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, 2013

PROPERTY AND CASUALTY

2013

23035201320100100

ANNUAL STATEMENT

For the Year Ended December 31, 2013

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

Statutory Statement Contact James Deegan (Name) 617-357-9500 x45424 (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	EVP and Chief Communications Officer	Luis Bonell #	Executive Vice President
John Eric Brosius	EVP and Corporate Actuary	James Paul Condrin, III	Executive Vice President
John Derek Doyle	Vice President and Comptroller	Melanie Marie Foley	EVP-Chief Human Resources & Admin. Off.
Anthony Alexander Fontanes	EVP and Chief Investment Officer	James Francis Kelleher #	EVP and Chief Legal Officer
Dennis James Langwell	EVP and Chief Financial Officer	James Martin McGlennon	EVP 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	James Francis Kelleher #	Dennis James Langwell
Dexter Robert Legg	David Henry Long	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

27th day of January , 2014, by

a. Is this an original filing? [X] Yes [ ] No

b. If no: 1. State the amendment number

2. Date filed

3. Number of pages attached

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	3,443,535,384		3,443,535,384	3,151,296,529
2. Stocks (Schedule D):				
2.1 Preferred stocks	20,723,648		20,723,648	22,549,678
2.2 Common stocks	388,105,341		388,105,341	344,607,279
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	125,189,070		125,189,070	110,109,559
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 ($ 1,834,639, Schedule E - Part 1), cash equivalents ($ 7,185,607, Schedule E - Part 2), and short-term investments ($ 65,846,952, Schedule DA)	74,867,198		74,867,198	98,087,079
6. Contract loans (including $ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	422,990,245		422,990,245	435,138,189
9. Receivables for securities	969,520		969,520	1,790,423
10. Securities lending reinvested collateral assets (Schedule DL)	26,683,004		26,683,004	86,281,705
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	4,503,063,410		4,503,063,410	4,249,860,441
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	33,854,907		33,854,907	32,921,748
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	132,434,516	6,553,441	125,881,075	157,226,564
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 3,433,632 earned but unbilled premiums)	600,223,940	511,373	599,712,567	503,706,961
15.3 Accrued retrospective premiums	41,835,834	4,176,781	37,659,053	37,944,798
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	30,141	30,141		62,251
18.1 Current federal and foreign income tax recoverable and interest thereon				12,588,120
18.2 Net deferred tax asset	165,382,000	11,011,191	154,370,809	112,658,585
19. Guaranty funds receivable or on deposit	1,717,902		1,717,902	2,459,835
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	15,190,502		15,190,502	
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	92,044,453	1,935,849	90,108,604	126,314,066
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	5,585,777,605	24,218,776	5,561,558,829	5,235,743,369
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	5,585,777,605	24,218,776	5,561,558,829	5,235,743,369

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	60,940,182		60,940,182	83,053,353
2502. Amounts receivable under high deductible policies	15,621,590	154	15,621,436	27,985,844
2503. Equities and deposits in pools and associations	11,546,386		11,546,386	13,198,388
2598. Summary of remaining write-ins for Line 25 from overflow page	3,936,295	1,935,695	2,000,600	2,076,481
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	92,044,453	1,935,849	90,108,604	126,314,066

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	2,279,464,676	2,472,362,373
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	116,546,438	85,718,835
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	489,340,086	509,044,421
4.	Commissions payable, contingent commissions and other similar charges	43,093,356	17,087,645
5.	Other expenses (excluding taxes, licenses and fees)	62,939,398	65,406,798
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	22,625,070	30,823,560
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	6,655,868	
7.2	Net deferred tax liability		
8.	Borrowed money $ 150,000,000 and interest thereon $ 505,042	150,505,042	150,505,042
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $ 2,700,732,467 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)	950,468,970	735,045,089
10.	Advance premium	7,057,581	6,965,536
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	196,198	429,198
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	7,898,449	11,705,752
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	66,588,376	63,776,280
19.	Payable to parent, subsidiaries and affiliates	851,234	31,430,853
20.	Derivatives		2,673,471
21.	Payable for securities	79,913	14,482,946
22.	Payable for securities lending	26,683,004	86,281,705
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	114,269,151	12,863,812
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	4,345,262,810	4,296,603,316
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	4,345,262,810	4,296,603,316
29.	Aggregate write-ins for special surplus funds	8,909,896	105,685,871
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	510,000,000	375,000,000
35.	Unassigned funds (surplus)	686,136,123	447,204,182
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)	1,216,296,019	939,140,053
38.	Totals (Page 2, Line 28, Col. 3)	5,561,558,829	5,235,743,369

	DETAILS OF WRITE-IN LINES		
2501.	Amounts held under uninsured plans	60,292,522	101,111,608
2502.	Other liabilities	57,122,078	74,277,233
2503.	Retroactive reinsurance reserves	(3,145,449)	(162,525,029)
2598.	Summary of remaining write-ins for Line 25 from overflow page		
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	114,269,151	12,863,812
2901.	Special surplus from retroactive reinsurance	8,909,896	105,685,871
2902.			
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	8,909,896	105,685,871
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)	1,948,596,324	1,590,470,098
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	1,152,772,781	1,153,949,419
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	279,293,399	282,828,146
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	627,302,740	504,485,732
5.	Aggregate write-ins for underwriting deductions		
6.	Total underwriting deductions (Lines 2 through 5)	2,059,368,920	1,941,263,297
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(110,772,596)	(350,793,199)
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	176,055,647	140,562,326
10.	Net realized capital gains (losses) less capital gains tax of $ 4,146,879 (Exhibit of Capital Gains (Losses))	7,701,347	42,094,540
11.	Net investment gain (loss) (Lines 9 + 10)	183,756,994	182,656,866
	OTHER INCOME		
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 369,363 amount charged off $ 6,794,283)	(6,424,920)	(5,785,204)
13.	Finance and service charges not included in premiums	10,709,824	5,172,125
14.	Aggregate write-ins for miscellaneous income	(3,759,044)	(6,006,441)
15.	Total other income (Lines 12 through 14)	525,860	(6,619,520)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	73,510,258	(174,755,853)
17.	Dividends to policyholders	3,082,309	3,173,848
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)	70,427,949	(177,929,701)
19.	Federal and foreign income taxes incurred	(17,078,879)	(47,127,291)
20.	Net income (Line 18 minus Line 19) (to Line 22)	87,506,828	(130,802,410)
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	939,140,053	1,073,042,656
22.	Net income (from Line 20)	87,506,828	(130,802,410)
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $ 12,621,840	6,964,540	17,935,672
25.	Change in net unrealized foreign exchange capital gain (loss)	(4,169,373)	2,661,577
26.	Change in net deferred income tax	(42,181,248)	43,989,481
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	97,938,162	(13,371,449)
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
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	135,000,000	
	33.2 Transferred to capital (Stock Dividend)		
	33.3 Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders	(3,750,000)	(15,000,000)
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	(152,943)	(44,688,718)
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	277,155,966	(133,902,603)
39.	Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	1,216,296,019	939,140,053

	DETAILS OF WRITE-IN LINES		
0501.			
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)		
1401.	Retroactive reinsurance gain/(loss)	53,704	(3,994,509)
1402.	Other income/(expense)	(3,812,748)	(2,011,932)
1403.			
1498.	Summary of remaining write-ins for Line 14 from overflow page		
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(3,759,044)	(6,006,441)
3701.	SSAP 10R incremental change		(44,688,718)
3702.	Other changes in surplus	(152,943)	
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page		
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(152,943)	(44,688,718)

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	2,099,096,013	1,605,490,137
2.	Net investment income	186,366,431	147,685,839
3.	Miscellaneous income	(30,452,697)	(4,901,872)
4.	Total (Lines 1 through 3)	2,255,009,747	1,748,274,104
5.	Benefit and loss related payments	1,307,576,181	989,684,317
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	909,127,311	736,598,312
8.	Dividends paid to policyholders	3,315,309	3,558,553
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	(32,175,988)	(15,081,270)
10.	Total (Lines 5 through 9)	2,187,842,813	1,714,759,912
11.	Net cash from operations (Line 4 minus Line 10)	67,166,934	33,514,192
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	501,444,543	769,527,276
12.2	Stocks	11,619,770	31,044,808
12.3	Mortgage loans	8,622,673	7,152,089
12.4	Real estate		
12.5	Other invested assets	577,984,387	342,653,946
12.6	Net gains (or losses) on cash, cash equivalents and short-term investments	(3,442)	
12.7	Miscellaneous proceeds	(2,002,497)	180,780
12.8	Total investment proceeds (Lines 12.1 to 12.7)	1,097,665,434	1,150,558,899
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	802,704,683	887,284,597
13.2	Stocks	43,084,809	19,611,339
13.3	Mortgage loans	23,816,840	22,323,965
13.4	Real estate		
13.5	Other invested assets	487,265,074	386,269,376
13.6	Miscellaneous applications	14,403,033	(3,767,298)
13.7	Total investments acquired (Lines 13.1 to 13.6)	1,371,274,439	1,311,721,979
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)	(273,609,005)	(161,163,080)
	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	135,000,000	
16.3	Borrowed funds		150,505,042
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders	3,750,000	15,000,000
16.6	Other cash provided (applied)	51,972,190	33,659,626
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	183,222,190	169,164,668
	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)	(23,219,881)	41,515,780
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	98,087,079	56,571,299
19.2	End of year (Line 18 plus Line 19.1)	74,867,198	98,087,079

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

20.0001	12.1 - Proceeds from investments sold, matured or repaid - Bonds	35,078,838	
20.0002	12.3 - Proceeds from investments sold, matured or repaid - Mortgage loans	424,720	197,859
20.0003	12.5 - Proceeds from investments sold, matured or repaid - Other invested assets	230,164,385	
20.0004	13.1 Cost of Investment Acquired - Bonds	175,383,017	
20.0005	13.5 Cost of Investment Acquired - Other invested assets	2,489,186	

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	51,620,527	20,522,889	23,704,854	48,438,562
2. Allied lines	33,448,864	9,267,340	14,843,729	27,872,475
3. Farmowners multiple peril	11,010,426	21,950	3,782,626	7,249,750
4. Homeowners multiple peril	397,649,876	153,296,197	211,255,129	339,690,944
5. Commercial multiple peril	235,923,225	20,310,361	86,211,731	170,021,855
6. Mortgage guaranty				
8. Ocean marine	5,961,334	2,881,152	3,269,085	5,573,401
9. Inland marine	59,582,267	7,364,960	11,837,663	55,109,564
10. Financial guaranty				
11.1 Medical professional liability—occurrence	2,779,491	2,668,874	1,896,934	3,551,431
11.2 Medical professional liability—claims-made	729,817	199,529	311,564	617,782
12. Earthquake	7,922,027	3,216,321	3,692,035	7,446,313
13. Group accident and health	82,843			82,843
14. Credit accident and health (group and individual)				
15. Other accident and health	429,190	7,737	31,803	405,124
16. Workers' compensation	259,019,249	25,387,801	10,679,352	273,727,698
17.1 Other liability—occurrence	136,927,432	50,961,452	55,428,085	132,460,799
17.2 Other liability—claims-made	29,112,576	21,957,836	18,423,918	32,646,494
17.3 Excess workers' compensation	2,167,328	5,164,429	1,860,535	5,471,222
18.1 Products liability—occurrence	8,142,669	10,833,471	7,341,297	11,634,843
18.2 Products liability—claims-made	1,018,492	173,187	396,002	795,677
19.1,19.2 Private passenger auto liability	434,386,456	192,308,055	210,767,006	415,927,505
19.3,19.4 Commercial auto liability	111,967,996	24,709,118	43,050,200	93,626,914
21. Auto physical damage	254,590,166	133,665,170	156,847,582	231,407,754
22. Aircraft (all perils)	2,966,471	1,186,041	870,030	3,282,482
23. Fidelity	2,019,916	712,008	1,052,496	1,679,428
24. Surety	92,719,967	715,798	35,726,776	57,708,989
26. Burglary and theft	99,746	25,461	45,487	79,720
27. Boiler and machinery	2,176,954	1,762,467	1,275,698	2,663,723
28. Credit	128,712	123,064	73,159	178,617
29. International				
30. Warranty	(170,252)	718,649	409,238	139,159
31. Reinsurance-nonproportional assumed property	17,503,085	3,209,559	1,967,457	18,745,187
32. Reinsurance-nonproportional assumed liability	1,578,820	526,372	295,963	1,809,229
33. Reinsurance-nonproportional assumed financial lines	13,952			13,952
34. Aggregate write-ins for other lines of business				
35. TOTALS	2,163,509,622	693,897,248	907,347,434	1,950,059,436

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	23,294,117	410,737			23,704,854
2. Allied lines	14,748,371	95,358			14,843,729
3. Farmowners multiple peril	3,782,626				3,782,626
4. Homeowners multiple peril	211,255,129				211,255,129
5. Commercial multiple peril	86,398,688	397,554	(589,017)	4,506	86,211,731
6. Mortgage guaranty					
8. Ocean marine	3,034,459	234,626			3,269,085
9. Inland marine	9,610,645	2,227,018			11,837,663
10. Financial guaranty					
11.1 Medical professional liability—occurrence	1,872,473	24,460			1,896,933
11.2 Medical professional liablity—claims-made	311,564				311,564
12. Earthquake	3,652,957	39,078			3,692,035
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	31,803				31,803
16. Workers' compensation	53,280,438	141,668	(1,234,612)	(41,508,140)	10,679,354
17.1 Other liability—occurrence	52,074,447	3,394,313	15,708	(56,383)	55,428,085
17.2 Other liability—claims-made	15,537,855	2,912,624	(26,561)		18,423,918
17.3 Excess workers' compensation	1,835,254	25,280			1,860,534
18.1 Products liability—occurrence	4,347,168	2,867,489	(5,895)	132,535	7,341,297
18.2 Products liability—claims-made	395,954	48			396,002
19.1,19.2 Private passenger auto liability	210,763,176	3,830			210,767,006
19.3,19.4 Commercial auto liability	42,691,364	212,514		146,321	43,050,199
21. Auto physical damage	156,754,662	92,920			156,847,582
22. Aircraft (all perils)	870,030				870,030
23. Fidelity	776,965	275,531			1,052,496
24. Surety	25,248,108	10,478,669			35,726,777
26. Burglary and theft	44,927	560			45,487
27. Boiler and machinery	1,241,050	34,648			1,275,698
28. Credit	73,159				73,159
29. International					
30. Warranty		409,238			409,238
31. Reinsurance-nonproportional assumed property	1,967,457				1,967,457
32. Reinsurance-nonproportional assumed liability	295,963				295,963
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	926,190,809	24,278,163	(1,840,377)	(41,281,161)	907,347,434
36. Accrued retrospective premiums based on experience					41,281,161
37. Earned but unbilled premiums					1,840,377
38. Balance (Sum of Lines 35 through 37)					950,468,972

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	 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	380,313,120	51,620,527		380,313,120		51,620,527
2. Allied lines	172,507,015	33,448,864		172,507,015		33,448,864
3. Farmowners multiple peril		11,010,426				11,010,426
4. Homeowners multiple peril	1,392,526,915	397,649,876		1,392,526,915		397,649,876
5. Commercial multiple peril	48,207,440	235,923,225		48,207,440		235,923,225
6. Mortgage guaranty						
8. Ocean marine	4,204,334	5,961,334		4,204,334		5,961,334
9. Inland marine	33,574,996	59,582,267		33,574,996		59,582,267
10. Financial guaranty						
11.1 Medical professional liability--occurrence		2,779,491				2,779,491
11.2 Medical professional liability--claims-made		729,817				729,817
12. Earthquake	52,745,393	7,922,027		52,745,393		7,922,027
13. Group accident and health		82,843				82,843
14. Credit accident and health (group and individual)						
15. Other accident and health		429,190				429,190
16. Workers' compensation	483,485,001	259,019,249		483,485,001		259,019,249
17.1 Other liability—occurrence	315,926,494	136,927,432		315,926,494		136,927,432
17.2 Other liability—claims-made	1,734,933	29,112,576		1,734,933		29,112,576
17.3 Excess workers' compensation	833,561	2,167,328		833,561		2,167,328
18.1 Products liability—occurrence	77,903,419	8,142,669		77,903,419		8,142,669
18.2 Products liability—claims-made	6,441,197	1,018,492		6,441,197		1,018,492
19.1,19.2 Private passenger auto liability	1,384,918,521	434,386,456		1,384,918,521		434,386,456
19.3,19.4 Commercial auto liability	254,418,353	111,967,996		254,418,353		111,967,996
21. Auto physical damage	985,047,547	254,590,166		985,047,547		254,590,166
22. Aircraft (all perils)		2,966,471				2,966,471
23. Fidelity	527,688	2,019,916		527,688		2,019,916
24. Surety	5,954,965	92,719,967		5,954,965		92,719,967
26. Burglary and theft	313,889	99,746		313,889		99,746
27. Boiler and machinery	33,907,980	2,176,954		33,907,980		2,176,954
28. Credit		128,712				128,712
29. International						
30. Warranty	1,284,045	(170,252)		1,284,045		(170,252)
31. Reinsurance-nonproportional assumed property	X X X	17,503,085				17,503,085
32. Reinsurance-nonproportional assumed liability	X X X	1,578,820				1,578,820
33. Reinsurance-nonproportional assumed financial lines	X X X	13,952				13,952
34. Aggregate write-ins for other lines of business						
35. TOTALS	5,636,776,806	2,163,509,622		5,636,776,806		2,163,509,622

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 $ 460,225,155

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 473,090,104

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	282,207,774	38,921,825	282,207,774	38,921,825	18,567,245	34,133,445	23,355,625	48.217
2. Allied lines	250,718,030	19,451,647	250,718,030	19,451,647	8,233,714	11,071,171	16,614,190	59.608
3. Farmowners multiple peril		2,056,152		2,056,152	1,411,244		3,467,396	47.828
4. Homeowners multiple peril	606,660,767	158,685,735	606,660,767	158,685,735	67,914,517	58,896,288	167,703,964	49.370
5. Commercial multiple peril	29,192,557	(40,267,788)	29,192,557	(40,267,788)	171,017,720	47,924,309	82,825,623	48.715
6. Mortgage guaranty								
8. Ocean marine	2,781,222	5,297,883	2,781,222	5,297,883	5,492,290	8,464,782	2,325,391	41.723
9. Inland marine	9,387,620	36,122,257	9,387,620	36,122,257	8,765,060	11,484,609	33,402,708	60.611
10. Financial guaranty								
11.1 Medical professional liability—occurrence		1,827,023		1,827,023	4,897,876	5,257,427	1,467,472	41.321
11.2 Medical professional liability—claims-made		326,978		326,978	570,309	584,152	313,135	50.687
12. Earthquake	158,389	292,410	158,389	292,410	167,250	332,168	127,492	1.712
13. Group accident and health		162,337		162,337	234,985	305,940	91,382	110.307
14. Credit accident and health (group and individual)								
15. Other accident and health		(3,432,839)		(3,432,839)	1,627,473	229,714	(2,035,080)	(502.335)
16. Workers' compensation	484,954,727	490,134,358	484,954,727	490,134,358	1,101,342,506	1,389,235,325	202,241,539	73.884
17.1 Other liability—occurrence	151,480,347	99,995,155	151,480,347	99,995,155	275,834,654	282,819,631	93,010,178	70.217
17.2 Other liability—claims-made	3,425,372	33,447,496	3,425,372	33,447,496	49,163,162	69,737,268	12,873,390	39.433
17.3 Excess workers' compensation	123,226	29,097,441	123,226	29,097,441	44,286,409	69,765,972	3,617,878	66.126
18.1 Products liability—occurrence	38,246,870	24,110,925	38,246,870	24,110,925	35,845,175	52,042,879	7,913,221	68.013
18.2 Products liability—claims-made	323,694	1,435,638	323,694	1,435,638	2,694,471	3,676,658	453,451	56.989
19.1,19.2 Private passenger auto liability	1,025,371,650	252,768,009	1,025,371,650	252,768,009	291,831,596	262,780,902	281,818,703	67.757
19.3,19.4 Commercial auto liability	162,334,130	11,985,275	162,334,130	11,985,275	115,810,568	71,602,640	56,193,203	60.018
21. Auto physical damage	487,369,515	121,739,917	487,369,515	121,739,917	6,340,211	(2,938,933)	131,019,061	56.618
22. Aircraft (all perils)		4,091,643		4,091,643	4,008,199	6,064,934	2,034,908	61.993
23. Fidelity	463,165	1,460,690	463,165	1,460,690	2,323,019	3,507,756	275,953	16.431
24. Surety		9,551,879		9,551,879	10,777,220	190,279	20,138,820	34.897
26. Burglary and theft	21,732	69,120	21,732	69,120	17,202	36,205	50,117	62.866
27. Boiler and machinery	9,206,007	1,309,326	9,206,007	1,309,326	809,322	1,390,247	728,401	27.345
28. Credit		33,435		33,435	318,395	87,614	264,216	147.923
29. International								
30. Warranty		18,799		18,799	105,349	49,491	74,657	53.649
31. Reinsurance-nonproportional assumed property	X X X	19,690,252		19,690,252	19,437,407	33,129,581	5,998,078	31.998
32. Reinsurance-nonproportional assumed liability	X X X	20,508,175		20,508,175	29,277,517	49,882,013	(96,321)	(5.324)
33. Reinsurance-nonproportional assumed financial lines	X X X	324,643		324,643	342,611	617,904	49,350	353.713
34. Aggregate write-ins for other lines of business								
35. TOTALS	3,544,426,794	1,341,215,796	3,544,426,794	1,341,215,796	2,279,464,676	2,472,362,371	1,148,318,101	58.886

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	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	225,752,204	12,081,623	225,752,204	12,081,623	33,141,585	6,485,622	33,141,585	18,567,245	1,536,741
2. Allied lines	46,644,075	5,503,728	46,644,075	5,503,728	17,780,895	2,729,986	17,780,895	8,233,714	1,281,505
3. Farmowners multiple peril		1,317,347		1,317,347		93,896		1,411,243	481,618
4. Homeowners multiple peril	152,526,021	41,407,915	152,526,021	41,407,915	111,951,690	26,506,602	111,951,690	67,914,517	16,238,955
5. Commercial multiple peril	32,236,748	101,697,859	32,236,748	101,697,859	19,742,727	69,319,860	19,742,727	171,017,719	68,263,045
6. Mortgage guaranty									
8. Ocean marine	349,410	3,350,333	349,410	3,350,333	2,339,314	2,141,957	2,339,314	5,492,290	842,338
9. Inland marine	3,531,859	3,508,962	3,531,859	3,508,962	1,440,763	5,256,097	1,440,763	8,765,059	1,173,658
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		250,090		250,090		4,647,786		4,897,876	290,092
11.2 Medical professional liablity—claims-made		95,412		95,412		474,898		570,310	193,190
12. Earthquake		79,504		79,504	(106,746)	87,745	(106,746)	167,249	75,738
13. Group accident and health		185,768		185,768		49,216		(a) 234,984	14,183
14. Credit accident and health (group and individual)									
15. Other accident and health		731,547		731,547		895,926		(a) 1,627,473	416,242
16. Workers' compensation	1,722,107,946	563,746,362	1,722,107,946	563,746,362	1,799,825,958	537,596,144	1,799,825,958	1,101,342,506	154,975,590
17.1 Other liability—occurrence	216,399,370	103,772,837	216,399,370	103,772,837	420,749,424	172,061,816	420,749,424	275,834,653	88,756,839
17.2 Other liability—claims-made	5,454,758	10,092,921	5,454,758	10,092,921	2,566,136	39,070,242	2,566,136	49,163,163	14,614,958
17.3 Excess workers' compensation	282,861	17,761,893	282,861	17,761,893	2,267,454	26,524,516	2,267,454	44,286,409	4,324,435
18.1 Products liability—occurrence	44,179,754	8,407,618	44,179,754	8,407,618	139,222,889	27,437,558	139,222,889	35,845,176	20,814,914
18.2 Products liability—claims-made	39,142	59,472	39,142	59,472	18,066,403	2,634,999	18,066,403	2,694,471	1,445,947
19.1,19.2 Private passenger auto liability	894,843,391	192,328,239	894,843,391	192,328,239	576,573,677	99,503,357	576,573,677	291,831,596	74,870,462
19.3,19.4 Commercial auto liability	153,863,283	71,378,449	153,863,283	71,378,449	131,849,555	44,432,119	131,849,555	115,810,568	19,981,505
21. Auto physical damage		797,852		797,852	14,068,805	5,542,359	14,068,805	6,340,211	6,226,307
22. Aircraft (all perils)		1,840,972		1,840,972		2,167,227		4,008,199	1,411,326
23. Fidelity	13,351	385,983	13,351	385,983	109,904	1,937,036	109,904	2,323,019	366,333
24. Surety		(164,855)		(164,855)	(1,170,596)	10,942,075	(1,170,596)	10,777,220	8,295,605
26. Burglary and theft	37,029	8,625	37,029	8,625	17,199	8,576	17,199	17,201	21,223
27. Boiler and machinery	7,403,147	542,616	7,403,147	542,616	3,076,364	266,706	3,076,364	809,322	75,502
28. Credit		1		1		318,394		318,395	
29. International									
30. Warranty					1,325,478	105,349	1,325,478	105,349	48,998
31. Reinsurance-nonproportional assumed property	X X X	8,466,632		8,466,632	X X X	10,970,775		19,437,407	219,625
32. Reinsurance-nonproportional assumed liability	X X X	7,469,608		7,469,608	X X X	21,807,909		29,277,517	2,080,726
33. Reinsurance-nonproportional assumed financial lines	X X X	340,999		340,999	X X X	1,612		342,611	2,484
34. Aggregate write-ins for other lines of business									
35. TOTALS	3,505,664,349	1,157,446,312	3,505,664,349	1,157,446,312	3,294,838,878	1,122,018,360	3,294,838,878	2,279,464,672	489,340,084

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	271,299,118			271,299,118
1.2 Reinsurance assumed	136,509,769			136,509,769
1.3 Reinsurance ceded	271,299,118			271,299,118
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	136,509,769			136,509,769
2. Commission and brokerage:				
2.1 Direct, excluding contingent		223,782,315		223,782,315
2.2 Reinsurance assumed, excluding contingent		108,301,454		108,301,454
2.3 Reinsurance ceded, excluding contingent		223,782,315		223,782,315
2.4 Contingent—direct		101,510,473		101,510,473
2.5 Contingent—reinsurance assumed		31,188,366		31,188,366
2.6 Contingent—reinsurance ceded		101,510,473		101,510,473
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)		139,489,820		139,489,820
3. Allowances to manager and agents		22,671,287		22,671,287
4. Advertising	878,722	32,976,105	5,845	33,860,672
5. Boards, bureaus and associations	402,586	3,536,343	267	3,939,196
6. Surveys and underwriting reports	9,127	8,228,124	34,673	8,271,924
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	87,716,343	172,689,539	5,835,858	266,241,740
8.2 Payroll taxes	3,693,177	15,276,991	25,097	18,995,265
9. Employee relations and welfare	17,702,769	70,145,137	280,453	88,128,359
10. Insurance	3,952,796	936,707	68,388	4,957,891
11. Directors' fees	40	922		962
12. Travel and travel items	6,020,227	12,828,782	212,338	19,061,347
13. Rent and rent items	4,328,883	17,582,773	74,085	21,985,741
14. Equipment	2,030,679	8,477,849	211,632	10,720,160
15. Cost or depreciation of EDP equipment and software	2,988,744	11,514,004	210,290	14,713,038
16. Printing and stationery	706,459	2,578,566	21,204	3,306,229
17. Postage, telephone and telegraph, exchange and express	2,725,886	10,197,101	280,995	13,203,982
18. Legal and auditing	480,752	2,507,060	1,022,367	4,010,179
19. Totals (Lines 3 to 18)	133,637,190	392,147,290	8,283,492	534,067,972
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 401,955		56,288,501		56,288,501
20.2 Insurance department licenses and fees		4,536,358		4,536,358
20.3 Gross guaranty association assessments		554,672		554,672
20.4 All other (excluding federal and foreign income and real estate)		4,493,782		4,493,782
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		65,873,313		65,873,313
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	9,146,441	29,792,320	2,205,993	41,144,754
25. Total expenses incurred	279,293,400	627,302,743	10,489,485	(a) 917,085,628
26. Less unpaid expenses—current year	489,340,086	128,657,824		617,997,910
27. Add unpaid expenses—prior year	509,044,421	113,318,003		622,362,424
28. Amounts receivable relating to uninsured plans, prior year		62,251		62,251
29. Amounts receivable relating to uninsured plans, current year		(9,881)		(9,881)
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	298,997,735	611,890,790	10,489,485	921,378,010

DETAILS OF WRITE-IN LINES				
2401. Other expenses	9,146,441	29,792,320	2,205,993	41,144,754
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)	9,146,441	29,792,320	2,205,993	41,144,754

(a) Includes management fees of $ 280,332,030 to affiliates and $ 22,986,111 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

			1 Collected During Year		2 Earned During Year
1.	U.S. Government bonds	(a)	15,124,031		15,076,550
1.1	Bonds exempt from U.S. tax	(a)	42,979,853		43,159,102
1.2	Other bonds (unaffiliated)	(a)	70,517,959		71,111,969
1.3	Bonds of affiliates	(a)			
2.1	Preferred stocks (unaffiliated)	(b)	1,096,199		1,094,509
2.11	Preferred stocks of affiliates	(b)			
2.2	Common stocks (unaffiliated)		3,485,721		3,601,329
2.21	Common stocks of affiliates		33,242,225		33,242,225
3.	Mortgage loans	(c)	7,164,433		7,204,653
4.	Real estate	(d)			
5.	Contract loans				
6.	Cash, cash equivalents and short-term investments	(e)	194,501		274,214
7.	Derivative instruments	(f)	72,108		45,639
8.	Other invested assets		16,716,850		16,716,850
9.	Aggregate write-ins for investment income		964,550		964,550
10.	Total gross investment income		191,558,430		192,491,590
11.	Investment expenses			(g)	10,489,485
12.	Investment taxes, licenses and fees, excluding federal income taxes			(g)	
13.	Interest expense			(h)	5,946,458
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)				16,435,943
17.	Net investment income (Line 10 minus Line 16)				176,055,647

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)	964,550	964,550
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)	964,550	964,550
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 $ 1,489,929 accrual of discount less $ 11,673,320 amortization of premium and less $ 3,166,305 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 $ 33,445 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 $ 115,715 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	7,604		7,604		
1.1	Bonds exempt from U.S. tax	(222,279)		(222,279)	(21,501)	
1.2	Other bonds (unaffiliated)	3,335,318	(823,893)	2,511,425	1,245,240	(2,358,385)
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)	78,588		78,588	(1,721,289)	
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	1,519,572	(257,673)	1,261,899	41,040,116	
2.21	Common stocks of affiliates				(30,452,321)	
3.	Mortgage loans	(579,608)		(579,608)	464,951	
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments				(3,442)	
7.	Derivative instruments	(3,579,660)		(3,579,660)	2,673,471	
8.	Other invested assets	15,961,912	(3,591,654)	12,370,258	6,361,153	2,058,071
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	16,521,447	(4,673,220)	11,848,227	19,586,378	(300,314)

	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	6,553,441	4,905,424	(1,648,017)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	511,373	345,469	(165,904)
15.3 Accrued retrospective premiums	4,176,781	4,204,700	27,919
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	30,141	30,673	532
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	11,011,191	107,526,415	96,515,224
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets	1,935,849	5,163,766	3,227,917
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	24,218,776	122,176,447	97,957,671
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	24,218,776	122,176,447	97,957,671

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Other assets	1,935,695	5,163,728	3,228,033
2502. Amounts receivable under high deductible policies	154	38	(116)
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,935,849	5,163,766	3,227,917

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. 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. Effective January 1, 2013 the Company changed the predefined thresholds in its capitalization policy for internally developed software. The change was to bring the thresholds for internally developed software in line with industry standards. The Company's capitalization policy, including the predefined thresholds, for all other asset classes did not change.

13. The Company has no pharmaceutical rebate receivables.

Note 2 - Accounting Changes and Correction of Errors

Effective January 1, 2013 the Company Adopted SSAP No. 92, Postretirement Benefits Other Than Pensions, a Replacement of SSAP No. 14 and SSAP No. 102, Accounting for Pensions, a Replacement of SSAP No. 89. Also effective January 1, 2013, the Company adopted Ref #2013-02, Accounting for Deferred Compensation and Post Retirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements. The Company elected the transition option for recognizing the surplus impact of adopting SSAP No. 92, SSAP No. 102 and Ref #2013-02. The cumulative effect of

NOTES TO FINANCIAL STATEMENTS

adopting SSAP No. 92, SSAP No. 102 and Ref #2013-02 is reported in the capital and surplus account and is not considered material.

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 shares 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, 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, 2013; 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 mortgage loans during 2013 were:

Farm mortgages	N/A
Residential mortgages	N/A
Commercial mortgages	3.625% and 6.875%
Mezzanine	N/A

2. 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: 77 %

	2013	2012
3. Taxes, assessments and any amounts advanced and not included in the mortgage loan total	9,986	9,926

4. Age Analysis of Mortgage Loans

		Residential		Commercial			
	Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. Current Year							
1. Recorded Investment (All)							
(a) Current	$ -	$ -	$ -	$ -	$124,814,322	$ -	$124,814,322
(b) 30-59 Days Past Due	-	-	-	-	85,902	-	85,902
(c) 60-89 Days Past Due	-	-	-	-	41,666	-	41,666
(d) 90-179 Days Past Due	-	-	-	-	142,405	-	142,405
(e) 180+ Days Past Due	-	-	-	-	378,491	-	378,491
2. Accruing Interest 90-179 Days Past Due							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Interest Accrued	-	-	-	-	-	-	-
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Interest Accrued	-	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

4. Interest Reduced							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$1,885,872	$ -	$1,885,872
(b) Number of Loans	-	-	-	-	82	-	82
(c) Percent Reduced	-%	-%	-%	-%	1.256%	- %	1.256%
b. Prior Year							
1. Recorded Investment (All)							
(a) Current	$ -	$ -	$ -	$ -	$108,814,381	$ -	$108,814,381
(b) 30-59 Days Past Due	-	-	-	-	1,183,025	-	1,183,025
(c) 60-89 Days Past Due	-	-	-	-	146,662	-	146,662
(d) 90-179 Days Past Due	-	-	-	-	242,361	-	242,361
(e) 180+ Days Past Due	-	-	-	-	463,799	-	463,799
2. Accruing Interest 90-179 Days Past Due							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Interest Accrued	-	-	-	-	-	-	-
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Interest Accrued	-	-	-	-	-	-	-
4. Interest Reduced							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$2,977,433	$ -	$2,977,433
(b) Number of Loans	-	-	-	-	67	-	67
(c) Percent Reduced	-%	-%	-%	-%	1.223%	-%	1.223%

5. Investment in Impaired Loans With or Without Allowance for Credit Losses:

		Residential		Commercial			
	Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. Current Year							
1. With Allowance for Credit Losses	$-	$-	$-	$-	$676,246	$-	$676,246
2. No Allowance for Credit Losses	-	-	-	-	447,976	-	447,976
b. Prior Year							
1. With Allowance for Credit Losses	$-	$-	$-	$-	$819,923	$-	$819,923
2. No Allowance for Credit Losses	-	-	-	-	435,396	-	435,396

6. Investment in Impaired Loans - Average Recorded Investment, Interest Income Recognized, Recorded Investment on Nonaccrual Status and Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting:

		Residential		Commercial			
	Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. Current Year							
1. Average Recorded Investment	$-	$-	$-	$-	$1,203,817	$-	$1,203,817
2. Interest Income Recognized	-	-	-	-	50,014	-	50,014
3. Recorded Investments on Nonaccrual Status	-	-	-	-	319,798	-	319,798
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	47,719	-	47,719
b. Prior Year							
1. Average Recorded Investment	$-	$-	$-	$-	$1,254,187	$-	$1,254,187
2. Interest Income Recognized	-	-	-	-	75,423	-	75,423
3. Recorded Investments on Nonaccrual Status	-	-	-	-	536,899	-	536,899

NOTES TO FINANCIAL STATEMENTS

4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	61,395	-	61,395

	2013	2012
7. Allowance for credit losses:		
a. Balance at beginning of period	$738,107	$735,487
b. Additions charged to operations	142,063	297,985
c. Direct write-downs charged against the allowances	607,014	295,365
d. Recoveries of amounts previously charged off	-	-
e. Balance at end of period	$273,156	$738,107

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

B. Debt Restructuring

	2013	2012
1. The total recorded investment in restructured loans, as of year end	$947,756	$1,368,439
2. The realized capital losses related to these loans	$-	$-
3. Total contractual commitments to extend credit to debtors owing receivables whose terms have been modified in troubled debt restructurings	$-	$-

4. The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) 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 2013 as of December 31, 2013: None

3. Each Loan Backed Security with a recognized other-than-temporary impairment held by the Company at December 31, 2013:

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
74958YAA0	1,153,082	1,137,690	15,392	1,137,690	1,108,637	12/31/2013

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, 2013:

a. The aggregate amount of unrealized losses:				
	1.	Less than 12 Months	$	13,091,838
	2.	12 Months or Longer	$	3,329,085
b. The aggregate related fair value of securities with unrealized losses:				
	1.	Less than 12 Months	$	331,013,344
	2.	12 Months or Longer	$	61,273,165

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.

2. The Company has not pledged any of its assets as collateral as of December 31, 2013.

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	$26,683,004
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	26,683,004
(g) Securities Received	160,099
(h) Total Collateral Received	$26,843,012
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) $26,683,004

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.

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	-	-

NOTES TO FINANCIAL STATEMENTS

(l) Securities Received	-	-
(m) Total Collateral Reinvested	$ -	$ -
2. Securities Lending		
(a) Open	$ -	$ -
(b) 30 Days or Less	10,702,055	10,700,303
(c) 31 to 60 Days	9,002,389	9,002,389
(d) 61 to 90 Days	6,980,314	6,980,312
(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	26,684,758	26,683,004
(l) Securities Received	-	-
(m) Total Collateral Reinvested	$26,684,758	$26,683,004
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.

6. The securities collateral currently not listed on the balance sheet, which has been pledged to the Company against a borrowed position is not restricted from use in the event the Company wanted to use it.

7. The Company's securities lending program is an open transaction (not contract based), and as such, the Company can recall the security lent at any time.

F. Real Estate

The Company does not own real estate.

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

1. There are ten years remaining of unexpired tax credits. The required holding period for the LIHTC investment is fourteen 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.

H. Restricted Assets

1. Restricted Assets (Including Pledged)

NOTES TO FINANCIAL STATEMENTS

Restricted Asset Category	Gross Restricted – Current Year – 1 Total General Account (G/A)	2 G/A Supporting Protected Cell Account Activity (a)	3 Total Protected Cell Account Restricted Assets	4 Protected Cell Account Assets Supporting G/A Activity (b)	5 Total (1 plus 3)	6 Total From Prior Year	7 Increase / (Decrease) (5 minus 6)	8 Total Current Year Admitted Restricted	Percentage – 9 Gross Restricted to Total Assets	10 Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	-	-	-	-	$-	$-	$-	$-	0%	0%
b. Collateral held under security lending agreements	26,683,004	-	-	-	$26,683,004	$86,281,705	$(59,598,701)	$26,683,004	0%	0%
c. Subject to repurchase agreements	-	-	-	-	$-	$-	$-	$-	0%	0%
d. Subject to reverse repurchase agreements	-	-	-	-	$-	$-	$-	$-	0%	0%
e. Subjects to dollar repurchase agreements	-	-	-	-	$-	$-	$-	$-	0%	0%
f. Subject to dollar reverse repurchase agreements	-	-	-	-	$-	$-	$-	$-	0%	0%
g. Placed under option contracts	-	-	-	-	$-	$-	$-	$-	0%	0%
h. Letter stock or securities restricted as to sale	7,500,000	-	-	-	7,500,000	7,500,000	$-	7,500,000	0%	0%
i. On deposit with states	226,817,300	-	-	-	$226,817,300	$222,048,930	$4,768,370	$226,817,300	4%	4%
j. On deposit with other regulatory bodies	20,211,632	-	-	-	$20,211,632	$20,535,844	$(324,212)	$20,211,632	0%	0%
k. Pledged as collateral not captured in other categories	158,946,594	-	-	-	158,946,594	174,118,260	$(15,171,667)	$158,946,594	3%	3%
l. Other restricted assets		-	-	-	$-		$-	$-	0%	0%
m. Total Restricted Assets	$440,158,530	$-	$-	$-	$440,158,530	$510,484,739	$(70,326,209)	$440,158,530	8%	8%

(a) Subset of column 1
(b) Subset of column 3

2. Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are reported in the Aggregate)

Description of Assets	Gross Restricted – Current Year – 1 Total General Account (G/A)	2 G/A Supporting Protected Cell Account Activity (a)	3 Total Protected Cell Account Restricted Assets	4 Protected Cell Account Assets Supporting G/A Activity (b)	5 Total (1 plus 3)	6 Total From Prior Year	7 Increase / (Decrease) (5 minus 6)	8 Total Current Year Admitted Restricted	Percentage – 9 Gross Restricted to Total Assets	10 Admitted Restricted to Total Admitted Assets
FHLB Chicago - Borrowing	$158,946,594	$-	$-	$-	$158,946,594	$174,118,260	$(15,171,667)	$158,946,594	3%	3%
Total	$158,946,594	$-	$-	$-	$158,946,594	$174,118,260	$(15,171,667)	$158,946,594	3%	3%

NOTES TO FINANCIAL STATEMENTS

3. Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, Such as Reinsurance and Derivatives, Are reported in the Aggregate)

   Not Applicable

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 $3,591,653 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, 2013.

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 net notional amounts totaling 66,400,000. In December 2012, one position with notional amounts totaling 23,600,000 matured, the loss associated with this matured position was $1,525,918. The remaining contracts expired at various points during 2013, with the last contract expiring in September 2013. The Company reported a realized loss of $3,579,660 in 2013.

Note 9 - Income Taxes

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

1.

	12/31/2013		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross Deferred Tax Assets	$ 242,464,200	$ 33,749,800	$ 276,214,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	242,464,200	33,749,800	276,214,000
(d) Deferred Tax Assets Nonadmitted	11,011,191	-	11,011,191
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	231,453,009	33,749,800	265,202,809
(f) Deferred Tax Liabilities	68,827,869	42,004,131	110,832,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 162,625,140	$ (8,254,331)	$ 154,370,809

NOTES TO FINANCIAL STATEMENTS

	12/31/2012		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) 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

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	$ (21,553,100)	$ (2,713,900)	$ (24,267,000)
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	(21,553,100)	(2,713,900)	(24,267,000)
(d) Deferred Tax Assets Nonadmitted	(88,879,393)	(7,635,831)	(96,515,224)
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	67,326,293	4,921,931	72,248,224
(f) Deferred Tax Liabilities	16,553,711	13,982,289	30,536,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 50,772,582	$ (9,060,358)	$ 41,712,224

2.

	12/31/2013		
	(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)	154,370,809	-	154,370,809
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	176,315,285	-	176,315,285
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			154,370,809
(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	68,827,869	42,004,131	110,832,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	$ 223,198,677	$ 42,004,131	$ 265,202,809

	12/31/2012		
	(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)	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

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)	42,518,251	(806,027)	41,712,224
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	15,260,515	(806,027)	14,454,488
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			41,712,224
(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	16,553,711	13,982,289	30,536,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ 59,071,961	$ 13,176,262	$ 72,248,224

3.

	2013	2012
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	395.61%	302.48%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	1,070,535,563	835,998,762

4.

	12/31/2013		12/31/2012		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col 1-3) Ordinary	(6) (Col 2-4) Capital
Impact of Tax-Planning Strategies						
(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.						
1. Adjusted Gross DTAs amount from Note 9A1 (c)	$ 242,464,200	$ 33,749,800	$ 264,017,300	$ 36,463,700	$ (21,553,100)	$ (2,713,900)
2. Percentage of adjusted gross DTAs by tax character to the impact of tax planning strategies.	0%	0%	0%	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1 (e)	$ 231,453,009	$ 33,749,800	$ 164,126,716	$ 28,827,869	$ 67,326,293	$ 4,921,931
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies.	0%	0%	0%	0%	0%	0%

(b) 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) 12/31/2013	(2) 12/31/2012	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	$ (17,078,879)	$ (47,127,291)	$ 30,048,412
(b) Foreign	-	-	-
(c) Subtotal	(17,078,879)	(47,127,291)	30,048,412
(d) Federal income tax on net capital gains	4,146,879	22,666,291	(18,519,412)
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	$ (12,932,000)	$ (24,461,000)	$ 11,529,000

NOTES TO FINANCIAL STATEMENTS

2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	$ 58,447,000	$ 75,201,000	$ (16,754,000)
(2) Unearned premium reserve	71,122,000	59,598,000	11,524,000
(3) Policyholder reserves	-	-	-
(4) Investments	3,479,000	3,593,000	(114,000)
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	50,000	2,823,000	(2,773,000)
(8) Compensation and benefits accrual	4,871,000	8,784,000	(3,913,000)
(9) Pension accrual	233,000	-	233,000
(10) Receivables – nonadmitted	4,623,000	5,128,000	(505,000)
(11) Net operating loss carry-forward	78,369,000	77,984,000	385,000
(12) Tax credit carry-forward	3,625,000	3,194,000	431,000
(13) Other (including items <5% of total ordinary tax assets)	17,645,200	27,712,300	(10,067,100)
(99) Subtotal	242,464,200	264,017,300	(21,553,100)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	11,011,191	99,890,584	(88,879,393)
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	231,453,009	164,126,716	67,326,293
(e) Capital			
(1) Investments	33,749,800	36,463,700	(2,713,900)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	33,749,800	36,463,700	(2,713,900)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	7,635,831	(7,635,831)
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	33,749,800	28,827,869	4,921,931
(i) Admitted deferred tax assets (2d + 2h)	265,202,809	192,954,585	72,248,224
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	59,544,000	37,083,000	22,461,000
(2) Fixed assets	6,486,000	12,217,000	(5,731,000)
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total capital tax liabilities)	2,797,869	2,974,158	(176,289)
(99) Subtotal	68,827,869	52,274,158	16,553,711
(b) Capital:			
(1) Investments	42,004,131	28,021,842	13,982,289
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	42,004,131	28,021,842	13,982,289
(c) Deferred tax liabilities (3a99 + 3b99)	110,832,000	80,296,000	30,536,000
4. Net deferred tax assets/liabilities (2i – 3c)	$ 154,370,809	$ 112,658,585	$ 41,712,224

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of intercompany dividends, LLC income, tax exempt interest, net operating losses utilized in 2013, limits on unearned premium reserve deductions, discounting of unpaid losses and LAE and depreciation.

NOTES TO FINANCIAL STATEMENTS

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

Year Generated	Amount	Expiration
2011	$ 124,208,000	2031
2012	$ 99,703,000	2032

The Company has general business credit carry-forwards which expire as follows:

Year Generated	Amount	Expiration
2009	$ 153	2029
2010	$ 1,857	2030
2011	$ 363,315	2031
2012	$ 65,924	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.

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 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 and 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

NOTES TO FINANCIAL STATEMENTS

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.
The Midwestern Indemnity Company
The National Association
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.

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, 2013, the Company had the following capital transactions with its parent and subsidiaries:

1. Received capital contributions of $135,000,000 from its parent, LMGI.
2. Received return of capital distributions of $4,350,829.
3. Contributed capital in the amount of $112,366,373.
4. Received dividends in the amount of $46,399,171.

D. At December 31, 2013, the Company reported a net $14,339,268 due from affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.

During March, LMFIC sold a portion of its membership units of Liberty Mutual Investment Holdings LLC ("LMIH") to Employers Insurance Company of Wausau ("EICOW") for $11,333,025. The sale resulted in a loss of $28,262.

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

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

The Company is a party to a management services agreement, (the “Agreement”) with Liberty Mutual Insurance Company (“LMIC”). Under the Agreement, LMIC may provide the Company with office space, supplies, equipment, telephone and wire services, the use of computers and similar machines and services of personnel employed by LMIC and LMGI. Services provided include, but are not limited to, risk underwriting, claims processing, claims adjustments, policyholder services, contract management and administration. LMIC is reimbursed for the cost of all services which it provides under the Agreement.

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

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 SCA companies for the purpose of accommodating fluctuations in daily cash flow and to promote efficient management of investments:

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

There were no outstanding loans as of December 31, 2013.

NOTES TO FINANCIAL STATEMENTS

The Company is a 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 Group Inc.	$150,000,000
Liberty Mutual Insurance Company	$450,000,000

There were no outstanding borrowings as of December 31, 2013.

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

The Company paid $32,175,988 under the LMHC Tax Sharing Agreement and paid $10,099,363 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.

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 $5,946,458.

	12/31/2013	12/31/2012
(2) FHLB stock purchased/owned as part of the agreement	$7,500,000	$7,500,000
(3) Collateral pledged to the FHLB	$158,946,594	$174,118,260
(4) Borrowing capacity currently available	$850,000,000	$850,000,000
(5) Agreement assets and liabilities	$-	$-
General Account:		
a. Assets	$-	$-
b. Liabilities	$-	$-
Separate Account:		
c. Assets	$-	$-
d. Liabilities	$-	$-

Borrowing capacity is based on LMHC Board authorized amount.

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

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 Second Amended and Restated Inter-Company Reinsurance Agreement, as described in Note 26.

NOTES TO FINANCIAL STATEMENTS

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, 2013. 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 preferred 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 extraordinary dividends to its parent in 2013 of:

	Extraordinary	Total Dividends
March	$ 3,750,000	$ 3,750,000
Total	$ 3,750,000	$ 3,750,000

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 2014 is $79,805,481.

6. As of December 31, 2013, the Company has pre-tax restricted surplus of $8,909,896 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 2013.

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is $84,359,543 after applicable deferred taxes of $(40,121,131).

11. Surplus Notes

    Not applicable

12. Quasi-reorganization (dollar impact)

    Not applicable

13. Quasi-reorganization (effective date)

    Not applicable

Note 14 - Contingencies

A. Contingent Commitments

   Refer to Note 10E.

B. Assessments

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

   The Company has accrued a liability for guaranty funds and other assessments of $13,296,816 that is offset by future premium tax credits of $982,798. 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 2013 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	$ 1,519,726
b.	Decreases current year: Premium tax offset applied	604,691
c.	Increases current year: Premium tax offset increase	67,763
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$ 982,798

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	$7,913,325

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.

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

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	9,081,000
2014	9,181,496
2015	7,381,357
2016	4,140,895
2017	2,971,174
2018 & thereafter	23,713,588
Total	56,469,510

NOTES TO FINANCIAL STATEMENTS

The amount of liability the Company recognized in its financial statements for lease agreements for which it is no longer using the leased property benefits is $781,286.

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

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

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

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

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

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

A. Transfers of Receivables Reported as Sales

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

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, 2013 the total fair value of securities on loan was $26,277,458, with corresponding collateral value of $26,843,102 of which $26,683,004 represents cash collateral that was reinvested.

C. Wash Sales

1) The Company did not have any wash sale transactions during the year.
2) Not applicable.

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:

NOTES TO FINANCIAL STATEMENTS

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

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

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

The following table summarizes the Company's assets and liabilities that are measured at fair value at December 31, 2013:

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	$ -	$37,815,304	$748,865	$38,564,169
Non-Issuer Obligations	-	5,009,130	-	5,009,130
Total Bonds	$ -	$42,824,434	$748,865	$43,573,299
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	$ -	$20,611,200	$ -	$20,611,200
Total Preferred Stocks	$ -	$ 20,611,200	$ -	$20,611,200
Common Stocks				
Industrial and Miscellaneous	$192,182,513	$ -	$7,500,000	$199,682,513
Total Common Stocks	$192,182,513	$ -	$7,500,000	$199,682,513
Total assets at fair value	$192,182,513	$63,435,634	$8,248,865	$263,867,012
Liabilities at fair value				
Derivative Liabilities	$ -	$ -	$ -	$ -
Total liabilities at fair value	$ -	$ -	$ -	$ -

The Company did not have significant transfers between Levels 1 and 2 during the period ended December 31, 2013.

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 12/31/2012	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 12/31/2013
Bonds	$ -	$748,978	($10,000,117)	$ -	($3,316)	$10,003,320	$ -	$ -	$ -	$748,865
Preferred Stock	36,000	-	(36,000)	-	-	-	-	-	-	-
Common Stock	7,500,000	-	-	-	-	-	-	-	-	7,500,000
Total	$7,536,000	$748,978	($10,036,117)	$ -	($3,316)	$10,003,320	$ -	$ -	$ -	$8,248,865

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

NOTES TO FINANCIAL STATEMENTS

or price for each financial instrument. The following describes the techniques generally used to determine the fair value of the Company's fixed maturities by asset class:

U.S. government and agency

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

Mortgage-Backed Securities

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

Asset-Backed Securities

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

Municipals

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

Corporate debt and other

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

Foreign government securities

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

Equity Securities

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

Other Investments

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

5. Derivative Fair Values

Not applicable

NOTES TO FINANCIAL STATEMENTS

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	$74,867,198	$74,867,198	69,849,198	$5,018,000		-
Bonds	3,494,740,352	3,443,535,384	29,435,015	3,443,072,674	22,232,663	-
Preferred Stock	20,794,797	20,723,648		20,794,793	4	-
Common Stock	199,682,513	388,105,341	192,182,513		7,500,000	-
Securities Lending	26,683,004	26,683,004		26,683,004		-
Mortgage Loans	131,377,954	125,189,070			131,377,954	-
Surplus Notes	6,845,313	6,487,678		6,845,313		-
Total	$3,954,991,131	$4,085,591,323	$291,466,726	$3,502,413,784	$161,110,621	$ -

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 2013 and 2012.

b) The Company reported loss recoveries from the Special Disability Trust Fund of $400,154 in 2013 and $333,373 in 2012.

c) The amount the Company was assessed by the Special Disability Trust Fund was $216,320 in 2013 and $147,671 in 2012.

2) Assets in the amount of $247,028,932 and $242,584,774 as of December 31, 2013 and 2012, 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. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

E. 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

NOTES TO FINANCIAL STATEMENTS

Description of State Transferable and Non-transferable Tax Credits	State	Carrying Value	Unused Amount
Historical Rehabilitation Credit	CT	$ 5,394	$ 5,394
Film Credit	CT	1,056,000	1,056,000
Total		$ 1,061,394	$ 1,061,394

(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	-	-
Non-transferable	$ 1,061,394	-

F. Subprime-Mortgage-Related Risk Exposure

1. The Company has not purchased securities characterized by the market as subprime. The Company looks at such factors as average FICO scores, loan to value ratios, and levels of documentation when evaluating securities. The Company's only exposure to subprime was inherited through past acquisitions of insurance companies.

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
$ 2,755,018	$ 2,753,842	$ 2,793,314	$ -

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

G. Offsetting and Netting of Assets and Liabilities

Not applicable.

H. Joint and Several Liabilities

The Company is not a participant in any joint and several liability arrangements.

Note 22 - Events Subsequent

A. The Company evaluated subsequent events through February 24, 2014, the date the financial statements were available to be issued.

There were no events subsequent to December 31, 2013 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, 2013.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	$950,468,970	$74,594,170	$2,700,732,467	$155,856,586	$(1,750,263,497)	$(81,262,416)
b. All Other	-	-	-	-	-	-
c. TOTAL	$950,468,970	$74,594,170	$2,700,732,467	$155,856,586	$(1,750,263,497)	$(81,262,416)
d. Direct Unearned Premium Reserve $2,700,732,467						

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, 2013 are as follows:

	Direct	Assumed	Ceded	Net
a. Contingent Commission	$4,553,132	$33,416,455	$4,553,132	$33,416,455
b. Sliding Scale Adjustments	-	-	-	-
c. Other Profit Commission Arrangements	-	-	-	-
d. TOTAL	$4,553,132	$33,416,455	$4,553,132	$33,416,455

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.

	Reported Company	
	As:	
	Assumed	Ceded
a. Reserves Transferred:		
1. Initial Reserves	$(84,974,840)	-
2. Adjustments – Prior Year (s)	(9,183,092)	-
3. Adjustments – Current Year	91,012,483	-
4. Current Total	$(3,145,449)	-
b. Consideration Paid or Received:		
1. Initial Consideration	$(12,658,883)	-
2. Adjustments – Prior Year (s)	(4,349,457)	-
3. Adjustments – Current Year	(37,377)	-
4. Current Total	$(17,045,717)	-
c. Paid Losses Reimbursed or Recovered:		
1. Prior Year (s)	$14,203,903	-
2. Current Year	(91,099,890)	-
3. Current Total	$(76,895,987)	-
d. Special Surplus from the Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	$75,158,610	-
2. Adjustments – Prior Year (s)	(12,212,921)	-
3. Adjustments – Current Year	50,030	-
4. Current Year Restricted Surplus	8,909,896	-
5. Cumulative Total Transferred to Unassigned Funds	$54,085,823	-
e. All cedents and reinsurers involved in all transactions included in summary totals above:		
Company	Assumed Amount	Ceded Amount
Liberty Mutual Insurance Company, 23043	$(3,145,449)	-
Total	$(3,145,449)	-

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

NOTES TO FINANCIAL STATEMENTS

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

G. Reinsurance Accounted for as a Deposit

The Company has not entered into any reinsurance agreements that have been accounted for as deposits as of December 31, 2013.

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.

The Company does not transact business with Certified Reinsurers.

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.

D. Medical Loss Ratio Rebates

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

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

a.	Total accrued retro premium	$ 41,835,834
b.	Unsecured amount	-
c.	Less: Nonadmitted amount (10%)	4,176,781
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	-
e.	Admitted amount (a) - (c) - (d)	$ 37,659,053

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributable to insured events on prior year's has increased through the fourth quarter 2013. The increase was primarily the result of an updated reserve analysis, with the largest increases in Workers' Compensation, Private Passenger Auto Liability, and Surety lines. Other Liability Occurrence and Products Liability Occurrence also increased as a result of strengthening the asbestos and environmental reserves (Refer to Note 33). These increases were partially offset by decreases in reserve estimates for Homeowners, primarily driven by favorable development of catastrophic losses and Other Liability-Claims Made and Commercial Multiple Peril 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 Second Amended and Restated 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	50.00%	All Lines
Affiliated Pool Companies:	Peerless Insurance Company ("PIC")	24198	20.00%	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
	Safeco Insurance Company of America ("SICOA")	24740	6.00%	All Lines
	American Economy Insurance Company ("AEIC")	19690	0.00%	All Lines
	America First Insurance Company ("AFIC")	12696	0.00%	All Lines
	America Fire and Casualty Company ("AFCIC")	24066	0.00%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%	All Lines

NOTES TO FINANCIAL STATEMENTS

	American States Insurance Company (“ASIC”)	19704	0.00%	All Lines
	American States Insurance Company of Texas (“ASICT”)	19712	0.00%	All Lines
	American States Lloyd’s Insurance Company (“ASLCO”)	31933	0.00%	All Lines
	American States Preferred Insurance Company (“ASPCO”)	37214	0.00%	All Lines
	Colorado Casualty Insurance Company (“CCIC”)	41785	0.00%	All Lines
	Consolidated Insurance Company (“CIC”)	22640	0.00%	All Lines
	Excelsior Insurance Company (“EIC”)	11045	0.00%	All Lines
	First National Insurance Company of America (“FNICA”)	24724	0.00%	All Lines
	The First Liberty Insurance Corporation (“FST”)	33588	0.00%	All Lines
	General Insurance Company of America (“GICA”)	24732	0.00%	All Lines
	Golden Eagle Insurance Corporation (“GEIC”)	10836	0.00%	All Lines
	Hawkeye-Security Insurance Company (“HSIC”)	36919	0.00%	All Lines
	Insurance Company of Illinois (“ICIL”)	26700	0.00%	All Lines
	Indiana Insurance Company (“IIC”)	22659	0.00%	All Lines
	Liberty Insurance Corporation (“LIC”)	42404	0.00%	All Lines
	Liberty Insurance Underwriters, Inc. (“LIU”)	19917	0.00%	All Lines
	Liberty County Mutual Insurance Company (“LCMIC”)	19544	0.00%	All Lines
	LM General Insurance Company (“LMGIC”)	36447	0.00%	All Lines
	Liberty Lloyd’s of Texas Insurance Company (“LLOT”)	11041	0.00%	All Lines
	LM Insurance Corporation (“LMC”)	33600	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company (“LMMAIC”)	14486	0.00%	All Lines
	Liberty Mutual Personal Insurance Company (“LMPICO”)	12484	0.00%	All Lines
	Liberty Northwest Insurance Corporation (“LNW”)	41939	0.00%	All Lines
	Liberty Personal Insurance Company (LPIC”)	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation (“LSI”)	10725	0.00%	All Lines
	Mid-American Fire & Casualty Company (“MAFCC”)	23507	0.00%	All Lines
	Montgomery Mutual Insurance Company (“MMIC”)	14613	0.00%	All Lines
	The Midwestern Indemnity Company (“MWIC”)	23515	0.00%	All Lines
	National Insurance Association (“NIA”)	27944	0.00%	All Lines
	The Netherlands Insurance Company (“NIC”)	24171	0.00%	All Lines
	North Pacific Insurance Company (“NPIC”)	23892	0.00%	All Lines
	Ohio Security Insurance Company (“OSIC”)	24082	0.00%	All Lines
	Oregon Automobile Insurance Company (“OAIC”)	23922	0.00%	All Lines
	Peerless Indemnity Insurance Company (“PIIC”)	18333	0.00%	All Lines
	Safeco Insurance Company of Illinois (“SICIL”)	39012	0.00%	All Lines
	Safeco Insurance Company of Indiana (“SICIN”)	11215	0.00%	All Lines
	Safeco Insurance Company of Oregon (“SICOR”)	11071	0.00%	All Lines
	Safeco Lloyds Insurance Company (“SLICO”)	11070	0.00%	All Lines
	Safeco National Insurance Company (“SNIC”)	24759	0.00%	All Lines
	Safeco Surplus Lines Insurance Company (“SSLIC”)	11100	0.00%	All Lines
	Wausau Business Insurance Company (“WBIC”)	26069	0.00%	All Lines
	Wausau General Insurance Company (“WGIC”)	26425	0.00%	All Lines
	Wausau Underwriters Insurance Company (“WUIC”)	26042	0.00%	All Lines
	West American Insurance Company (“WAIC”)	44393	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
	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 that have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.

NOTES TO FINANCIAL STATEMENTS

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

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

(g) Amounts due (to)/from affiliated entities participating in the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement as of December 31, 2013:

Affiliate:	Amount:
Liberty Mutual Insurance Company	$35,808,733

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.

Note 27 - Structured Settlements

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of $48,247,220 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 $48,247,220 as of December 31, 2013.

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	$ 23,863,049

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	12/31/2013
3. Was anticipated investment income utilized in the calculation?	Yes

Note 31 - High Dollar Deductible Policies

As of December 31, 2013, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $468,786,514 and the amount billed and recoverable on paid claims was $15,621,436.

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

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

NOTES TO FINANCIAL STATEMENTS

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

Schedule P Lines of Business	Tabular Discount Included in Schedule P, Part 1*	
	1 Case	2 IBNR
1. Homeowners/Farmowners	-	-
2. Private Passenger Auto Liability/Medical	-	-
3. Commercial Auto/Truck Liability/Medical	-	-
4. Workers' Compensation	49,190,280	64,164,702
5. Commercial Multiple Peril	-	-
6. Medical Professional Liability – occurrence	-	-
7. Medical Professional Liability – claims-made	-	-
8. Special Liability	-	-
9. Other Liability - occurrence	374,132	-
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	49,564,412	64,164,702

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

B. Nontabular Discount:

Not applicable

Note 33 - Asbestos/Environmental Reserves

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

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

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

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

In the third quarter of 2013, 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

NOTES TO FINANCIAL STATEMENTS

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 of $22 million including: a $9 million final contingent payment triggered on a large settlement; $8 million of other asbestos reserves, primarily associated with increased defense costs; and $5 million of pollution 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 a 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, 2013, 2012, 2011, 2010, and 2009.

Asbestos:

	2009	2010	2011	2012	2013
Direct Basis					
Beginning Reserves	138,444,338	160,643,694	120,248,900	126,800,683	124,526,615
Incurred losses and LAE	44,114,035	6,148,205	32,292,700	19,120,890	33,166,850
Calendar year payments	21,914,680	46,542,998	25,740,918	21,394,958	17,752,467
Ending Reserves	160,643,694	120,248,900	126,800,683	124,526,615	139,940,998
Assumed Reinsurance Basis					
Beginning Reserves	62,751,180	51,083,512	49,281,342	49,849,952	46,005,483
Incurred losses and LAE	(7,718,201)	3,895,261	3,550,638	1,206,625	5,973,155
Calendar year payments	3,949,468	5,697,430	2,982,029	5,051,093	2,397,409
Ending Reserves	51,083,512	49,281,342	49,849,952	46,005,483	49,581,228
Net of Ceded Reinsurance Basis					
Beginning Reserves	71,079,521	92,534,117	65,141,045	77,419,217	71,211,927
Incurred losses and LAE	36,727,574	(8,563,615)	26,139,071	11,933,792	18,841,927
Calendar year payments	15,272,978	18,829,457	13,860,899	18,141,083	10,275,966
Ending Reserves	92,534,117	65,141,045	77,419,217	71,211,927	79,777,888

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

Direct Basis	82,771,345
Assumed Reinsurance Basis	37,011,714
Net of Ceded Reinsurance Basis	46,964,130

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

Direct Basis	71,633,880
Assumed Reinsurance Basis	2,126,508
Net of Ceded Reinsurance Basis	30,629,694

NOTES TO FINANCIAL STATEMENTS

Environmental:	2009	2010	2011	2012	2013
Direct Basis					
Beginning Reserves	42,567,106	35,348,000	33,173,659	33,979,449	33,611,427
Incurred losses and LAE	1,700,676	3,097,407	6,906,478	4,882,826	7,618,359
Calendar year payments	8,919,782	5,271,748	6,100,687	5,250,848	5,352,142
Ending Reserves	35,348,000	33,173,659	33,979,449	33,611,427	35,877,644
Assumed Reinsurance Basis					
Beginning Reserves	6,005,472	6,196,904	5,067,017	4,744,181	5,199,147
Incurred losses and LAE	675,030	(7,804)	559,752	(1,451,360)	347,586
Calendar year payments	483,598	1,122,082	882,589	(1,906,326)	413,710
Ending Reserves	6,196,904	5,067,017	4,744,181	5,199,147	5,133,023
Net of Ceded Reinsurance Basis					
Beginning Reserves	38,883,308	32,260,451	28,432,740	27,759,585	24,679,816
Incurred losses and LAE	(1,475,041)	(220,519)	1,118,732	(153,785)	4,880,537
Calendar year payments	5,147,815	3,607,192	1,791,887	2,925,984	3,721,672
Ending Reserves	32,260,451	28,432,740	27,759,585	24,679,816	25,838,682

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	21,743,481
Assumed Reinsurance Basis	3,556,466
Net of Ceded Reinsurance Basis	13,848,769
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	12,546,413
Assumed Reinsurance Basis	753,974
Net of Ceded Reinsurance Basis	5,864,559

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 [ ]

If yes, complete Schedule Y, Parts 1, 1A and 2.

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 [ ] No [X]
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?
Stephanie Neyenhouse FCAS, MAAA
175 Berkeley Street, Boston, MA 02116
Vice President and Chief Actuary, 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	$ 20,374,477

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).
Effective May 6, 2013, Liberty made significant revisions to the format and contents of its Code to make this easier for employees to read and understand. These revisions did not change the core requirements and policies in the Code.

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

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

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

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

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

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

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

22.2 If answer is yes:

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

GENERAL INTERROGATORIES

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [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. $ 26,843,102

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 $ 26,683,004

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 $ 26,683,004

24.103 Total payable for securities lending reported on the liability page $ 26,683,004

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	$ 153,841,257
25.26	Placed under option agreements	$ 0
25.27	Letter stock or securities restricted as to sale	$ 7,500,000
25.28	On deposit with state or other regulatory body	$ 247,028,932
25.29	Other	$ 0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
FHLB CAPITAL STOCK	FEDERAL HOME LOAN BANK CHICAGO	7,500,000
		0
		0

GENERAL INTERROGATORIES

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	601 Travis Street, Houston, TX 77002

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

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

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

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

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

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

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

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

29.2 If yes, complete the following schedule:

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

GENERAL INTERROGATORIES

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	3,509,382,337	3,560,630,965	51,248,628
30.2 Preferred stocks	20,723,648	20,794,797	71,149
30.3 Totals	3,530,105,985	3,581,425,762	51,319,777

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? $ 4,544,968

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

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

34.1 Amount of payments for legal expenses, if any? $ 4,303,207

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 167,763

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

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 487,966	$ 173,659
2.2	Premium Denominator	$ 1,948,596,324	$ 1,590,470,098
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 2,324,686	$ 583,544
2.5	Reserve Denominator	$ 3,835,820,169	$ 3,802,170,718
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 $ 5,553,291,996

3.22 Non-participating policies $ 83,484,810

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 $ 27,622,044

12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 11,073,567

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? $ 4,285,057

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 $ 488,600,710

12.62 Collateral and other funds $ 148,369,256

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 60,000,000

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [ ] No [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. 1

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	$ (261,296)	$ 5,134,546	$ 1,164,369	$ 455,447	$ 1,619,816
16.12	Products	$ 0	$ 0	$ 0	$ 0	$ 0
16.13	Automobile	$ 0	$ 0	$ 0	$ 0	$ 0
16.14	Other*	$ 0	$ 0	$ 0	$ 0	$ 0

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

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

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

FIVE – YEAR HISTORICAL DATA

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

	1 2013	2 2012	3 2011	4 2010	5 2009
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)	3,511,912,985	3,533,011,342	3,497,441,610	3,580,509,074	3,590,647,037
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,031,765,557	1,970,813,201	1,930,850,590	1,889,538,771	2,010,912,616
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	2,134,534,955	1,842,058,691	1,817,468,665	1,810,596,040	1,804,217,748
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	102,977,074	16,507,793	7,552,196	6,240,766	9,919,017
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	19,095,857	41,176,802	34,090,706	34,176,123	33,282,664
6. Total (Line 35)	7,800,286,428	7,403,567,829	7,287,403,767	7,321,060,774	7,448,979,082
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)	986,251,506	1,019,202,557	922,605,139	884,704,009	879,669,500
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	407,263,597	311,150,621	259,214,236	212,319,062	276,270,576
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	655,688,286	309,115,460	259,273,868	228,453,431	209,918,385
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	95,210,376	3,585,808	1,718,576	1,601,488	1,898,466
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	19,095,857	41,176,802	34,090,706	34,176,123	33,282,664
12. Total (Line 35)	2,163,509,622	1,684,231,248	1,476,902,525	1,361,254,113	1,401,039,591
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(110,772,596)	(350,793,199)	(241,446,158)	(107,972,761)	(142,133,087)
14. Net investment gain (loss) (Line 11)	183,756,994	182,656,866	164,153,333	205,695,647	151,268,944
15. Total other income (Line 15)	525,860	(6,619,520)	(36,673,866)	(13,647,580)	(22,092,934)
16. Dividends to policyholders (Line 17)	3,082,309	3,173,848	5,247,666	8,120,272	2,984,835
17. Federal and foreign income taxes incurred (Line 19)	(17,078,879)	(47,127,291)	(19,792,091)	8,838,227	(608,129)
18. Net income (Line 20)	87,506,828	(130,802,410)	(99,422,266)	67,116,807	(15,333,783)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	5,561,558,829	5,235,743,369	4,876,778,437	4,825,276,385	4,590,131,975
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	125,881,075	157,226,564	154,279,760	135,020,259	153,215,375
20.2 Deferred and not yet due (Line 15.2)	599,712,567	503,706,961	428,615,107	353,107,772	363,175,679
20.3 Accrued retrospective premiums (Line 15.3)	37,659,053	37,944,798	52,848,135	73,887,870	56,725,740
21. Total liabilities excluding protected cell business (Page 3, Line 26)	4,345,262,810	4,296,603,316	3,803,735,781	3,620,920,193	3,517,256,976
22. Losses (Page 3, Line 1)	2,279,464,676	2,472,362,373	2,290,227,323	2,249,862,822	2,163,880,048
23. Loss adjustment expenses (Page 3, Line 3)	489,340,086	509,044,421	474,690,945	450,887,864	437,777,667
24. Unearned premiums (Page 3, Line 9)	950,468,970	735,045,089	657,670,302	612,231,039	566,403,363
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)	1,216,296,019	939,140,053	1,073,042,656	1,204,356,192	1,072,874,999
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	67,166,934	33,514,192	(87,417,690)	254,418,367	603,268,357
Risk-Based Capital Analysis					
28. Total adjusted capital	1,224,906,372	948,657,347	1,081,476,656	1,211,788,687	1,079,605,217
29. Authorized control level risk-based capital	270,601,127	276,381,595	236,072,173	219,990,980	239,615,136
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)	76.5	74.2	76.2	76.4	71.9
31. Stocks (Lines 2.1 & 2.2)	9.1	8.6	8.9	9.2	14.4
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	2.8	2.6	2.4	2.0	2.0
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	1.7	2.3	1.4	3.2	5.5
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					XXX
37. Other invested assets (Line 8)	9.4	10.2	9.6	7.8	5.9
38. Receivables for securities (Line 9)	0.0	0.0	0.1	0.2	0.2
39. Securities lending reinvested collateral assets (Line 10)	0.6	2.0	1.4	1.2	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
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	188,422,827	210,178,608	204,483,961	212,123,488	369,991,686
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	260,331,795	38,141,499	22,987,455	23,400,914	23,137,046
48. Total of above Lines 42 to 47	448,754,622	248,320,107	227,471,416	235,524,402	417,440,996
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)	36.9	26.4			

FIVE – YEAR HISTORICAL DATA
(Continued)

	1 2013	2 2012	3 2011	4 2010	5 2009
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	6,964,540	17,935,672	(2,515,831)	102,163,679	63,738,367
52. Dividends to stockholders (Line 35)	(3,750,000)	(15,000,000)	(65,000,000)	(15,000,000)	(15,000,000)
53. Change in surplus as regards policyholders for the year (Line 38)	277,155,966	(133,902,603)	(131,313,536)	131,481,193	104,881,848
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)	2,811,388,314	2,492,367,000	2,626,488,900	2,396,253,988	2,062,366,481
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,246,460,236	1,188,442,405	1,014,348,654	967,872,358	1,129,670,727
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	779,013,504	933,254,856	1,119,029,460	948,548,110	975,767,824
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	8,257,466	373,170	883,193	2,125,725	410,383
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	40,523,070	15,464,206	14,163,712	24,615,133	(4,293,205)
59. Total (Line 35)	4,885,642,590	4,629,901,637	4,774,913,919	4,339,415,314	4,163,922,210
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)	945,128,298	608,510,916	624,119,171	504,534,122	102,519,076
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	216,597,176	188,679,132	151,415,654	127,602,846	146,808,198
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	131,172,951	159,861,564	158,044,556	131,020,070	105,966,265
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	7,794,301	279,705	777,879	1,719,767	(122,299)
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	40,523,070	15,464,206	14,163,712	24,615,133	(4,293,205)
65. Total (Line 35)	1,341,215,796	972,795,523	948,520,972	789,491,938	350,878,035
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)	59.2	72.6	70.3	65.1	65.8
68. Loss expenses incurred (Line 3)	14.3	17.8	19.8	17.9	19.5
69. Other underwriting expenses incurred (Line 4)	32.2	31.7	27.1	25.1	25.8
70. Net underwriting gain (loss) (Line 8)	(5.7)	(22.1)	(17.2)	(8.1)	(11.1)
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	29.0	30.3	28.3	25.6	25.2
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	73.5	90.3	90.1	83.0	85.3
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)	177.9	179.3	137.6	113.0	130.6
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)	65,218	78,461	67,537	(15,345)	31,108
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)	6.9	7.3	5.6	(1.4)	3.2
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)	70,321	124,965	33,566	(14,232)	(6,480)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	6.6	10.4	3.1	(1.5)	(0.7)

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 [ ]

If no, please explain:

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	64,985	24,960	19,916	7,167	3,534	425	809	55,883	X X X
2. 2004	1,882,284	306,666	1,575,618	926,210	150,549	68,909	9,370	130,326	4,494	62,733	961,032	X X X
3. 2005	1,948,322	274,704	1,673,618	1,037,914	201,680	72,996	10,472	133,204	5,184	59,546	1,026,778	X X X
4. 2006	2,036,109	288,304	1,747,805	964,816	115,262	74,860	8,094	140,076	6,342	56,310	1,050,054	X X X
5. 2007	2,105,921	310,413	1,795,508	1,040,748	147,496	79,242	8,556	142,184	6,782	66,437	1,099,340	X X X
6. 2008	2,164,667	354,941	1,809,726	1,209,163	184,579	85,544	8,795	159,735	5,944	60,414	1,255,124	X X X
7. 2009	2,044,982	410,096	1,634,886	1,034,500	185,690	69,730	7,399	148,507	1,565	56,891	1,058,083	X X X
8. 2010	2,045,862	361,165	1,684,697	1,046,217	173,260	63,753	5,562	154,811	502	63,828	1,085,457	X X X
9. 2011	2,149,761	425,079	1,724,682	1,086,588	207,376	51,347	7,387	151,445	435	75,013	1,074,182	X X X
10. 2012	2,316,123	456,956	1,859,167	1,006,124	213,262	33,953	4,664	151,184	49	72,780	973,286	X X X
11. 2013	2,436,697	488,101	1,948,596	679,083	176,275	11,579	1,155	119,640	42	38,729	632,830	X X X
12. Totals	X X X	X X X	X X X	10,096,348	1,780,389	631,829	78,621	1,434,646	31,764	613,490	10,272,049	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	485,912	170,046	227,009	126,379	26,632	18,632	99,269	44,698	20,361	40	6,334	499,388	X X X
2. 2004	26,380	9,054	34,547	10,332	592	201	7,400	713	1,414		1,141	50,033	X X X
3. 2005	27,924	8,969	34,091	14,693	584	154	6,159	744	1,617		1,423	45,815	X X X
4. 2006	29,004	7,373	49,260	12,780	978	336	6,504	1,253	1,817	2	5,627	65,819	X X X
5. 2007	46,800	8,253	51,574	11,846	1,759	632	10,118	1,347	1,838		1,721	90,011	X X X
6. 2008	60,679	11,856	73,874	15,093	2,424	474	17,878	2,934	3,404	20	5,936	127,882	X X X
7. 2009	69,523	9,749	83,430	17,247	2,989	583	24,649	2,843	5,439	(3)	3,088	155,611	X X X
8. 2010	104,445	14,500	98,055	15,412	3,909	746	29,891	3,033	8,675	38	4,338	211,246	X X X
9. 2011	147,809	16,438	149,937	26,903	6,084	1,193	46,867	4,812	14,672	3	9,225	316,020	X X X
10. 2012	210,714	23,987	239,346	35,971	6,191	1,024	69,454	6,381	20,745	14	23,105	479,073	X X X
11. 2013	259,956	31,475	433,020	65,468	4,280	494	76,799	5,192	56,521	40	35,005	727,907	X X X
12. Totals	1,469,146	311,700	1,474,143	352,124	56,422	24,469	394,988	73,950	136,503	154	96,943	2,768,805	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	416,496	82,892
2. 2004	1,195,778	184,713	1,011,065	63.528	60.233	64.169			8.000	41,541	8,492
3. 2005	1,314,489	241,896	1,072,593	67.468	88.057	64.088			8.000	38,353	7,462
4. 2006	1,267,315	151,442	1,115,873	62.242	52.529	63.844			8.000	58,111	7,708
5. 2007	1,374,263	184,912	1,189,351	65.257	59.570	66.240			8.000	78,275	11,736
6. 2008	1,612,701	229,695	1,383,006	74.501	64.714	76.421			8.000	107,604	20,278
7. 2009	1,438,767	225,073	1,213,694	70.356	54.883	74.237			8.000	125,957	29,654
8. 2010	1,509,756	213,053	1,296,703	73.796	58.990	76.970			8.000	172,588	38,658
9. 2011	1,654,749	264,547	1,390,202	76.974	62.235	80.606			8.000	254,405	61,615
10. 2012	1,737,711	285,352	1,452,359	75.027	62.446	78.119			8.000	390,102	88,971
11. 2013	1,640,878	280,141	1,360,737	67.340	57.394	69.832			8.000	596,033	131,874
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	2,279,465	489,340

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	One Year	Two Year
1. Prior	1,451,729	1,527,605	1,611,202	1,681,999	1,666,027	1,725,122	1,731,589	1,771,128	1,779,725	1,802,434	22,709	31,306
2. 2004	987,522	938,795	919,625	902,703	899,035	893,295	894,790	892,562	891,628	888,432	(3,196)	(4,130)
3. 2005	X X X	1,053,866	1,007,866	970,581	959,972	954,525	951,689	949,782	949,027	948,175	(852)	(1,607)
4. 2006	X X X	X X X	1,058,630	1,022,970	999,857	987,377	984,174	983,252	985,848	985,815	(33)	2,563
5. 2007	X X X	X X X	X X X	1,132,860	1,104,520	1,057,868	1,056,164	1,051,762	1,057,030	1,057,451	421	5,689
6. 2008	X X X	X X X	X X X	X X X	1,263,107	1,231,928	1,215,953	1,215,830	1,220,488	1,233,369	12,881	17,539
7. 2009	X X X	X X X	X X X	X X X	X X X	1,083,820	1,080,334	1,069,800	1,059,838	1,067,064	7,226	(2,736)
8. 2010	X X X	X X X	X X X	X X X	X X X	X X X	1,125,185	1,124,582	1,129,874	1,141,611	11,737	17,029
9. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,226,813	1,226,660	1,231,481	4,821	4,668
10. 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	1,275,777	1,285,281	9,504	X X X
11. 2013	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	1,188,342	X X X	X X X
									12. Totals		65,218	70,321

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
1. Prior	000	332,816	568,996	743,456	876,548	975,472	1,072,380	1,153,911	1,214,102	1,266,876	X X X	X X X
2. 2004	379,918	578,204	671,924	737,248	778,542	802,167	815,565	824,324	830,835	835,200	X X X	X X X
3. 2005	X X X	412,136	622,857	726,565	794,948	839,730	865,191	879,310	890,992	898,759	X X X	X X X
4. 2006	X X X	X X X	411,025	621,774	727,556	805,037	854,359	884,871	904,688	916,319	X X X	X X X
5. 2007	X X X	X X X	X X X	424,853	656,635	773,338	855,634	910,112	944,023	963,938	X X X	X X X
6. 2008	X X X	X X X	X X X	X X X	505,694	778,417	910,269	1,001,927	1,063,798	1,101,334	X X X	X X X
7. 2009	X X X	X X X	X X X	X X X	X X X	427,350	651,917	770,296	854,396	911,141	X X X	X X X
8. 2010	X X X	X X X	X X X	X X X	X X X	X X X	470,156	715,940	840,737	931,148	X X X	X X X
9. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	553,715	789,957	923,172	X X X	X X X
10. 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	544,389	822,151	X X X	X X X
11. 2013	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	513,232	X X X	X X X

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1. Prior	449,437	355,955	334,297	315,499	262,550	273,410	210,710	205,235	169,635	174,902
2. 2004	384,671	205,848	136,775	94,644	74,811	56,927	50,349	44,880	39,481	33,770
3. 2005	X X X	418,670	219,903	133,188	90,109	64,977	49,388	42,036	32,950	28,565
4. 2006	X X X	X X X	413,543	230,540	150,243	99,299	71,108	56,716	50,486	45,704
5. 2007	X X X	X X X	X X X	436,588	252,891	150,871	102,688	73,869	61,996	52,147
6. 2008	X X X	X X X	X X X	X X X	462,977	253,891	163,736	113,686	82,345	79,841
7. 2009	X X X	X X X	X X X	X X X	X X X	415,147	248,966	164,170	110,343	92,455
8. 2010	X X X	X X X	X X X	X X X	X X X	X X X	405,885	226,526	153,735	115,619
9. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	408,352	248,474	171,250
10. 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	469,664	270,472
11. 2013	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	442,495

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	59,372,507	61,214,707	(6,240)	34,863,567	32,164,105	70,289,924	120,255	
2. Alaska AK	L	7,205,528	6,121,224	125	2,222,793	1,631,761	12,186,328	9,402	
3. Arizona AZ	L	72,083,923	76,361,675	(7,811)	46,159,810	58,019,550	85,126,179	171,055	
4. Arkansas AR	L	28,831,284	28,053,919	(5,950)	27,315,037	12,302,119	31,358,906	30,920	
5. California CA	L	718,021,089	728,241,573	299,558	416,127,437	464,253,136	829,844,336	2,336,895	
6. Colorado CO	L	74,388,801	74,954,358	(12,860)	45,739,734	42,503,955	70,418,134	178,868	
7. Connecticut CT	L	177,582,889	187,656,157	27,281	112,471,107	116,740,219	187,433,257	841,156	
8. Delaware DE	L	60,091,484	62,003,010	4,126	35,815,794	34,500,757	43,916,828	216,571	
9. District of Columbia DC	L	16,301,927	16,347,710	(494)	8,559,421	5,561,217	13,620,948	36,038	
10. Florida FL	L	241,883,220	254,764,313	(32,635)	116,413,686	104,802,548	294,400,866	1,126,672	
11. Georgia GA	L	194,444,428	212,920,636	(51,637)	138,549,824	163,099,676	184,609,879	473,533	
12. Hawaii HI	L	47,073,585	45,716,369	(11,940)	26,449,613	27,810,315	30,340,091	204,332	
13. Idaho ID	L	17,958,410	18,835,329	645	8,348,436	9,972,437	11,845,669	58,119	
14. Illinois IL	L	175,569,453	185,115,806	13,335	105,080,543	110,169,184	245,241,597	427,188	
15. Indiana IN	L	83,361,302	85,499,003	(19,741)	44,100,635	46,777,166	75,458,273	237,326	
16. Iowa IA	L	19,739,968	18,909,947	15,396	11,306,805	14,726,409	34,314,634	20,634	
17. Kansas KS	L	40,961,558	40,931,585	1,468	23,156,693	27,731,701	40,712,586	75,810	
18. Kentucky KY	L	75,475,732	78,883,942	187	43,011,676	43,466,214	96,059,092	249,138	
19. Louisiana LA	L	150,077,563	151,518,968	(13,882)	74,173,763	68,267,568	120,550,107	277,748	
20. Maine ME	L	47,527,635	49,649,743	2,339	19,273,081	20,715,438	32,613,371	337,066	
21. Maryland MD	L	135,681,279	144,634,247	(18,372)	90,537,710	99,882,160	144,779,386	520,377	
22. Massachusetts MA	L	189,486,879	192,589,919		69,775,023	77,077,908	167,626,396	654,443	
23. Michigan MI	L	162,583,413	173,876,185	14,423	109,672,332	101,409,111	252,997,445	497,130	
24. Minnesota MN	L	82,396,108	90,302,320	(2,230)	56,362,338	72,637,882	159,327,079	208,945	
25. Mississippi MS	L	25,710,884	24,807,963	(901)	18,667,427	22,899,086	26,648,460	30,288	
26. Missouri MO	L	78,293,906	84,776,252	(2,350)	52,099,319	48,853,096	100,387,035	185,174	
27. Montana MT	L	14,202,584	14,616,343	(3,266)	8,301,793	6,833,977	18,341,515	36,326	
28. Nebraska NE	L	19,926,764	18,573,980	(20)	11,013,492	12,520,474	23,501,484	30,361	
29. Nevada NV	L	51,612,036	53,391,341	(16)	36,553,800	38,305,587	46,472,088	141,469	
30. New Hampshire NH	L	63,422,244	66,947,141	(24,197)	35,364,862	41,144,915	52,833,101	343,793	
31. New Jersey NJ	L	378,553,782	388,467,088	(80,527)	378,188,260	400,149,399	580,237,215	2,408,144	
32. New Mexico NM	L	29,991,506	31,449,740	(5,748)	16,511,105	19,458,293	27,636,999	69,710	
33. New York NY	L	698,423,114	776,909,577	(26,602)	578,624,882	540,486,786	939,727,071	4,125,046	
34. North Carolina NC	L	96,427,090	91,273,105	(14,340)	46,886,452	49,987,993	124,423,699	133,706	
35. North Dakota ND	L	6,951,233	5,343,458	159	2,142,791	2,293,093	2,711,679	4,016	
36. Ohio OH	L	125,231,360	129,163,573	(343)	60,685,340	71,999,843	74,293,456	581,310	
37. Oklahoma OK	L	88,033,806	93,403,834	(11,128)	71,614,358	84,506,527	100,418,678	171,321	
38. Oregon OR	L	46,289,680	47,751,577	2,580	23,686,343	22,428,149	37,672,378	162,477	
39. Pennsylvania PA	L	196,059,457	210,250,684	(76,770)	104,524,729	100,330,514	289,079,331	868,059	
40. Rhode Island RI	L	49,295,031	50,619,062	(9,383)	29,896,740	35,898,524	46,214,851	235,574	
41. South Carolina SC	L	67,577,327	64,879,270	(19,958)	42,233,674	37,585,295	63,727,841	189,009	
42. South Dakota SD	L	4,429,745	4,160,966	(274)	2,220,877	2,174,547	7,670,692	6,346	
43. Tennessee TN	L	96,905,585	102,529,687	(114,089)	47,994,918	55,561,430	156,124,213	270,987	
44. Texas TX	L	250,338,139	254,842,112	1,604,344	122,182,981	164,164,281	488,709,831	91,105	
45. Utah UT	L	39,951,841	41,934,413	(3,397)	20,230,544	25,071,032	33,218,050	101,770	
46. Vermont VT	L	21,092,682	22,262,783	1,091	13,876,047	10,870,133	18,053,706	104,001	
47. Virginia VA	L	74,701,530	74,119,647	(3,647)	29,091,661	28,412,159	73,700,687	198,730	
48. Washington WA	L	129,506,127	123,076,460	(4,049)	56,415,369	73,179,335	57,276,910	349,971	
49. West Virginia WV	L	30,224,590	31,664,675	(5)	16,271,358	17,336,312	15,459,325	120,259	
50. Wisconsin WI	L	69,613,753	74,175,078	755,216	49,619,693	69,085,968	142,620,768	173,860	
51. Wyoming WY	L	4,228,634	4,064,002	157	1,610,062	4,411,653	6,431,309	7,329	
52. American Samoa AS	N								
53. Guam GU	N	8	(88)			9,784	10,036		
54. Puerto Rico PR	L	1,739,741	2,140,790	(4)	115,753	529,138	813,205		
55. U.S. Virgin Islands VI	N	2,165	2,536		171,613	169,975	(4,956)		
56. Northern Mariana Islands MP	N								
57. Canada CAN	N	(196)	(196)		125,891	215,751	138,519		
58. Aggregate Other Alien OT	X X X	(59,307)	(1,207,870)	1,715	2,017,815	2,979,600	10,882,742		
59. Totals	(a) 52	5,636,776,806	5,871,491,628	2,159,339	3,544,426,807	3,746,075,185	6,800,503,229	20,449,762	

DETAILS OF WRITE-INS									
58001. ZZZ OTHER ALIEN	X X X	(59,307)	(1,207,870)	1,715	2,017,815	2,979,600	10,882,742		
58002.	X X X								
58003.	X X X								
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X								
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X	(59,307)	(1,207,870)	1,715	2,017,815	2,979,600	10,882,742		

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

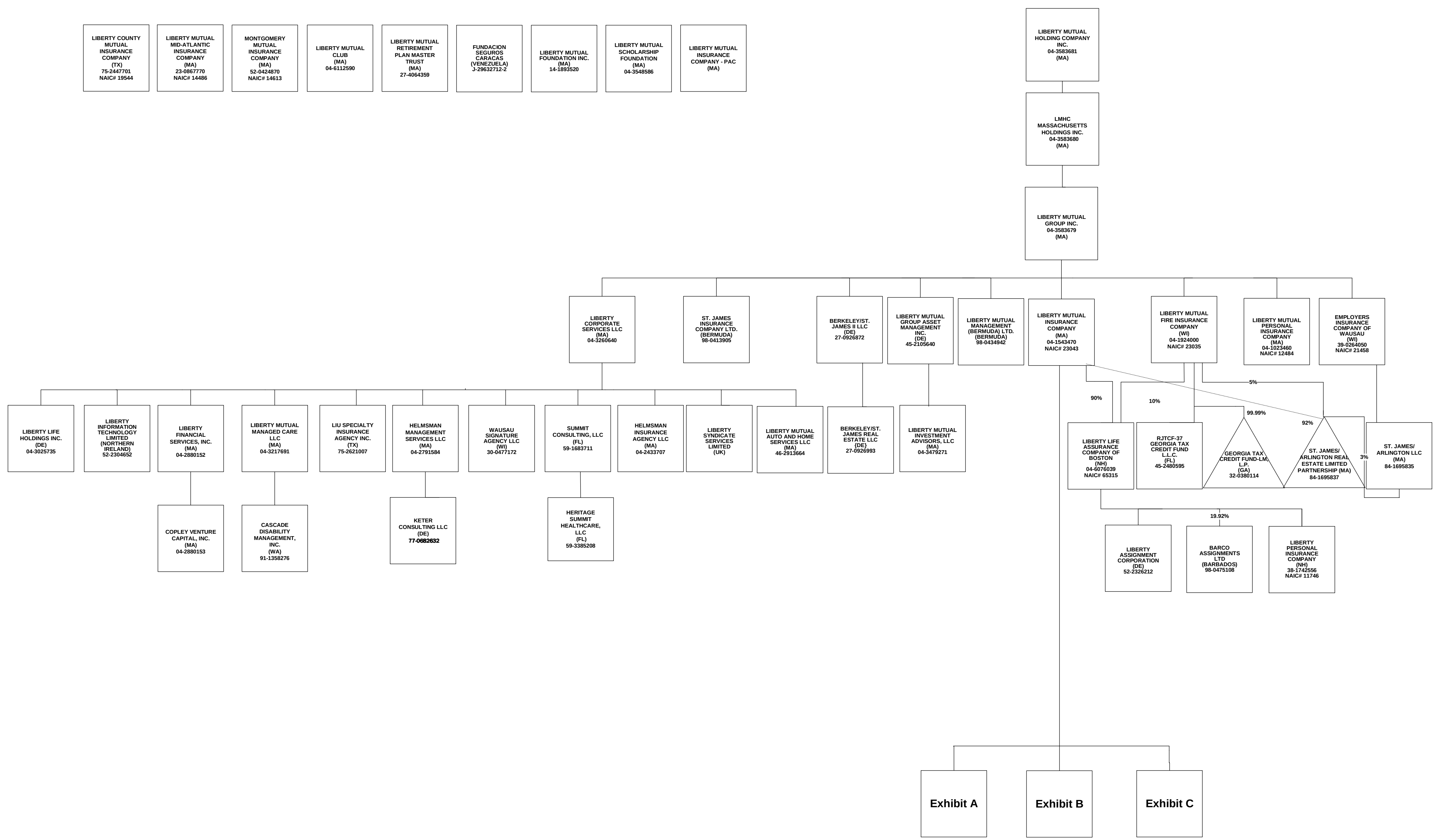
Explanation of basis of allocation of premiums by states, etc.

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

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

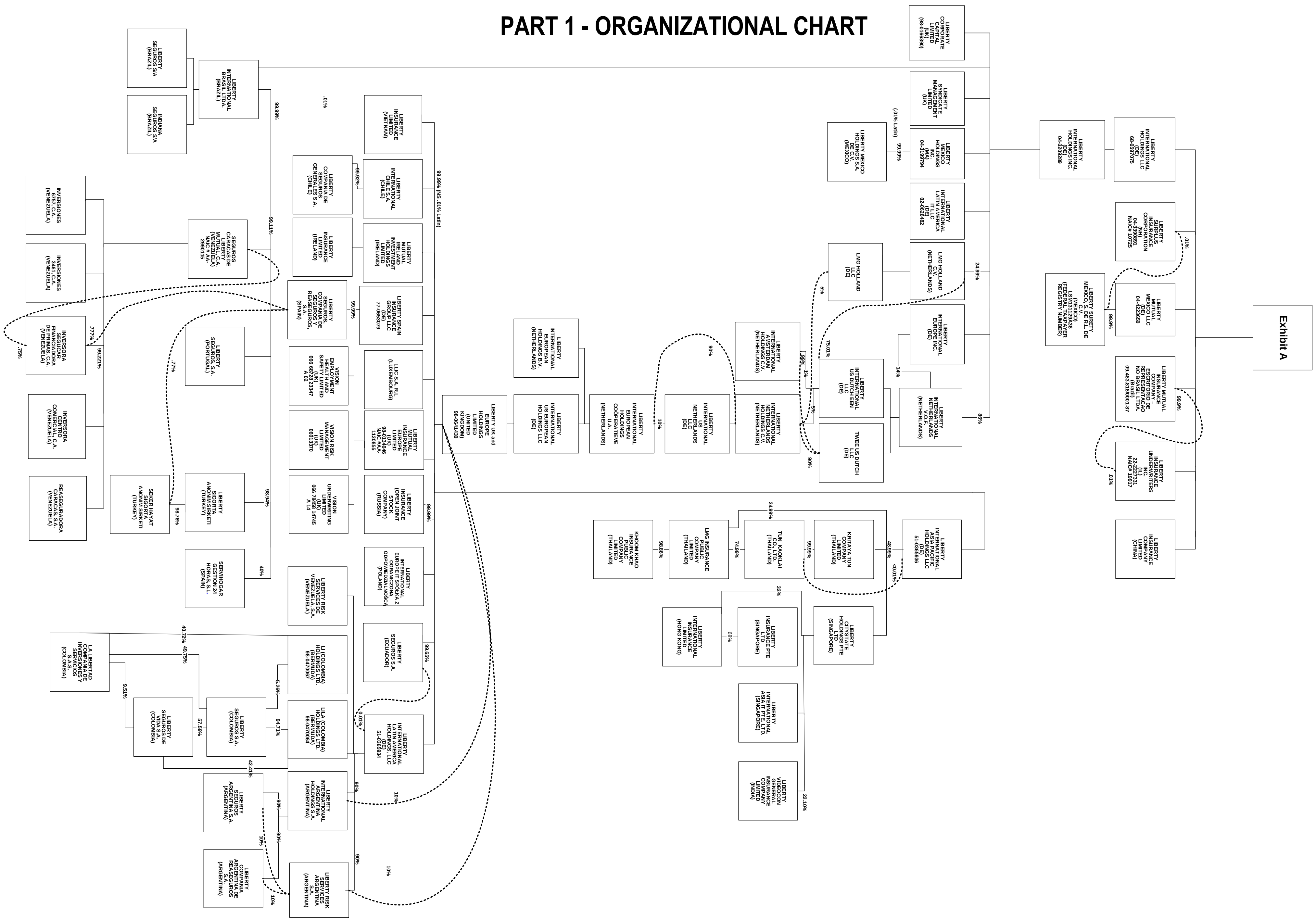
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



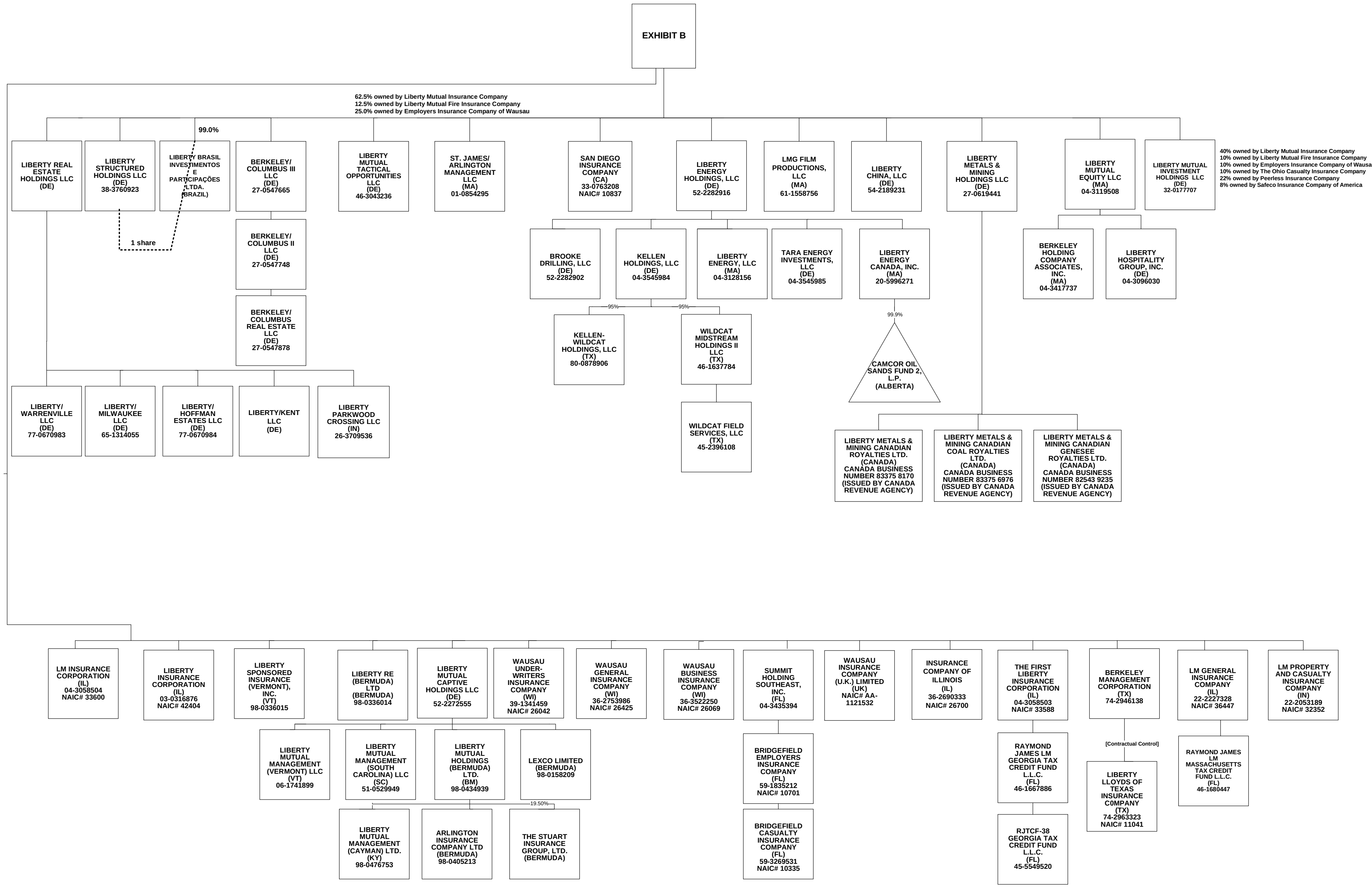
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



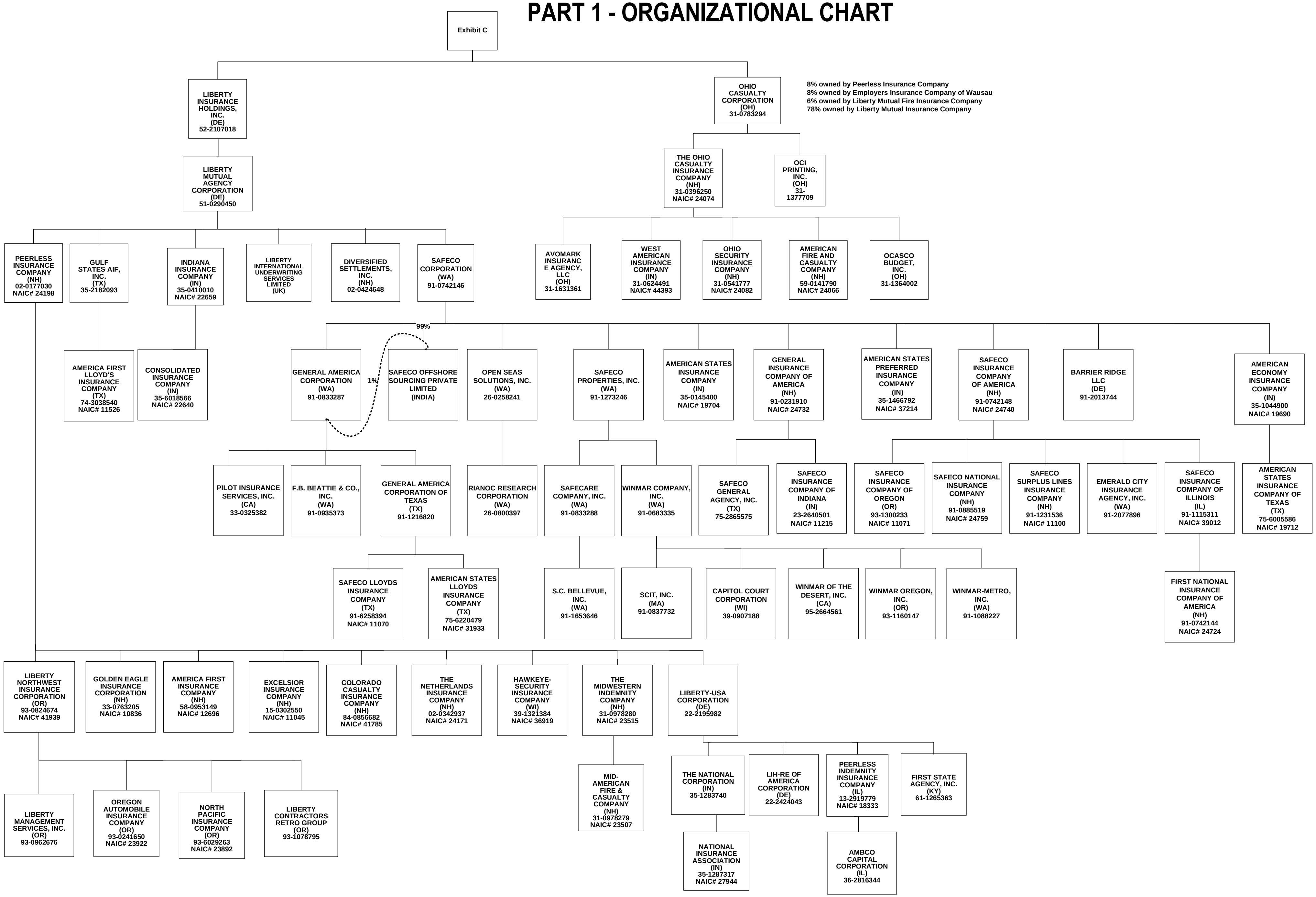
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

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

ASSETS

	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	3,936,295	1,935,695	2,000,600	2,076,481
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	3,936,295	1,935,695	2,000,600	2,076,481

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT