,690)	254,418,367	603,268,357	47,086,432
Risk-Based Capital Analysis					
28. Total adjusted capital	948,657,347	1,081,476,656	1,211,788,687	1,079,605,217	974,300,833
29. Authorized control level risk-based capital	276,381,595	236,072,173	219,990,980	239,615,136	194,652,242
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)	74.2	76.2	76.4	71.9	66.0
31. Stocks (Lines 2.1 & 2.2)	8.6	8.9	9.2	14.4	15.4
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	2.6	2.4	2.0	2.0	2.5
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	2.3	1.4	3.2	5.5	7.3
35. Contract loans (Line 6)					
36. Derivatives (Line 7)				XXX	XXX
37. Other invested assets (Line 8)	10.2	9.6	7.8	5.9	8.9
38. Receivables for securities (Line 9)	0.0	0.1	0.2	0.2	0.1
39. Securities lending reinvested collateral assets (Line 10)	2.0	1.4	1.2	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)				24,312,264	24,312,264
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	210,178,608	204,483,961	212,123,488	369,991,686	316,685,493
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	38,141,499	22,987,455	23,400,914	23,137,046	26,531,878
48. Total of above Lines 42 to 47	248,320,107	227,471,416	235,524,402	417,440,996	367,529,635
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)	26.4				

FIVE – YEAR HISTORICAL DATA
(Continued)

	1 2012	2 2011	3 2010	4 2009	5 2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	17,935,672	(2,515,831)	102,163,679	63,738,367	(243,003,410)
52. Dividends to stockholders (Line 35)	(15,000,000)	(65,000,000)	(15,000,000)	(15,000,000)	
53. Change in surplus as regards policyholders for the year (Line 38)	(133,902,603)	(131,313,536)	131,481,193	104,881,848	6,698,143
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)	2,492,367,000	2,626,488,900	2,396,253,988	2,062,366,481	2,496,216,598
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,188,442,405	1,014,348,654	967,872,358	1,129,670,727	990,204,294
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	933,254,856	1,119,029,460	948,548,110	975,767,824	1,040,851,660
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	373,170	883,193	2,125,725	410,383	11,287,934
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	15,464,206	14,163,712	24,615,133	(4,293,205)	8,827,470
59. Total (Line 35)	4,629,901,637	4,774,913,919	4,339,415,314	4,163,922,210	4,547,387,956
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)	608,510,916	624,119,171	504,534,122	102,519,076	484,806,456
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	188,679,132	151,415,654	127,602,846	146,808,198	108,521,833
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	159,861,564	158,044,556	131,020,070	105,966,265	132,135,513
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	279,705	777,879	1,719,767	(122,299)	10,927,722
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	15,464,206	14,163,712	24,615,133	(4,293,205)	8,827,470
65. Total (Line 35)	972,795,523	948,520,972	789,491,938	350,878,035	745,218,994
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	72.6	70.3	65.1	65.8	67.8
68. Loss expenses incurred (Line 3)	17.8	19.8	17.9	19.5	15.8
69. Other underwriting expenses incurred (Line 4)	31.7	27.1	25.1	25.8	22.1
70. Net underwriting gain (loss) (Line 8)	(22.1)	(17.2)	(8.1)	(11.1)	(5.7)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0	30.3	28.3	25.6	25.2	24.1
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	90.3	90.1	83.0	85.3	83.5
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	179.3	137.6	113.0	130.6	110.6
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)	78,461	67,537	(15,345)	31,108	(33,312)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	7.3	5.6	(1.4)	3.2	(3.5)
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)	124,965	33,566	(14,232)	(6,480)	23,775
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	10.4	3.1	(1.5)	(0.7)	2.6

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

If no, please explain:
Not applicable

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

($000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1–2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	X X X	X X X	X X X	95,542	29,789	28,420	12,201	551	854	459	81,669	X X X
2. 2003	1,604,419	389,315	1,215,104	857,905	192,403	73,967	10,142	115,608	1,751	49,620	843,184	X X X
3. 2004	1,675,006	439,844	1,235,162	842,076	217,899	68,397	13,583	118,098	6,068	48,832	791,021	X X X
4. 2005	1,724,628	407,094	1,317,534	1,005,927	306,321	71,916	15,275	118,401	8,390	47,952	866,258	X X X
5. 2006	1,871,929	426,963	1,444,966	863,702	169,012	72,621	10,834	126,727	8,911	49,018	874,293	X X X
6. 2007	1,964,179	464,547	1,499,632	968,687	221,346	76,679	11,945	130,740	10,901	59,643	931,914	X X X
7. 2008	2,065,381	557,156	1,508,225	1,132,168	267,664	81,878	11,442	145,348	9,304	54,009	1,070,984	X X X
8. 2009	1,959,974	611,723	1,348,251	961,236	255,763	62,385	9,122	137,746	1,904	50,212	894,578	X X X
9. 2010	1,980,888	644,997	1,335,891	951,406	292,387	52,016	7,474	138,888	941	51,090	841,508	X X X
10. 2011	2,139,789	732,162	1,407,627	911,167	331,493	34,984	8,961	139,138	1,056	52,462	743,779	X X X
11. 2012	2,384,545	794,077	1,590,468	703,644	276,666	14,699	2,738	114,897	528	30,397	553,308	X X X
12. Totals	X X X	X X X	X X X	9,293,460	2,560,743	637,962	113,717	1,286,142	50,608	493,694	8,492,496	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1. Prior	630,027	223,959	246,383	181,573	41,988	34,575	120,337	53,746	26,927	77	4,285	571,732	X X X
2. 2003	32,680	14,282	53,751	22,123	854	317	5,928	1,372	2,157	23	772	57,253	X X X
3. 2004	33,420	12,212	60,666	18,144	993	412	12,393	1,219	2,002	12	1,033	77,475	X X X
4. 2005	39,087	14,886	59,507	27,930	1,315	417	9,936	1,726	2,202	3	1,175	67,085	X X X
5. 2006	47,468	13,086	78,105	22,682	1,804	813	11,076	2,361	2,172	18	1,753	101,665	X X X
6. 2007	67,041	15,026	85,740	22,146	3,273	1,225	17,269	2,775	1,229	48	2,586	133,332	X X X
7. 2008	99,076	19,975	102,025	29,909	5,089	1,172	33,573	5,700	5,295	235	3,806	188,067	X X X
8. 2009	105,574	17,517	129,832	31,179	5,897	1,266	39,041	5,721	6,879	186	4,193	231,354	X X X
9. 2010	148,717	28,137	172,001	33,859	7,095	1,434	42,115	7,392	9,819	308	6,181	308,617	X X X
10. 2011	191,261	31,001	272,413	55,858	9,849	2,697	68,857	10,107	20,312	467	9,012	462,562	X X X
11. 2012	272,711	48,805	567,304	138,142	7,392	1,498	83,130	10,405	51,929	1,352	28,551	782,264	X X X
12. Totals	1,667,062	438,886	1,827,727	583,545	85,549	45,826	443,655	102,524	130,923	2,729	63,347	2,981,406	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	470,878	100,854
2. 2003	1,142,850	242,413	900,437	71.231	62.267	74.104			12.900	50,026	7,227
3. 2004	1,138,045	269,549	868,496	67.943	61.283	70.314			12.900	63,730	13,745
4. 2005	1,308,291	374,948	933,343	75.859	92.104	70.840			12.900	55,778	11,307
5. 2006	1,203,675	227,717	975,958	64.301	53.334	67.542			12.900	89,805	11,860
6. 2007	1,350,658	285,412	1,065,246	68.765	61.439	71.034			12.900	115,609	17,723
7. 2008	1,604,452	345,401	1,259,051	77.683	61.994	83.479			12.900	151,217	36,850
8. 2009	1,448,590	322,658	1,125,932	73.909	52.746	83.511			12.900	186,710	44,644
9. 2010	1,522,057	371,932	1,150,125	76.837	57.664	86.094			12.900	258,722	49,895
10. 2011	1,647,981	441,640	1,206,341	77.016	60.320	85.700			12.900	376,815	85,747
11. 2012	1,815,706	480,134	1,335,572	76.145	60.464	83.974			12.900	653,068	129,196
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	2,472,358	509,048

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) 1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012	DEVELOPMENT 11 One Year	12 Two Year
1. Prior	1,595,138	1,724,607	1,876,289	1,965,332	2,060,552	2,060,473	2,114,788	2,111,377	2,166,522	2,185,783	19,261	74,406
2. 2003	836,952	752,109	730,760	773,120	784,730	784,277	788,971	789,256	788,280	789,023	743	(233)
3. 2004	X X X	840,205	779,881	758,522	762,752	761,054	759,741	763,993	761,950	761,613	(337)	(2,380)
4. 2005	X X X	X X X	914,444	870,133	847,339	834,803	834,709	832,029	831,085	829,251	(1,834)	(2,778)
5. 2006	X X X	X X X	X X X	934,563	892,819	875,311	871,661	864,136	861,410	864,709	3,299	573
6. 2007	X X X	X X X	X X X	X X X	998,746	975,011	950,180	947,826	942,801	952,073	9,272	4,247
7. 2008	X X X	X X X	X X X	X X X	X X X	1,140,565	1,131,050	1,108,635	1,118,409	1,130,040	11,631	21,405
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	982,611	1,001,104	996,822	992,485	(4,337)	(8,619)
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	976,621	995,237	1,014,965	19,728	38,344
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,038,444	1,059,479	21,035	X X X
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,177,689	X X X	X X X
										12. Totals	78,461	124,965

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) 1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012	11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
1. Prior	000	412,410	672,144	871,582	1,030,788	1,166,404	1,275,200	1,386,963	1,473,617	1,555,589	X X X	X X X
2. 2003	316,019	482,351	565,071	624,441	664,989	689,785	707,228	717,833	725,357	729,327	X X X	X X X
3. 2004	X X X	288,613	445,766	521,060	581,355	621,338	646,285	661,582	671,138	678,991	X X X	X X X
4. 2005	X X X	X X X	332,867	511,839	602,064	662,285	703,147	729,038	743,916	756,247	X X X	X X X
5. 2006	X X X	X X X	X X X	324,965	500,722	599,850	667,101	710,993	738,512	756,477	X X X	X X X
6. 2007	X X X	X X X	X X X	X X X	334,036	537,408	647,312	723,284	775,793	812,075	X X X	X X X
7. 2008	X X X	X X X	X X X	X X X	X X X	408,409	653,327	781,075	872,203	934,940	X X X	X X X
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	349,129	558,461	675,599	758,736	X X X	X X X
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	357,893	581,624	703,561	X X X	X X X
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	409,602	605,697	X X X	X X X
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	438,939	X X X	X X X

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED) 1 2003	2 2004	3 2005	4 2006	5 2007	6 2008	7 2009	8 2010	9 2011	10 2012
1. Prior	383,224	270,769	285,236	278,666	290,356	233,718	255,914	168,411	189,506	152,979
2. 2003	349,248	143,566	65,653	75,598	70,009	57,899	52,149	45,493	41,335	38,441
3. 2004	X X X	385,464	215,071	143,386	111,010	90,039	75,244	69,042	63,296	57,969
4. 2005	X X X	X X X	412,797	224,146	148,806	104,407	81,484	63,567	56,100	45,554
5. 2006	X X X	X X X	X X X	430,244	252,636	169,651	125,147	94,800	78,072	70,155
6. 2007	X X X	X X X	X X X	X X X	459,392	280,188	183,156	132,879	99,059	83,435
7. 2008	X X X	X X X	X X X	X X X	X X X	480,577	292,377	194,212	144,127	109,757
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	436,275	283,401	195,702	138,910
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	424,202	256,869	182,659
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	419,972	285,317
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	508,492

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama AL	L	61,669,316	61,839,097	(11,955)	39,553,163	40,035,794	72,989,385	149,570	
2. Alaska AK	L	6,519,169	7,161,879	(1,207)	2,143,944	3,883,503	12,777,360	8,582	
3. Arizona AZ	L	74,714,053	81,034,319	18,271	46,798,488	48,676,646	73,266,441	224,518	
4. Arkansas AR	L	30,146,607	28,669,674	(60,685)	28,607,718	45,988,171	46,371,820	32,969	
5. California CA	L	670,265,059	645,034,624	(193,580)	371,554,404	456,367,462	781,718,637	2,446,736	
6. Colorado CO	L	73,497,264	74,142,041	(7,456)	51,899,236	53,710,098	73,653,913	223,774	
7. Connecticut CT	L	188,243,529	196,538,368	(44,579)	136,671,492	122,881,422	183,164,142	994,496	
8. Delaware DE	L	66,532,055	70,761,546	(16,261)	38,804,223	35,165,844	45,231,866	262,326	
9. District of Columbia DC	L	15,256,825	15,739,948	(1,174)	10,871,114	10,104,153	16,619,152	44,504	
10. Florida FL	L	253,962,097	263,634,281	(25,686)	141,792,783	104,490,332	306,012,006	1,518,902	
11. Georgia GA	L	223,672,191	230,451,283	(27,587)	135,134,610	133,058,658	160,060,026	629,068	
12. Hawaii HI	L	52,994,461	52,412,782	(4,800)	21,838,062	23,499,848	28,979,390	209,300	
13. Idaho ID	L	20,992,170	21,287,427	(2,056)	9,747,101	10,799,983	10,221,668	72,757	
14. Illinois IL	L	170,935,968	179,347,346	(72,559)	99,098,928	118,952,219	240,152,957	534,603	
15. Indiana IN	L	80,717,111	83,881,689	5,353	54,272,125	53,585,527	72,781,745	289,987	
16. Iowa IA	L	16,130,936	15,572,182	(26,920)	8,793,150	6,686,439	30,895,030	25,575	
17. Kansas KS	L	40,919,273	40,078,733	(1,509)	27,334,678	22,848,319	36,137,579	92,205	
18. Kentucky KY	L	78,826,941	79,296,234	(366)	72,886,467	80,378,389	95,604,556	305,340	
19. Louisiana LA	L	151,003,688	152,942,296	(7,806)	78,065,583	83,418,622	126,456,299	321,113	
20. Maine ME	L	50,373,619	52,830,450	764	25,333,639	20,995,651	31,171,014	399,046	
21. Maryland MD	L	143,546,471	146,893,898	(32,635)	98,635,424	100,025,163	135,434,936	617,525	
22. Massachusetts MA	L	179,297,225	180,671,702	271	72,737,890	74,667,269	160,323,510	707,167	
23. Michigan MI	L	180,104,241	184,232,647	66,064	104,067,618	85,470,165	261,260,664	621,306	
24. Minnesota MN	L	90,516,226	95,895,616	(60,832)	50,748,701	63,085,357	143,051,536	259,896	
25. Mississippi MS	L	24,345,175	21,920,950	(1,883)	10,672,896	9,726,988	22,416,801	36,402	
26. Missouri MO	L	88,264,201	90,895,160	7,065	93,802,464	92,072,021	103,633,261	232,479	
27. Montana MT	L	13,198,032	12,923,859	(262)	7,295,292	5,497,030	19,809,331	39,995	
28. Nebraska NE	L	16,024,327	15,770,404	(36,858)	7,740,814	3,906,423	21,994,501	36,963	
29. Nevada NV	L	56,296,539	59,090,515	(354)	43,981,623	35,872,037	44,720,300	180,817	
30. New Hampshire NH	L	64,057,757	66,548,805	23,279	39,745,460	32,457,548	47,053,048	408,694	
31. New Jersey NJ	L	387,992,320	397,397,036	61,569	291,795,350	356,684,495	558,276,078	2,859,119	
32. New Mexico NM	L	29,527,721	29,865,586	(3,357)	17,248,097	20,889,033	24,689,811	85,848	
33. New York NY	L	755,997,245	762,118,202	17,399	575,572,066	718,260,397	977,916,872	4,770,258	
34. North Carolina NC	L	83,629,397	83,085,768	(46,205)	43,312,136	49,605,380	121,322,159	134,522	
35. North Dakota ND	L	3,401,444	3,281,463	798	1,064,770	363,527	2,561,377	4,520	
36. Ohio OH	L	133,236,722	137,758,158	(27,031)	74,584,920	68,870,800	62,978,953	715,173	
37. Oklahoma OK	L	89,352,535	90,484,689	(10,042)	63,378,505	83,650,029	87,526,514	215,763	
38. Oregon OR	L	48,851,366	50,522,891	(11,186)	28,881,672	25,507,660	38,930,570	203,748	
39. Pennsylvania PA	L	195,687,244	185,294,028	4,435	122,737,603	103,134,701	293,273,547	1,038,727	
40. Rhode Island RI	L	52,272,707	53,999,715	(94,545)	31,960,265	32,233,397	40,213,066	274,299	
41. South Carolina SC	L	68,660,545	72,338,491	(47,783)	42,505,286	48,249,200	68,376,217	231,921	
42. South Dakota SD	L	4,436,558	4,364,956	(891)	1,755,610	1,774,355	7,717,022	7,089	
43. Tennessee TN	L	101,354,283	102,162,121	16,063	69,188,966	72,704,850	148,557,701	337,529	
44. Texas TX	L	209,368,252	194,867,089	3,390,608	152,032,490	195,254,328	446,728,534	111,202	
45. Utah UT	L	46,866,966	45,750,419	(8,471)	25,683,640	20,232,913	28,377,564	123,942	
46. Vermont VT	L	25,090,230	26,269,928	13,851	13,315,594	16,946,144	21,059,621	120,864	
47. Virginia VA	L	68,505,045	69,659,177	2,079	38,436,589	33,794,069	74,380,189	239,291	
48. Washington WA	L	117,086,729	114,368,259	909	57,862,901	58,005,783	40,512,946	342,543	
49. West Virginia WV	L	34,057,673	35,764,791	415	20,198,500	19,300,998	14,394,371	146,666	
50. Wisconsin WI	L	73,897,004	76,777,344	396,551	50,929,875	68,399,196	123,154,494	217,832	
51. Wyoming WY	L	4,317,136	4,082,206	281	1,411,168	1,679,308	3,629,716	8,376	
52. American Samoa AS	N								
53. Guam GU	N								
54. Puerto Rico PR	L	2,690,030	2,214,282		340,639	(169,518)	399,820		
55. U.S. Virgin Islands VI	N	(6)				(132)	198		
56. Northern Mariana Islands MP	N								
57. Canada CAN	N				(286)	542			
58. Aggregate Other Alien OT	XXX	34,909	(1,668)	(486)	2,280,670	190,604	9,920,957		
59. Totals	(a) 52	5,719,336,581	5,769,924,686	3,137,018	3,657,106,116	3,973,869,140	6,598,861,171	24,115,847	

DETAILS OF WRITE-INS									
58001. Other Alien	XXX	34,909	(1,668)	(486)	2,280,670	190,604	9,920,957		
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX								
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX	34,909	(1,668)	(486)	2,280,670	190,604	9,920,957		

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

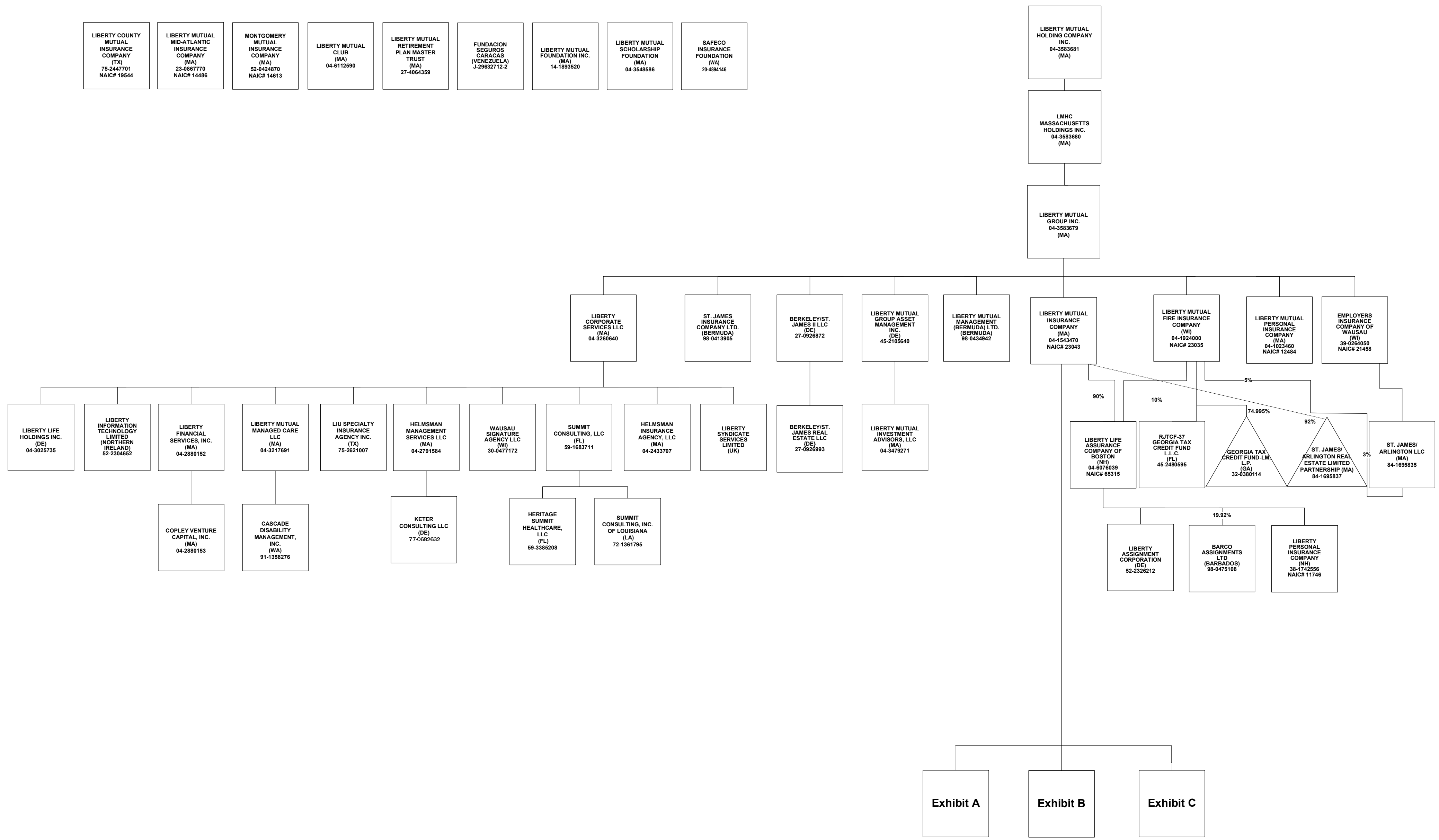
Explanation of basis of allocation of premiums by states, etc.

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

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

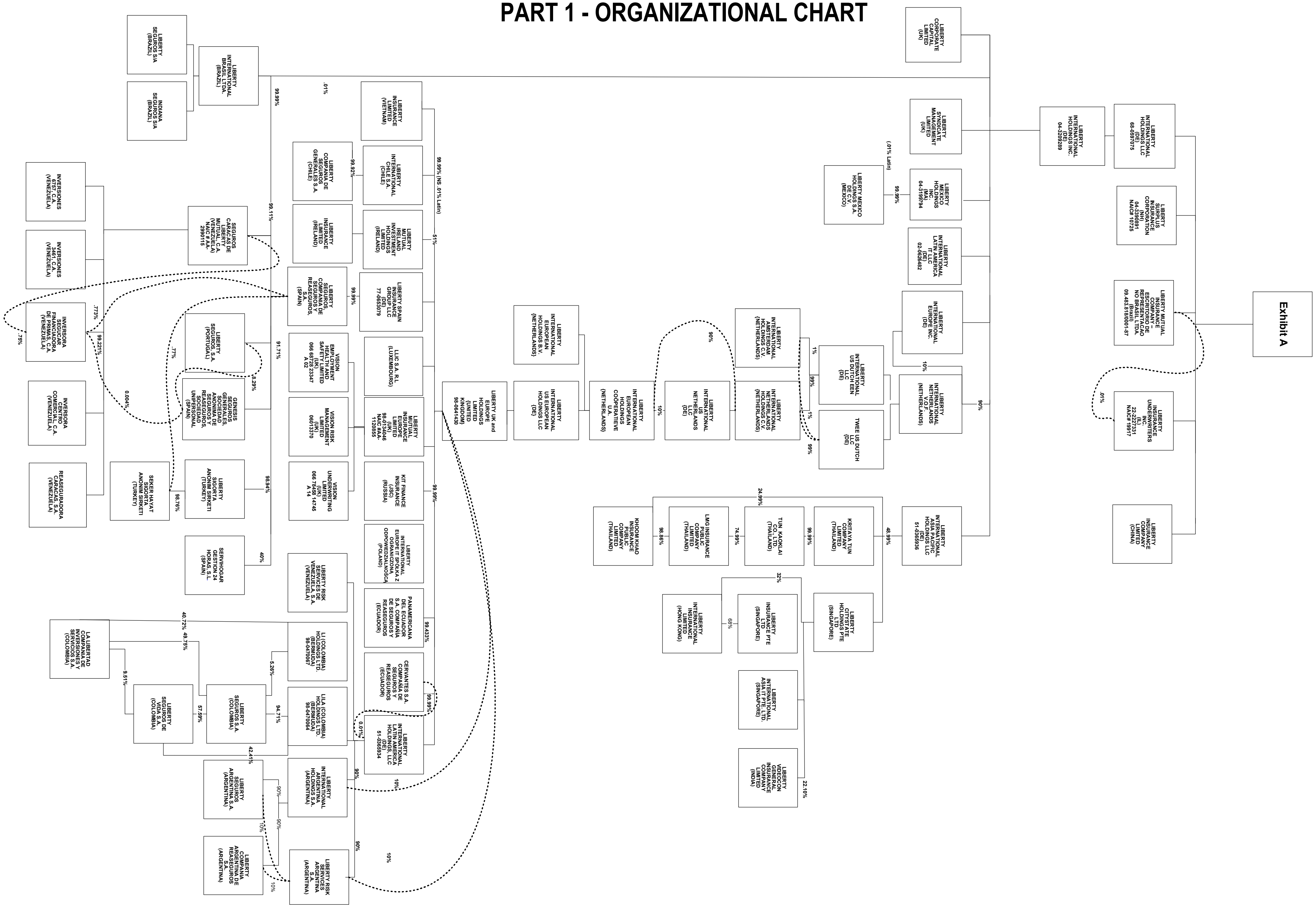
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



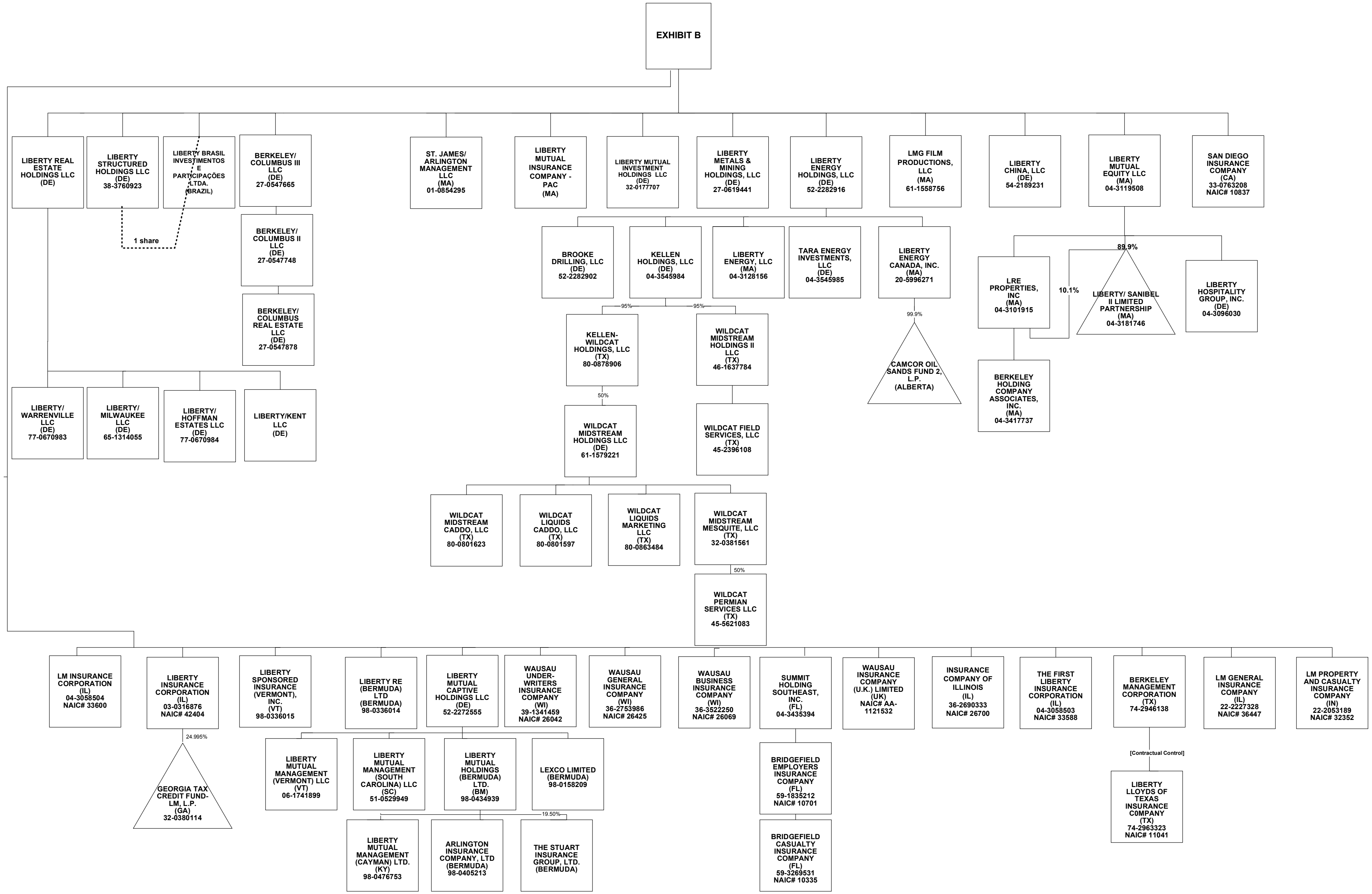
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



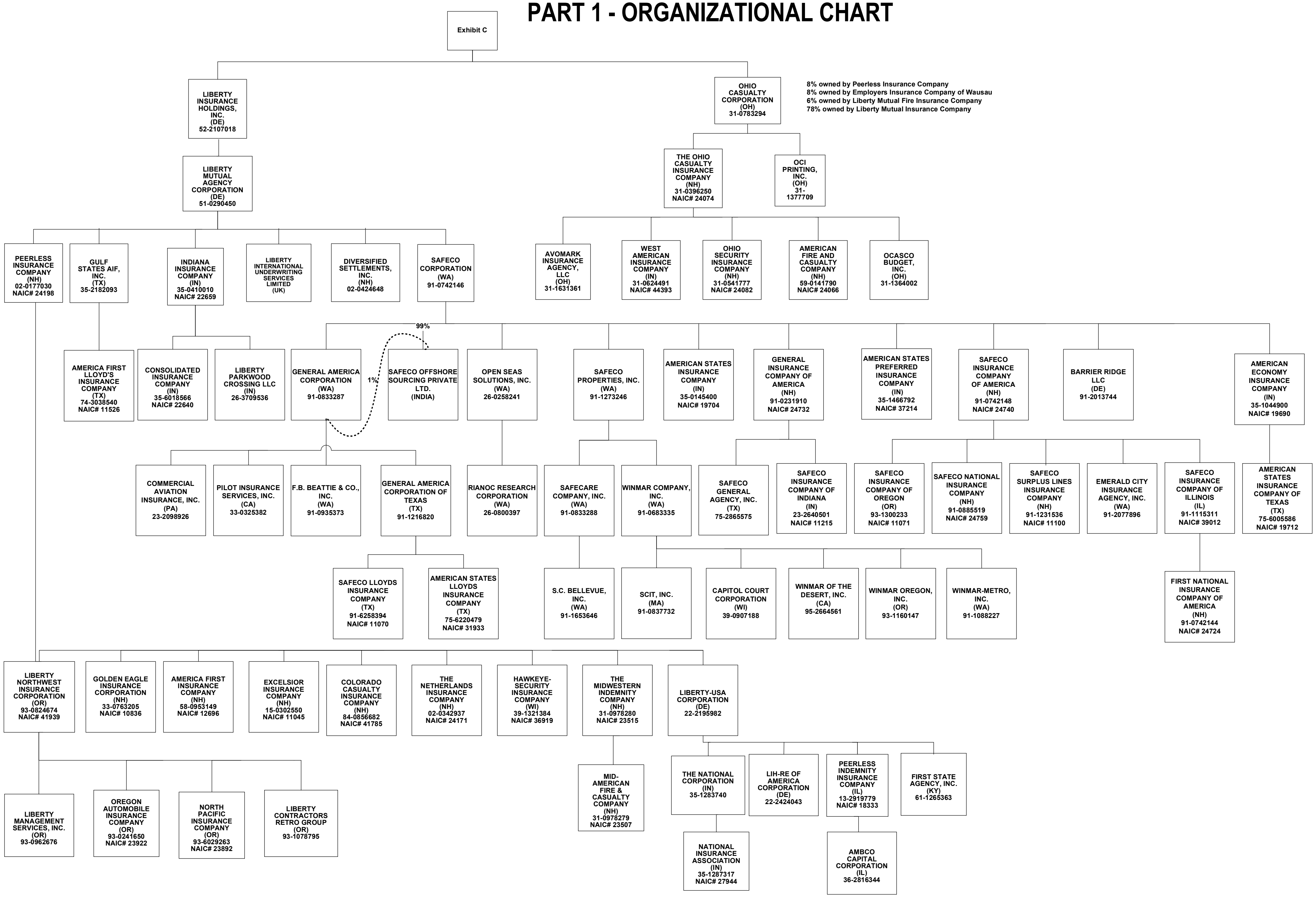
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

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	7,240,209	5,163,728	2,076,481	919,352
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	7,240,209	5,163,728	2,076,481	919,352

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT