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, 2014

PROPERTY AND CASUALTY

2014

23035201420100100

ANNUAL STATEMENT

For the Year Ended December 31, 2014

OF THE CONDITION AND AFFAIRS OF THE

Liberty Mutual Fire Insurance Company

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

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

Country of Domicile United States of America

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

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

Main Administrative Office 175 Berkeley Street (Street and Number)

Boston, MA, US 02116 (City or Town, State, Country and Zip Code) 617-357-9500 (Area Code) (Telephone Number)

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

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

Internet Web Site Address www.libertymutualgroup.com

Statutory Statement Contact Gennaro Petruzziello (Name) 617-357-9500 x44532 (Area Code) (Telephone Number) (Extension)

Statutory.Compliance@LibertyMutual.com (E-Mail Address) 857-224-1430 (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
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 this on this
26th day of January , 2015, 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)	3,316,682,851		3,316,682,851	3,443,535,384
2. Stocks (Schedule D):				
2.1 Preferred stocks	21,957,618		21,957,618	20,723,648
2.2 Common stocks	415,819,636		415,819,636	388,105,341
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	128,349,383		128,349,383	125,189,070
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 ($ 12,839,385, Schedule E - Part 1), cash equivalents ($ 14,455,976, Schedule E - Part 2), and short-term investments ($ 19,121,936, Schedule DA)	46,417,297		46,417,297	74,867,198
6. Contract loans (including $ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	417,865,137		417,865,137	422,990,245
9. Receivables for securities	23,614,820		23,614,820	969,520
10. Securities lending reinvested collateral assets (Schedule DL)	38,948,161		38,948,161	26,683,004
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	4,409,654,903		4,409,654,903	4,503,063,410
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	31,419,143		31,419,143	33,854,907
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	116,567,698	6,103,750	110,463,948	125,881,075
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 2,297,016 earned but unbilled premiums)	469,377,206	229,702	469,147,504	599,712,567
15.3 Accrued retrospective premiums	39,809,425	3,955,615	35,853,810	37,659,053
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	30,975	1,123	29,852	
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	132,792,000		132,792,000	154,370,809
19. Guaranty funds receivable or on deposit	1,802,276		1,802,276	1,717,902
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	11,406,463		11,406,463	15,190,502
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	105,076,603	9,759,394	95,317,209	90,108,604
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	5,317,936,692	20,049,584	5,297,887,108	5,561,558,829
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	5,317,936,692	20,049,584	5,297,887,108	5,561,558,829

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	64,444,487		64,444,487	60,940,182
2502. Amounts receivable under high deductible policies	15,169,922	15,778	15,154,144	15,621,436
2503. Equities and deposits in pools and associations	13,218,318		13,218,318	11,546,386
2598. Summary of remaining write-ins for Line 25 from overflow page	12,243,876	9,743,616	2,500,260	2,000,600
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	105,076,603	9,759,394	95,317,209	90,108,604

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	2,219,415,749	2,279,464,676
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	4,906,743	116,546,438
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	481,276,193	489,340,086
4.	Commissions payable, contingent commissions and other similar charges	42,140,609	43,093,356
5.	Other expenses (excluding taxes, licenses and fees)	65,790,568	62,939,398
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	19,575,115	22,625,070
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	16,468,293	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 $ 2,482,844,245 and including warranty reserves of $ 0 and accrued accident and health experience rating refunds including $ 0 for medical loss ratio rebate per the Public Health Service Act)	1,006,108,608	950,468,970
10.	Advance premium	7,300,797	7,057,581
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	199,448	196,198
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	9,875,669	7,898,449
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	65,450,853	66,588,376
19.	Payable to parent, subsidiaries and affiliates	849,950	851,234
20.	Derivatives		
21.	Payable for securities	39,423	79,913
22.	Payable for securities lending	38,948,161	26,683,004
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	(133,077,601)	114,269,151
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	3,995,773,620	4,345,262,810
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	3,995,773,620	4,345,262,810
29.	Aggregate write-ins for special surplus funds	8,632,698	8,909,896
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	510,000,000
35.	Unassigned funds (surplus)	772,230,790	686,136,123
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)	1,302,113,488	1,216,296,019
38.	Totals (Page 2, Line 28, Col. 3)	5,297,887,108	5,561,558,829

	DETAILS OF WRITE-IN LINES		
2501.	Amounts held under uninsured plans	53,226,104	60,292,522
2502.	Other liabilities	51,757,935	57,122,078
2503.	Retroactive reinsurance reserves	(238,061,640)	(3,145,449)
2598.	Summary of remaining write-ins for Line 25 from overflow page		
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	(133,077,601)	114,269,151
2901.	Special surplus from retroactive reinsurance	8,632,698	8,909,896
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)	8,632,698	8,909,896
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)	1,971,402,330	1,948,596,324
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	1,110,630,374	1,152,772,781
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	269,772,012	279,293,399
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	629,044,634	627,302,740
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	2,009,447,020	2,059,368,920
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(38,044,690)	(110,772,596)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	150,619,865	176,055,647
10. Net realized capital gains (losses) less capital gains tax of $ 9,183,420 (Exhibit of Capital Gains (Losses))	17,054,922	7,701,347
11. Net investment gain (loss) (Lines 9 + 10)	167,674,787	183,756,994
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 389,035 amount charged off $ 7,852,603)	(7,463,568)	(6,424,920)
13. Finance and service charges not included in premiums	11,055,509	10,709,824
14. Aggregate write-ins for miscellaneous income	(4,603,126)	(3,759,044)
15. Total other income (Lines 12 through 14)	(1,011,185)	525,860
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	128,618,912	73,510,258
17. Dividends to policyholders	1,885,384	3,082,309
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)	126,733,528	70,427,949
19. Federal and foreign income taxes incurred	(5,440,420)	(17,078,879)
20. Net income (Line 18 minus Line 19) (to Line 22)	132,173,948	87,506,828
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,216,296,019	939,140,053
22. Net income (from Line 20)	132,173,948	87,506,828
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of $ 2,347,165	18,633,743	6,964,540
25. Change in net unrealized foreign exchange capital gain (loss)	(9,186,204)	(4,169,373)
26. Change in net deferred income tax	(30,242,942)	(42,181,248)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	4,183,355	97,938,162
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		
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	(26,531,250)	(3,750,000)
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	(3,213,181)	(152,943)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	85,817,469	277,155,966
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	1,302,113,488	1,216,296,019

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)	(1,316,593)	53,704
1402. Other income/(expense)	(3,286,533)	(3,812,748)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(4,603,126)	(3,759,044)
3701. Other changes in surplus	(3,213,181)	(152,943)
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(3,213,181)	(152,943)

CASH FLOW

		1	2
	Cash from Operations	Current Year	Prior Year
1.	Premiums collected net of reinsurance	2,176,410,010	2,099,096,013
2.	Net investment income	164,831,069	186,366,431
3.	Miscellaneous income	(8,622,448)	(30,452,697)
4.	Total (Lines 1 through 3)	2,332,618,631	2,255,009,747
5.	Benefit and loss related payments	1,279,636,473	1,307,576,181
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	892,578,601	909,127,311
8.	Dividends paid to policyholders	1,882,134	3,315,309
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	(589,684)	(32,175,988)
10.	Total (Lines 5 through 9)	2,173,507,524	2,187,842,813
11.	Net cash from operations (Line 4 minus Line 10)	159,111,107	67,166,934
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	623,784,900	501,444,543
	12.2 Stocks	27,999,079	11,619,770
	12.3 Mortgage loans	11,560,105	8,622,673
	12.4 Real estate		
	12.5 Other invested assets	217,931,060	577,984,387
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(4,807)	(3,442)
	12.7 Miscellaneous proceeds	(22,714,563)	(2,002,497)
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	858,555,774	1,097,665,434
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	503,892,233	802,704,683
	13.2 Stocks	32,236,325	43,084,809
	13.3 Mortgage loans	14,826,438	23,816,840
	13.4 Real estate		
	13.5 Other invested assets	213,284,681	487,265,074
	13.6 Miscellaneous applications	14,227,566	14,403,033
	13.7 Total investments acquired (Lines 13.1 to 13.6)	778,467,243	1,371,274,439
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	80,088,531	(273,609,005)
	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		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders	26,531,250	3,750,000
	16.6 Other cash provided (applied)	(241,118,289)	51,972,190
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(267,649,539)	183,222,190
	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)	(28,449,901)	(23,219,881)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	74,867,198	98,087,079
	19.2 End of year (Line 18 plus Line 19.1)	46,417,297	74,867,198

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

20.0001	2 - Net investment income	1,681,536	
20.0002	7 - Commissions, expenses paid and aggregate write-ins for deductions	14,220,682	
20.0003	12.1 - Proceeds from investments sold, matured or repaid - Bonds	10,119,982	35,078,838
20.0004	12.2 - Proceeds from investments sold, matured or repaid - Stocks	14,704,523	
20.0005	12.3 - Proceeds from investments sold, matured or repaid - Mortgage loans	147,575	424,720
20.0006	12.5 - Proceeds from investments sold, matured or repaid - Other invested assets	520,376	230,164,385
20.0007	13.1 - Cost of Investment Acquired - Bonds	11,801,518	175,383,017
20.0008	13.2 - Cost of Investment Acquired - Stocks	540,108	
20.0009	13.5 - Cost of Investment Acquired - Other invested assets	611,684	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	48,885,693	23,704,854	23,357,330	49,233,217
2. Allied lines	30,635,386	14,843,729	15,522,636	29,956,479
3. Farmowners multiple peril	7,732,366	3,782,626	3,933,726	7,581,266
4. Homeowners multiple peril	427,481,749	211,255,129	229,168,863	409,568,015
5. Commercial multiple peril	173,401,562	86,211,731	87,394,739	172,218,554
6. Mortgage guaranty				
8. Ocean marine	6,125,307	3,269,085	3,661,639	5,732,753
9. Inland marine	53,766,839	11,837,663	12,897,774	52,706,728
10. Financial guaranty				
11.1 Medical professional liability—occurrence	3,958,165	1,896,934	1,955,965	3,899,134
11.2 Medical professional liability—claims-made	1,982,426	311,564	925,687	1,368,303
12. Earthquake	7,014,587	3,692,035	3,450,749	7,255,873
13. Group accident and health	315,022		125,046	189,976
14. Credit accident and health (group and individual)				
15. Other accident and health	500,998	31,803	34,950	497,851
16. Workers' compensation	178,865,974	10,679,352	6,826,560	182,718,766
17.1 Other liability—occurrence	129,225,124	55,428,085	57,590,009	127,063,200
17.2 Other liability—claims-made	51,320,731	18,423,918	27,041,430	42,703,219
17.3 Excess workers' compensation	4,605,758	1,860,535	2,344,619	4,121,674
18.1 Products liability—occurrence	12,462,492	7,341,297	7,437,574	12,366,215
18.2 Products liability—claims-made	1,136,053	396,002	378,810	1,153,245
19.1,19.2 Private passenger auto liability	453,607,624	210,767,006	220,614,611	443,760,019
19.3,19.4 Commercial auto liability	93,915,186	43,050,200	43,909,790	93,055,596
21. Auto physical damage	250,090,848	156,847,582	169,118,542	237,819,888
22. Aircraft (all perils)	3,185,106	870,030	781,134	3,274,002
23. Fidelity	3,792,624	1,052,496	1,886,781	2,958,339
24. Surety	59,266,929	35,726,776	37,484,387	57,509,318
26. Burglary and theft	87,556	45,487	40,340	92,703
27. Boiler and machinery	3,014,875	1,275,698	1,300,027	2,990,546
28. Credit	411,825	73,159	276,758	208,226
29. International				
30. Warranty	59,353	409,238	317,510	151,081
31. Reinsurance-nonproportional assumed property	20,579,467	1,967,457	3,222,553	19,324,371
32. Reinsurance-nonproportional assumed liability	2,731,118	295,963	1,370,262	1,656,819
33. Reinsurance-nonproportional assumed financial lines	(12,790)			(12,790)
34. Aggregate write-ins for other lines of business				
35. TOTALS	2,030,145,953	907,347,434	964,370,801	1,973,122,586

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	23,173,541	183,788			23,357,329
2. Allied lines	15,470,283	52,353			15,522,636
3. Farmowners multiple peril	3,933,726				3,933,726
4. Homeowners multiple peril	229,168,863				229,168,863
5. Commercial multiple peril	88,038,826	111,574	(760,167)	4,506	87,394,739
6. Mortgage guaranty					
8. Ocean marine	3,525,327	136,311			3,661,638
9. Inland marine	11,407,820	1,489,954			12,897,774
10. Financial guaranty					
11.1 Medical professional liability—occurrence	1,945,601	10,365			1,955,966
11.2 Medical professional liablity—claims-made	884,230	41,457			925,687
12. Earthquake	3,437,966	12,783			3,450,749
13. Group accident and health	125,046				125,046
14. Credit accident and health (group and individual)					
15. Other accident and health	34,950				34,950
16. Workers' compensation	47,013,658	1,575,756	(1,080,127)	(40,682,727)	6,826,560
17.1 Other liability—occurrence	52,362,765	4,613,627	(66,674)	680,291	57,590,009
17.2 Other liability—claims-made	24,225,278	2,820,707	(4,554)		27,041,431
17.3 Excess workers' compensation	1,937,238	407,381			2,344,619
18.1 Products liability—occurrence	4,691,788	2,552,411	(17,411)	210,786	7,437,574
18.2 Products liability—claims-made	368,098	10,712			378,810
19.1,19.2 Private passenger auto liability	220,614,611				220,614,611
19.3,19.4 Commercial auto liability	43,551,833	379,688		(21,731)	43,909,790
21. Auto physical damage	169,067,287	51,255			169,118,542
22. Aircraft (all perils)	781,134				781,134
23. Fidelity	1,857,965	28,816			1,886,781
24. Surety	36,529,603	954,784			37,484,387
26. Burglary and theft	40,316	24			40,340
27. Boiler and machinery	1,285,790	14,237			1,300,027
28. Credit	276,758				276,758
29. International					
30. Warranty		317,510			317,510
31. Reinsurance-nonproportional assumed property	3,053,556	168,998			3,222,554
32. Reinsurance-nonproportional assumed liability	1,365,477	4,785			1,370,262
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	990,169,334	15,939,276	(1,928,933)	(39,808,875)	964,370,802
36. Accrued retrospective premiums based on experience					39,808,873
37. Earned but unbilled premiums					1,928,933
38. Balance (Sum of Lines 35 through 37)					1,006,108,608

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	370,454,553	48,885,693		370,454,553		48,885,693
2. Allied lines	159,808,971	30,635,386		159,808,971		30,635,386
3. Farmowners multiple peril		7,732,366				7,732,366
4. Homeowners multiple peril	1,171,250,041	427,481,749		1,171,250,041		427,481,749
5. Commercial multiple peril	23,271,873	173,401,562		23,271,873		173,401,562
6. Mortgage guaranty						
8. Ocean marine	4,881,594	6,125,307		4,881,594		6,125,307
9. Inland marine	38,429,669	53,766,839		38,429,669		53,766,839
10. Financial guaranty						
11.1 Medical professional liability--occurrence		3,958,165				3,958,165
11.2 Medical professional liability--claims-made		1,982,426				1,982,426
12. Earthquake	44,939,783	7,014,587		44,939,783		7,014,587
13. Group accident and health		315,022				315,022
14. Credit accident and health (group and individual)						
15. Other accident and health		500,998				500,998
16. Workers' compensation	529,052,957	178,865,974		529,052,957		178,865,974
17.1 Other liability—occurrence	422,557,822	129,225,124		422,557,822		129,225,124
17.2 Other liability—claims-made	1,661,052	51,320,731		1,661,052		51,320,731
17.3 Excess workers' compensation		4,605,758				4,605,758
18.1 Products liability—occurrence	82,036,272	12,462,492		82,036,272		12,462,492
18.2 Products liability—claims-made	6,321,337	1,136,053		6,321,337		1,136,053
19.1,19.2 Private passenger auto liability	1,214,290,058	453,607,624		1,214,290,058		453,607,624
19.3,19.4 Commercial auto liability	280,017,923	93,915,186		280,017,923		93,915,186
21. Auto physical damage	880,235,224	250,090,848		880,235,224		250,090,848
22. Aircraft (all perils)		3,185,106				3,185,106
23. Fidelity	1,227,456	3,792,624		1,227,456		3,792,624
24. Surety	6,662,179	59,266,929		6,662,179		59,266,929
26. Burglary and theft	600,077	87,556		600,077		87,556
27. Boiler and machinery	36,116,909	3,014,875		36,116,909		3,014,875
28. Credit		411,825				411,825
29. International						
30. Warranty	741,909	59,353		741,909		59,353
31. Reinsurance-nonproportional assumed property	X X X	20,579,467				20,579,467
32. Reinsurance-nonproportional assumed liability	X X X	2,731,118				2,731,118
33. Reinsurance-nonproportional assumed financial lines	X X X	(12,790)				(12,790)
34. Aggregate write-ins for other lines of business						
35. TOTALS	5,274,557,659	2,030,145,953		5,274,557,659		2,030,145,953

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 $ 504,162,950

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 505,183,139

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

	Losses Paid Less Salvage				5	6	7	8
Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	228,156,086	22,036,502	228,156,086	22,036,502	20,298,308	18,567,245	23,767,565	48.275
2. Allied lines	67,307,462	15,704,733	67,307,462	15,704,733	7,499,905	8,233,714	14,970,924	49.976
3. Farmowners multiple peril		3,438,870		3,438,870	1,648,351	1,411,244	3,675,977	48.488
4. Homeowners multiple peril	534,146,900	202,101,633	534,146,900	202,101,633	75,161,670	67,914,517	209,348,786	51.115
5. Commercial multiple peril	19,174,595	90,660,422	19,174,595	90,660,422	162,347,111	171,017,720	81,989,813	47.608
6. Mortgage guaranty								
8. Ocean marine	1,778,163	2,494,283	1,778,163	2,494,283	5,156,357	5,492,290	2,158,350	37.649
9. Inland marine	11,586,072	31,426,390	11,586,072	31,426,390	7,608,597	8,765,060	30,269,927	57.431
10. Financial guaranty								
11.1 Medical professional liability—occurrence		319,950		319,950	6,176,740	4,897,876	1,598,814	41.004
11.2 Medical professional liability—claims-made		108,864		108,864	1,152,362	570,309	690,917	50.494
12. Earthquake		114,226		114,226	148,262	167,250	95,238	1.313
13. Group accident and health		88,275		88,275	220,033	234,985	73,323	38.596
14. Credit accident and health (group and individual)								
15. Other accident and health		157,383		157,383	1,540,147	1,627,473	70,057	14.072
16. Workers' compensation	422,554,954	234,142,352	422,554,954	234,142,352	1,006,827,568	1,101,342,506	139,627,414	76.417
17.1 Other liability—occurrence	139,900,827	65,203,066	139,900,827	65,203,066	279,648,177	275,834,654	69,016,589	54.317
17.2 Other liability—claims-made	1,540,325	8,250,124	1,540,325	8,250,124	59,822,234	49,163,162	18,909,196	44.280
17.3 Excess workers' compensation	200,895	2,400,478	200,895	2,400,478	45,228,007	44,286,409	3,342,076	81.085
18.1 Products liability—occurrence	30,177,811	4,389,471	30,177,811	4,389,471	30,967,947	35,845,175	(487,757)	(3.944)
18.2 Products liability—claims-made	797,109	105,457	797,109	105,457	1,520,296	2,694,471	(1,068,718)	(92.671)
19.1,19.2 Private passenger auto liability	807,256,769	252,062,909	807,256,769	252,062,909	338,932,635	291,831,596	299,163,948	67.416
19.3,19.4 Commercial auto liability	141,599,912	58,281,196	141,599,912	58,281,196	110,267,259	115,810,568	52,737,887	56.674
21. Auto physical damage	436,394,849	136,781,262	436,394,849	136,781,262	4,722,619	6,340,211	135,163,670	56.834
22. Aircraft (all perils)		1,999,693		1,999,693	2,884,706	4,008,199	876,200	26.762
23. Fidelity	32,323	560,526	32,323	560,526	2,660,605	2,323,019	898,112	30.359
24. Surety		22,735,163		22,735,163	11,730,449	10,777,220	23,688,392	41.191
26. Burglary and theft	113,768	16,289	113,768	16,289	10,203	17,202	9,290	10.021
27. Boiler and machinery	12,442,421	993,982	12,442,421	993,982	326,926	809,322	511,586	17.107
28. Credit		192		192	313,293	318,395	(4,910)	(2.358)
29. International								
30. Warranty					130,622	105,349	25,273	16.728
31. Reinsurance-nonproportional assumed property	X X X	6,609,425		6,609,425	14,811,481	19,437,407	1,983,499	10.264
32. Reinsurance-nonproportional assumed liability	X X X	3,300,283		3,300,283	19,329,598	29,277,517	(6,647,636)	(401.229)
33. Reinsurance-nonproportional assumed financial lines	X X X	384,378		384,378	323,281	342,611	365,048	(2854.167)
34. Aggregate write-ins for other lines of business								
35. TOTALS	2,855,161,241	1,166,867,777	2,855,161,241	1,166,867,777	2,219,415,749	2,279,464,676	1,106,818,850	56.095

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	185,504,511	14,058,854	185,504,511	14,058,854	46,827,116	6,239,454	46,827,116	20,298,308	1,654,709
2. Allied lines	29,882,411	4,711,898	29,882,411	4,711,898	14,652,513	2,788,007	14,652,513	7,499,905	851,332
3. Farmowners multiple peril		1,543,381		1,543,381		104,970		1,648,351	499,279
4. Homeowners multiple peril	130,272,509	46,716,632	130,272,509	46,716,632	106,936,188	28,445,038	106,936,188	75,161,670	17,180,408
5. Commercial multiple peril	25,594,030	91,472,977	25,594,030	91,472,977	10,977,858	70,874,134	10,977,858	162,347,111	65,810,289
6. Mortgage guaranty									
8. Ocean marine	129,481	2,607,502	129,481	2,607,502	3,390,757	2,548,855	3,390,757	5,156,357	845,703
9. Inland marine	6,890,496	3,911,268	6,890,496	3,911,268	(292,324)	3,697,329	(292,324)	7,608,597	1,221,540
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		469,381		469,381		5,707,359		6,176,740	465,875
11.2 Medical professional liablity—claims-made		148,737		148,737		1,003,625		1,152,362	254,405
12. Earthquake		115,759		115,759	828	32,502	828	148,261	18,914
13. Group accident and health		125,162		125,162		94,871		(a) 220,033	10,444
14. Credit accident and health (group and individual)									
15. Other accident and health		660,236		660,236		879,911		(a) 1,540,147	547,959
16. Workers' compensation	1,680,349,864	515,786,745	1,680,349,864	515,786,745	1,998,022,862	491,040,823	1,998,022,862	1,006,827,568	145,714,354
17.1 Other liability—occurrence	261,333,776	105,789,907	261,333,776	105,789,907	499,992,548	173,858,270	499,992,548	279,648,177	92,068,588
17.2 Other liability—claims-made	7,645,390	11,739,809	7,645,390	11,739,809	2,993,109	48,082,425	2,993,109	59,822,234	15,072,967
17.3 Excess workers' compensation	72,196	20,614,343	72,196	20,614,343	1,674,882	24,613,664	1,674,882	45,228,007	4,281,936
18.1 Products liability—occurrence	43,434,613	7,915,983	43,434,613	7,915,983	116,001,587	23,051,964	116,001,587	30,967,947	22,269,355
18.2 Products liability—claims-made	52,459	17,404	52,459	17,404	7,897,714	1,502,893	7,897,714	1,520,297	820,498
19.1,19.2 Private passenger auto liability	827,842,768	208,016,057	827,842,768	208,016,057	609,213,477	130,916,578	609,213,477	338,932,635	77,220,692
19.3,19.4 Commercial auto liability	199,973,888	72,837,938	199,973,888	72,837,938	98,028,703	37,429,321	98,028,703	110,267,259	19,216,779
21. Auto physical damage		546,235		546,235	6,528,346	4,176,384	6,528,346	4,722,619	6,207,828
22. Aircraft (all perils)		1,697,817		1,697,817		1,186,889		2,884,706	1,128,526
23. Fidelity	101,543	223,951	101,543	223,951	317,182	2,436,654	317,182	2,660,605	426,517
24. Surety		4,020,540		4,020,540	2,334,821	7,709,909	2,334,821	11,730,449	5,389,610
26. Burglary and theft	49,759	7,079	49,759	7,079	15,674	3,124	15,674	10,203	7,130
27. Boiler and machinery	3,921,711	264,788	3,921,711	264,788	409,011	62,138	409,011	326,926	41,966
28. Credit		1,215		1,215		312,078		313,293	137
29. International									
30. Warranty					1,641,391	130,622	1,641,391	130,622	73,460
31. Reinsurance-nonproportional assumed property	X X X	6,918,961		6,918,961	X X X	7,892,520		14,811,481	219,560
32. Reinsurance-nonproportional assumed liability	X X X	6,140,804		6,140,804	X X X	13,188,794		19,329,598	1,752,746
33. Reinsurance-nonproportional assumed financial lines	X X X	321,251		321,251	X X X	2,029		323,280	2,688
34. Aggregate write-ins for other lines of business									
35. TOTALS	3,403,051,405	1,129,402,614	3,403,051,405	1,129,402,614	3,527,564,243	1,090,013,134	3,527,564,243	2,219,415,748	481,276,194

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	246,456,747			246,456,747
1.2 Reinsurance assumed	122,691,374			122,691,374
1.3 Reinsurance ceded	246,456,747			246,456,747
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	122,691,374			122,691,374
2. Commission and brokerage:				
2.1 Direct, excluding contingent		232,789,162		232,789,162
2.2 Reinsurance assumed, excluding contingent		118,089,550		118,089,550
2.3 Reinsurance ceded, excluding contingent		232,789,162		232,789,162
2.4 Contingent—direct		249,513,742		249,513,742
2.5 Contingent—reinsurance assumed		32,250,047		32,250,047
2.6 Contingent—reinsurance ceded		249,513,742		249,513,742
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)		150,339,597		150,339,597
3. Allowances to manager and agents		18,793,394		18,793,394
4. Advertising	398,931	34,879,962	2,309	35,281,202
5. Boards, bureaus and associations	588,521	3,748,959	81	4,337,561
6. Surveys and underwriting reports	8,191	7,295,025		7,303,216
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	87,453,652	172,285,638	6,705,932	266,445,222
8.2 Payroll taxes	3,960,512	15,229,930	6,358	19,196,800
9. Employee relations and welfare	16,247,775	60,498,163	170,656	76,916,594
10. Insurance	6,818,627	1,362,939	31,211	8,212,777
11. Directors' fees	48	1,943		1,991
12. Travel and travel items	5,975,961	13,879,902	212,586	20,068,449
13. Rent and rent items	4,799,138	18,089,136	62,025	22,950,299
14. Equipment	2,718,718	8,482,964	198,271	11,399,953
15. Cost or depreciation of EDP equipment and software	3,225,253	10,530,445	176,578	13,932,276
16. Printing and stationery	598,893	2,262,011	27,183	2,888,087
17. Postage, telephone and telegraph, exchange and express	2,465,526	10,022,157	237,344	12,725,027
18. Legal and auditing	695,510	2,204,272	148,703	3,048,485
19. Totals (Lines 3 to 18)	135,955,256	379,566,840	7,979,237	523,501,333
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 279,703		51,736,815		51,736,815
20.2 Insurance department licenses and fees		5,271,406		5,271,406
20.3 Gross guaranty association assessments		488,829		488,829
20.4 All other (excluding federal and foreign income and real estate)		3,675,455		3,675,455
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		61,172,505		61,172,505
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	11,125,382	37,965,694	2,380,772	51,471,848
25. Total expenses incurred	269,772,012	629,044,636	10,360,009	(a) 909,176,657
26. Less unpaid expenses—current year	481,276,193	127,506,292		608,782,485
27. Add unpaid expenses—prior year	489,340,086	128,657,824		617,997,910
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year		29,852		29,852
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	277,835,905	630,226,020	10,360,009	918,421,934

DETAILS OF WRITE-IN LINES				
2401. Other expenses	11,125,382	37,965,694	2,380,772	51,471,848
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)	11,125,382	37,965,694	2,380,772	51,471,848

(a) Includes management fees of $ 271,763,761 to affiliates and $ 18,777,296 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 13,837,662	13,856,639
1.1	Bonds exempt from U.S. tax	(a) 41,643,966	40,397,570
1.2	Other bonds (unaffiliated)	(a) 71,739,814	70,615,914
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 1,088,062	1,088,062
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	3,966,692	3,976,212
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c) 7,096,561	7,087,581
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 620,205	531,752
7.	Derivative instruments	(f)	
8.	Other invested assets	29,078,373	29,078,373
9.	Aggregate write-ins for investment income	294,231	294,231
10.	Total gross investment income	169,365,566	166,926,334
11.	Investment expenses		(g) 10,360,009
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)		16,306,467
17.	Net investment income (Line 10 minus Line 16)		150,619,867

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)	294,231	294,231
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)	294,231	294,231
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		

(a) Includes $ 2,316,452 accrual of discount less $ 12,485,648 amortization of premium and less $ 546,933 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 $ 18,055 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 $ 21,765 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	14,962		14,962		
1.1	Bonds exempt from U.S. tax	934,144		934,144	21,501	
1.2	Other bonds (unaffiliated)	6,982,694	(383,804)	6,598,890	(1,378,832)	(2,981,334)
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)	998		998	1,233,970	
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	15,601,211	(151,549)	15,449,662	4,397,278	
2.21	Common stocks of affiliates				3,629,111	
3.	Mortgage loans	(47,508)		(47,508)	(58,511)	
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments	(4,126)		(4,126)	(684)	
7.	Derivative instruments					
8.	Other invested assets	5,647,703	(2,356,384)	3,291,319	13,137,074	(2,978,315)
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	29,130,078	(2,891,737)	26,238,341	20,980,907	(5,959,649)

	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	6,103,750	6,553,441	449,691
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	229,702	511,373	281,671
15.3 Accrued retrospective premiums	3,955,615	4,176,781	221,166
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans	1,123	30,141	29,018
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset		11,011,191	11,011,191
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	9,759,394	1,935,849	(7,823,545)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	20,049,584	24,218,776	4,169,192
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	20,049,584	24,218,776	4,169,192

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	9,743,616	1,935,695	(7,807,921)
2502. Amounts receivable under high deductible policies	15,778	154	(15,624)
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	9,759,394	1,935,849	(7,823,545)

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").

	State of Domicile	2014	2013
NET INCOME			
LMFIC state basis (Page 4, Line 20, Columns 1 & 2)	WI	$ 132,173,948	$ 87,506,828
State Prescribed Practices: NONE		-	-
State Permitted Practices: NONE		-	-
NAIC SAP		$ 132,173,948	$ 87,506,828

	State of Domicile	2014	2013
SURPLUS			
LMFIC state basis (Page 3, Line 37, Columns 1 & 2)	WI	$ 1,302,113,488	$ 1,216,296,019
State Prescribed Practices: NONE		-	-
State Permitted Practices: NONE		-	-
NAIC SAP		$ 1,302,113,488	$ 1,216,296,019

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 Investment Analysis Office (IAO Manual).

2. Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the IAO 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 IAO 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 IAO Manual.

6. Mortgage backed/asset backed securities are carried at amortized cost or fair value based on guidance in the IAO 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 IAO 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 IAO 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 an amount, based on past experience, for losses and loss adjustment expenses 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.

NOTES TO FINANCIAL STATEMENTS

12. The Company did not change its capitalization policy in 2014.

13. The Company has no pharmaceutical rebate receivables.

Note 2 - Accounting Changes and Correction of Errors

There were no material changes in accounting principles and/or correction of errors.

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, 2014; 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 2014 were:

Farm mortgages	N/A
Residential mortgages	N/A
Commercial mortgages	3.500% and 7.250%
Purchase money mortgages	N/A
Cash flow mortgages	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: 75%

	2014	2013
3. Taxes, assessments and any amounts advanced and not included in the mortgage loan total	$7,508	$9,986

4. Age Analysis of Mortgage Loans:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. Recorded Investment (All)							
(a) Current	$ -	$ -	$ -	$ -	$ 128,388,457	$ -	$ 128,388,457
(b) 30-59 Days Past Due	-	-	-	-	243,095	-	243,095
(c) 60-89 Days Past Due	-	-	-	-	-	-	-
(d) 90-179 Days Past Due	-	-	-	-	758	-	758
(e) 180+ Days Past Due	-	-	-	-	48,741	-	48,741
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	$ -	$ -	$ -	$ -	$ 3,378,245	$ -	$ 3,378,245
(b) Number of Loans	-	-	-	-	342	-	342
(c) Percent Reduced	-	-	-	-	1.961%	-	1.961%
b. Prior 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	-	-	-	-	-	-	-
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%

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

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. With Allowance for Credit Losses	$-	$-	$-	$-	$ 500,191	$-	$ 500,191
2. No Allowance for Credit Losses	-	-	-	-	396,898	-	396,898
b. Prior Year							
1. With Allowance for Credit Losses	$-	$-	$-	$-	$ 676,246	$-	$ 676,246
2. No Allowance for Credit Losses	-	-	-	-	447,976	-	447,976

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:

	Farm	Residential		Commercial		Mezzanine	Total
		Insured	All Other	Insured	All Other		
a. Current Year							
1. Average Recorded Investment	$-	$-	$-	$-	$ 1,010,913	$-	$ 1,010,913
2. Interest Income Recognized	-	-	-	-	54,272	-	54,272
3. Recorded Investments on Nonaccrual Status	-	-	-	-	49,499	-	49,499
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	49,983	-	49,983
b. Prior 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

NOTES TO FINANCIAL STATEMENTS

7. Allowance for credit losses:

	2014	2013
a. Balance at beginning of period	$ 273,156	$ 738,107
b. Additions charged to operations	147,662	142,063
c. Direct write-downs charged against the allowances	115,926	607,014
d. Recoveries of amounts previously charged off	26,775	-
e. Balance at end of period	$ 331,667	$ 273,156

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

B. Debt Restructuring

	2014	2013
1. The total recorded investment in restructured loans, as of year end	$ 986,325	$ 947,756
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 2014 as of December 31, 2014: None

3. Each Loan Backed Security with a recognized other-than-temporary impairment held by the Company at December 31, 2014:

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
12544LAK7	2,876,238	2,863,221	13,017	2,863,221	2,866,522	3/31/2014
74958YAA0	1,096,286	1,095,124	1,161	1,095,124	1,061,092	3/31/2014
74958YAA0	1,034,748	1,032,552	2,195	1,032,552	1,034,561	6/30/2014
74958YAA0	1,033,612	1,032,552	1,060	1,032,552	1,034,561	9/30/2014
12544LAK7	2,539,952	2,475,745	64,207	2,475,745	2,474,128	12/31/2014
32056FAC6	1,745,183	1,680,663	64,520	1,680,663	1,678,583	12/31/2014
32052TAD8	4,250,008	4,230,441	19,567	4,230,441	4,207,712	12/31/2014

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, 2014:

a. The aggregate amount of unrealized losses:
   1. Less than 12 Months $ 378,524
   2. 12 Months or Longer $ 4,150,597

b. The aggregate related fair value of securities with unrealized losses:
   1. Less than 12 Months $ 74,658,492
   2. 12 Months or Longer $ 261,777,959

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

NOTES TO FINANCIAL STATEMENTS

E. Repurchase Agreements and Securities Lending

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

2. The Company has not pledged any of its assets as collateral as of December 31, 2014.

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	$38,948,165
(b) 30 Days or Less	
(c) 31 to 60 Days	
(d) 61 to 90 Days	
(e) Greater Than 90 Days	
(f) Sub-Total	$38,948,165
(g) Securities Received	$4,833,672
(h) Total Collateral Received	$43,781,837
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) $38,948,165

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		

NOTES TO FINANCIAL STATEMENTS

(k) Sub-Total		
(l) Securities Received		
(m) Total Collateral Reinvested		
2. Securities Lending		
(a) Open		
(b) 30 Days or Less	$19,975,912	$19,974,881
(c) 31 to 60 Days	$8,215,166	$8,215,277
(d) 61 to 90 Days	$10,758,038	$10,758,004
(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	$38,949,116	$38,948,162
(l) Securities Received		
(m) Total Collateral Reinvested	$38,949,166	$38,948,162
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 hold any investments in real estate.

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

1. There are thirteen 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.

NOTES TO FINANCIAL STATEMENTS

H. Restricted Assets

1. Restricted Assets (Including Pledged)

	Gross Restricted								Percentage	
	Current Year									
	1	2	3	4	5	6	7	8	9	10
Restricted Asset Category	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase / (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	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	38,948,161	-	-	-	$38,948,161	$26,683,004	$12,265,157	$38,948,161	1%	1%
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 – excluding FHLB capital stock	-	-	-	-	$-	$-	$-	$-	0%	0%
i. FHLB capital stock	7,500,000	-	-	-	$7,500,000	$7,500,000	$-	$7,500,000	0%	0%
j. On deposit with states	219,198,110	-	-	-	$219,198,110	$226,817,300	$(7,619,190)	$219,198,110	4%	4%
k. On deposit with other regulatory bodies	19,873,553	-	-	-	$19,873,553	$20,211,632	$(338,079)	$19,873,553	0%	0%
l. Pledged collateral to FHLB (including assets backing funding agreements)	162,676,992	-	-	-	$162,676,992	$158,946,594	$3,730,398	$162,676,992	3%	3%
m. Pledged as collateral not captured in other categories	-	-	-	-	$-	$-	$-	$-	0%	0%
n. Other restricted assets	-	-	-	-	$-	$-	$-	$-	0%	0%
o. Total restricted assets	$448,196,816	$-	$-	$-	$448,196,816	$440,158,530	$8,038,286	$448,196,816	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)

Not applicable

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

Not applicable

I. Working Capital Finance Investments

The Company does not invest in Working Capital Finance Investments.

J. Offsetting and Netting of Assets and Liabilities

Not applicable

NOTES TO FINANCIAL STATEMENTS

K. Structured Notes

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. Management may also engage to sell limited partnership interests which may also lead to impairment losses being recognized. The Company realized impairment losses of $2,358,152 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, 2014.

Note 8 - Derivative Instruments

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

Note 9 - Income Taxes

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

1.

	12/31/2014		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross Deferred Tax Assets	$ 215,073,000	$ 25,795,000	$ 240,868,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	215,073,000	25,795,000	240,868,000
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	215,073,000	25,795,000	240,868,000
(f) Deferred Tax Liabilities	65,608,000	42,468,000	108,076,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 149,465,000	$ (16,673,000)	$ 132,792,000

	12/31/2013		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) 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

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	$ (27,391,200)	$ (7,954,800)	$ (35,346,000)
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	(27,391,200)	(7,954,800)	(35,346,000)
(d) Deferred Tax Assets Nonadmitted	(11,011,191)	-	(11,011,191)
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	(16,380,009)	(7,954,800)	(24,334,809)
(f) Deferred Tax Liabilities	(3,219,869)	463,869	(2,756,000)
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ (13,160,140)	$ (8,418,669)	$ (21,578,809)

2.

	12/31/2014		
	(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)	137,342,790	-	137,342,790
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	137,342,790	-	137,342,790
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	-	-	172,454,474
(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	65,608,000	37,917,210	103,525,210
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	$ 202,950,790	$ 37,917,210	$ 240,868,000

	12/31/2013		
	(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)	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

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)	(17,028,019)	-	(17,028,019)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	(38,972,495)	-	(38,972,495)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	-	-	18,083,665
(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	(3,219,869)	(4,086,921)	(7,306,790)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ (20,247,887)	$ (4,086,921)	$ (24,334,809)

3.

	2014	2013
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	435.6%	395.6%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	1,179,046,591	1,070,535,563

4.

	12/31/2014		12/31/2013		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)	$ 215,073,000	$ 25,795,000	$ 242,464,200	$ 33,749,800	$ (27,391,200)	$ (7,954,800)
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)	$ 215,073,000	$ 25,795,000	$ 231,453,009	$ 33,749,800	$ (16,380,009)	$ (7,954,800)
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) 12/31/2014	(2) 12/31/2013	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	$ (5,440,420)	$ (17,078,879)	$ 11,638,459
(b) Foreign	-	-	-
(c) Subtotal	(5,440,420)	(17,078,879)	11,638,459
(d) Federal income tax on net capital gains	9,183,420	4,146,879	5,036,541
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	$ 3,743,000	$ (12,932,000)	$ 16,675,000

NOTES TO FINANCIAL STATEMENTS

2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	$ 55,063,000	$ 58,447,000	$ (3,384,000)
(2) Unearned premium reserve	73,619,000	71,122,000	2,497,000
(3) Policyholder reserves	-	-	-
(4) Investments	3,259,000	3,479,000	(220,000)
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	133,000	50,000	83,000
(8) Compensation and benefits accrual	5,715,000	4,871,000	844,000
(9) Pension accrual	-	233,000	(233,000)
(10) Receivables – nonadmitted	7,018,000	4,623,000	2,395,000
(11) Net operating loss carry-forward	45,624,000	78,369,000	(32,745,000)
(12) Tax credit carry-forward	6,507,000	3,625,000	2,882,000
(13) Other (including items <5% of total ordinary tax assets)	18,135,000	17,645,200	489,800
(99) Subtotal	215,073,000	242,464,200	(27,391,200)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	11,011,191	(11,011,191)
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	215,073,000	231,453,009	(16,380,009)
(e) Capital			
(1) Investments	22,260,000	33,749,800	(11,489,800)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	3,535,000	-	3,535,000
(99) Subtotal	25,795,000	33,749,800	(7,954,800)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	25,795,000	33,749,800	(7,954,800)
(i) Admitted deferred tax assets (2d + 2h)	240,868,000	265,202,809	(24,334,809)
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	52,959,000	59,544,000	(6,585,000)
(2) Fixed assets	9,644,000	6,486,000	3,158,000
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total capital tax liabilities)	3,005,000	2,797,869	207,131
(99) Subtotal	65,608,000	68,827,869	(3,219,869)
(b) Capital:			
(1) Investments	42,468,000	42,004,131	463,869
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	42,468,000	42,004,131	463,869
(c) Deferred tax liabilities (3a99 + 3b99)	108,076,000	110,832,000	(2,756,000)
4. Net deferred tax assets/liabilities (2i – 3c)	$ 132,792,000	$ 154,370,809	$ (21,578,809)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of intercompany dividends, LP & LLC income, tax exempt income, utilization of prior year net operating losses, limits on unearned premium reserve deductions, discounting of unpaid losses and loss adjustment expenses, and revisions to prior year estimates.

NOTES TO FINANCIAL STATEMENTS

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

Year Generated	Amount	Expiration
2011	$ 30,649,000	2031
2012	$ 99,703,000	2032

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

Year Generated	Amount	Expiration
2010	$2,000	2030
2011	$ 363,000	2031
2012	$ 66,000	2032
2013	$ 2,882,000	2033

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
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
Consolidated Insurance Company
Copley Venture Capital, Inc.
Diversified Settlements, Inc.
Emerald City Insurance Agency, Inc.
Employers Insurance Company of Wausau
Excelsior Insurance Company
F.B. Beattie & Co., Inc.
First National Insurance Company of America
First State Agency Inc.
General America Corporation
General America Corporation of Texas
General Insurance Company of America
Golden Eagle Insurance Corporation
Gulf States AIF, Inc.
Hawkeye-Security Insurance Company
Heritage-Summit HealthCare, Inc.
Indiana Insurance Company
Insurance Company of Illinois
LEXCO Limited
Liberty-USA Corporation
Liberty Assignment Corporation
Liberty 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.
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

NOTES TO FINANCIAL STATEMENTS

Liberty Energy Canada, Inc.	San Diego Insurance Company
Liberty Financial Services, Inc.	SCIT, Inc.
Liberty Hospitality Group, Inc.	St. James Insurance Company Ltd.
Liberty Insurance Corporation	Summit Consulting, Inc.
Liberty Insurance Holdings, Inc.	Summit Holding Southeast, Inc.
Liberty Insurance Underwriters Inc.	The First Liberty Insurance Corporation
Liberty International Europe Inc.	The Midwestern Indemnity Company
Liberty International Holdings Inc.	The National Corporation
Liberty Life Assurance Company of Boston	The Netherlands Insurance Company
Liberty Life Holdings Inc.	The Ohio Casualty Insurance Company
Liberty Lloyds of Texas Insurance Company	Wausau Business Insurance Company
Liberty Management Services, Inc.	Wausau General Insurance Company
Liberty Mexico Holdings Inc.	Wausau Underwriters Insurance Company
Liberty Mutual Agency Corporation	West American Insurance Company
Liberty Mutual Fire Insurance Company	Winmar Company, Inc.
Liberty Mutual Group Asset Management Inc.	Winmar of the Desert, Inc.
Liberty Mutual Group Inc.	Winmar Oregon, Inc.
Liberty Mutual Holding Company Inc.	Winmar-Metro, Inc.

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

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

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

A. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual 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, 2014, the Company had the following capital transactions with its parent and subsidiaries:

2. Received return of capital distributions of $ 4,416,470

3. Contributed capital in the amount of $16,135,169

4. Received dividends in the amount of $24,340,118

D. At December 31, 2014, the Company reported a net $10,556,513 due from affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.

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

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

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.

NOTES TO FINANCIAL STATEMENTS

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, 2014.

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, 2014.

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

The Company paid $589,684 under the LMHC Tax Sharing Agreement and paid $10,358,867 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)

Refer to Note 11B.

B. FHLB (Federal Home Loan Bank) Agreements

1. The Company is a member of the Federal Home Loan Bank (FHLB) of Chicago. Through its membership, the Company has conducted business activity (borrowings) with the FHLB. 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. It is part of the Company's strategy to utilize these funds as backup liquidity. The Company has determined the actual maximum borrowing capacity as $1,000,000,000 per Board of Directors consent.

2. FHLB Capital Stock

a. Aggregate Totals

1. Current Year

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Membership Stock – Class A	$ -	$ -	$ -
Membership Stock – Class B	3,457,200	3,457,200	-
Activity Stock	4,042,800	4,042,800	-
Excess Stock	-	-	-
Aggregate Total	$ 7,500,000	$ 7,500,000	-
Actual or estimated Borrowing Capacity as Determined by the Insurer	$1,000,000,000	XXX	XXX

NOTES TO FINANCIAL STATEMENTS

2. Prior Year-end

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Membership Stock – Class A	$ -	$ -	$ -
Membership Stock – Class B	3,921,400	3,921,400	-
Activity Stock	3,578,600	3,578,600	-
Excess Stock	-	-	-
Aggregate Total	$ 7,500,000	$ 7,500,000	-
Actual or estimated Borrowing Capacity as Determined by the Insurer	$ 1,000,000,000	XXX	XXX

b. Membership Stock (Class A and B) Eligible for Redemption

	Current Year Total	Not Eligible for Redemption	Less Than 6 Months	6 months to Less Than 1 year	1 to Less Than 3 Years	3 to 5 Years
Membership Stock	$ -	$ -	$ -	$ -	$ -	$ -
Class A	-	-	-	-	-	-
Class B	$ -	$ 3,457,200	$ -	$ -	$700,600	$2,756,600

3. Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

1. Current Year Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	$ 162,676,992	$ 158,546,039	$ 150,000,000

2. Current Year General Account

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	$ 162,676,992	$ 158,546,039	$ 150,000,000

3. Current Year Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	$ -	$ -	$ -

4. Prior Year-end Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Aggregate Total Borrowing
Total Collateral Pledged	$ 158,948,475	$ 153,843,139	$ 150,000,000

b. Maximum Amount Pledged During Reporting Period (1.31.14)

1. Current Year Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	$ 174,245,710	$ 165,355,722	$ 150,000,000

2. Current Year General Account

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	$ 174,245,710	$ 165,355,722	$ 150,000,000

3. Current Year Protected Cell Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	$ -	$ -	$ -

NOTES TO FINANCIAL STATEMENTS

4. Prior Year-end Total General and Protected Cell Accounts

	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
Maximum Collateral Pledged	$ 174,245,710	$ 165,355,722	$ 150,000,000

4. Borrowing from FHLB

a. Amount As of the Reporting Date

1. Current Year

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts	(4) Funding Agreements Reserves Established
Debt	$ 150,000,000	$ 150,000,000	$ -	XXX
Funding Agreements	-	-	-	-
Other	-	-	-	XXX
Aggregate Total	$ 150,000,000	$ 150,000,000	$ -	$ -

2. Prior Year-end

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts	(4) Funding Agreements Reserves Established
Debt	$ 150,000,000	$ 150,000,000	$ -	XXX
Funding Agreements	-	-	-	-
Other	-	-	-	XXX
Aggregate Total	$ 150,000,000	$ 150,000,000	$ -	$ -

b. Maximum Amount During Reporting Period (Current Year)

	(1) Total 2+3	(2) General Account	(3) Protected Cell Accounts
Debt	$ 150,000,000	$ 150,000,000	$ -
Funding Agreements	-	-	-
Other	-	-	-
Aggregate Total	$ 150,000,000	$ 150,000,000	$ -

c. FHLB – Prepayment Obligations

	Does the company have prepayment obligations under the following arrangements (yes/no)?
Debt	NO
Funding Agreements	N/A
Other	N/A

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, 2014. 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. 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 2014 of:

	Ordinary	Total Dividends
March	$15,281,250	$15,281,250
June	3,750,000	3,750,000
September	3,750,000	3,750,000
December	3,750,000	3,750,000
Total	$26,531,250	$26,531,250

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 2015 is $115,119,025.

6. As of December 31, 2014, the Company has pre-tax restricted surplus of $8,632,698 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 2014.

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is $83,017,046 after applicable deferred taxes of ($42,468,296).

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 $10,466,451 that is offset by future premium tax credits of $654,117. 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 five years, beginning in 2015. During 2014 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	$ 982,798
b.	Decreases current year: Premium tax offset applied	386,935
c.	Increases current year: Premium tax offset increase	58,254
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$ 654,117

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	$5,526,247

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. Joint and Several Liabilities

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

G. All Other Contingencies

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

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

Note 15 - Leases

A. Lessee Leasing Arrangements

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

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

Year Ending December 31,	Operating Leases
2015	13,100,118
2016	13,542,040
2017	8,540,148
2018	5,664,418
2019	3,378,008
2020 & thereafter	25,209,964
Total	$ 69,434,696

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 $465,599.

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, 2014 the total fair value of securities on loan was $42,873,641, with corresponding collateral value of $43,781,837 of which $38,948,165 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, 2014:

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	$ -	$57,793,163	$ -	$57,793,163
Non-Issuer Obligations	-	6,841,148	-	6,841,148
Total Bonds	$ -	$64,634,311	$ -	$64,634,311
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	$ -	$21,881,573	$ -	$21,881,573
Total Preferred Stocks	$ -	$21,881,573	$ -	$21,881,573
Common Stocks				
Industrial and Miscellaneous	$201,267,697	$ -	$7,500,000	$208,767,697
Total Common Stocks	$201,267,697	$ -	$7,500,000	$208,767,697
Total assets at fair value	$201,267,697	$86,515,884	$7,500,000	$295,283,581
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, 2014.

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 12/31/2013	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 12/31/2014
Bonds	$748,865	$-	($607,000)	$-	$135	$-	$-	($142,000)	$-	$-
Preferred Stock	-	-	-	-	-	-	-	-	-	-
Common Stock	7,500,000	-	-	-	-	-	-	-	-	7,500,000
Total	$8,248,865	$-	($607,000)	$-	$135	$-	$-	($142,000)	$-	$7,500,000

3. Policy on Transfers Into and Out of Level 3

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

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

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

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

B. Other Fair Value Disclosures

Not applicable

NOTES TO FINANCIAL STATEMENTS

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	$46,417,297	$46,417,297	$46,417,297	$-	$-	$-
Bonds	3,414,204,012	3,316,682,851	28,723,054	3,365,967,185	19,513,773	-
Preferred Stock	21,995,105	21,957,618	-	21,995,101	4	-
Common Stock	208,767,697	208,767,698	201,267,697	-	7,500,000	-
Securities Lending	38,948,161	38,948,161	-	38,948,161	-	-
Mortgage Loans	138,196,744	128,349,383	-	-	138,196,744	-
Surplus Notes	7,748,875	6,480,548	-	7,748,875	-	-
Total	$3,876,277,891	$3,767,603,556	$276,408,048	$3,434,659,322	$165,210,521	$-

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) 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.

2) Florida Special Disability Trust Fund

a) The amount of credit taken by the Company in determination of its loss reserves was $0 in 2014 and 2013.

b) The Company reported loss recoveries from the Special Disability Trust Fund of $419,444 in 2014 and $400,154 in 2013.

c) The amount the Company was assessed by the Special Disability Trust Fund was $218,506 in 2014 and $216,320 in 2013.

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

Description of State Transferable and Non-transferable Tax Credits	State	Carrying Value	Unused Amount
Film Credit	PA	1,363,000	1,363,000
Total		$ 1,363,000	$ 1,363,000

NOTES TO FINANCIAL STATEMENTS

(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	$ 1,363,000	-

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
$ 1,305,610	$ 1,304,777	$ 1,323,266	$ -

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

G. On April 1, 2014 Liberty Mutual Insurance Company, with regulatory approval, sold its wholly owned non-insurance subsidiary, Summit Holdings Southeast Inc., and Summit Holdings Southeast Inc.'s two wholly owned insurance subsidiaries: Bridgefield Employers Insurance Company and Bridgefield Casualty Insurance Company, to American Financial Group. Also effective on April 1, 2014, Liberty Mutual Insurance Company commuted its intercompany 100% quota share reinsurance agreements with Bridgefield Employers Insurance Company and Bridgefield Casualty Insurance Company.

Note 22 - Events Subsequent

The Company evaluated subsequent events through February 20, 2015, the date the financial statements were available to be issued.

There were no events subsequent to December 31, 2014 that would require disclosure.

The Company did not receive any assessments under the Affordable Care Act.

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

Excluding amounts arising pursuant to the Liberty Mutual Amended and Restated Intercompany Reinsurance Agreement, there are no unsecured reinsurance recoverables or ceded unearned premium of an individual reinsurer which exceed 3% of policyholder's surplus.

B. Reinsurance Recoverable in Dispute

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

C. Reinsurance Assumed & Ceded

1. The following table sets forth the maximum return premium and commission equity due the reinsurers or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2014.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	$1,006,108,608	$97,167,779	$2,482,844,245	$227,030,031	$(1,476,735,637)	$(129,862,252)
b. All Other	-	-	-	-	-	-
c. TOTAL	$1,006,108,608	$97,167,779	$2,482,844,245	$227,030,031	$(1,476,735,637)	$(129,862,252)
d. Direct Unearned Premium Reserve $2,482,844,245						

NOTES TO FINANCIAL STATEMENTS

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, 2014 are as follows:

	Direct	Assumed	Ceded	Net
a. Contingent Commission	$136,848,036	$32,953,260	$136,848,036	$32,953,260
b. Sliding Scale Adjustments	-	52,487	-	52,487
c. Other Profit Commission Arrangements	-	-	-	-
d. TOTAL	$136,848,036	$33,005,747	$136,848,036	$33,005,747

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	$(198,193,018)	$-
2. Adjustments – Prior Year (s)	(31,885,244)	-
3. Adjustments – Current Year	(7,983,379)	-
4. Current Total	$(238,061,641)	$-
b. Consideration Paid or Received:		
1. Initial Consideration	$(201,632,787)	$-
2. Adjustments – Prior Year (s)	(4,390,782)	-
3. Adjustments – Current Year	(35,982)	-
4. Current Total	$(206,059,551)	$-
c. Paid Losses Reimbursed or Recovered:		
1. Prior Year (s)	$26,681,092	$-
2. Current Year	(499,672)	-
3. Current Total	$26,181,420	$-
d. Special Surplus from the Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	$(597,116)	$-
2. Adjustments – Prior Year (s)	(2,029,283)	-
3. Adjustments – Current Year	8,447,069	-
4. Current Year Restricted Surplus	8,632,698	-
5. Cumulative Total Transferred to Unassigned Funds	$(2,812,028)	$-
e. All cedents and reinsurers involved in all transactions included in summary totals above:		
Company	Assumed Amount	Ceded Amount
Liberty Mutual Insurance Company, 23043	$(238,061,641)	$-
Total	$(238,061,641)	$-

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

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.

On July 17, 2014, Liberty Mutual Insurance reached a definitive agreement with National Indemnity Company, a subsidiary of Berkshire Hathaway Inc., on a combined aggregate adverse development cover for substantially all of Liberty Mutual Insurance's U.S. workers compensation, asbestos and environmental liabilities. The agreement, accounted for as retroactive reinsurance, is effective January 1, 2014.

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, 2014.

NOTES TO FINANCIAL STATEMENTS

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

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

I. Certified Reinsurers Downgraded or Status Subject to Revocation.

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

The Company does not transact business with Certified Reinsurers.

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

The Company is not a Certified Reinsurer.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Accrued retrospective premiums reported in Line 15.3 of the asset page have been determined based upon loss experience on business subject to such experience rating adjustment.

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

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

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	$ 39,809,425
b.	Unsecured amount	
c.	Less: Nonadmitted amount (10%)	3,955,615
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	
e.	Admitted amount (a) - (c) - (d)	$ 35,853,810

F. Risk Sharing Provisions of the Affordable Care Act

The Company did not receive any assessments under the Affordable Care Act.

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributable to insured events on prior years decreased slightly through the fourth quarter of 2014. The decrease was the result of updated reserve analysis in a number of lines, with the largest decreases in the Workers Compensation line of business and the Nonproportional Assumed Liability line of business. Offsetting these decreases were increases in reserve estimates on the Private Passenger Auto Liability line of business, the Other Liability Per Occurrence line of business and the Fidelity/Surety line of business. 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

NOTES TO FINANCIAL STATEMENTS

	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%	All Lines
	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% Quota Share Affiliated Companies:	LM Property and Casualty Insurance Company ("LMPAC")	32352	0.00%	All Lines

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

(g) Amounts due (to)/from affiliated entities participating in the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement as of December 31, 2014:

Affiliate:	Amount:
Liberty Mutual Insurance Company	$(4,800,463)

On April 1, 2014 Bridgefield Employers Insurance Company and Bridgefield Casualty Insurance Company were sold and each company's 100% quota share affiliated companies reinsurance agreement was commuted. (Please refer to Note 21G.)

Note 27 - Structured Settlements

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of $47,389,570 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 $47,389,570 as of December 31, 2014.

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	$ 23,793,627

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	12/31/2014
3. Was anticipated investment income utilized in the calculation?	Yes

Note 31 - High Dollar Deductible Policies

As of December 31, 2014, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $442,029,108 and the amount billed and recoverable on paid claims was $15,169,922.

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

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

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

Schedule P Lines of Business	Tabular Discount Included in Schedule P, Part 1*	
	1 Case	2 IBNR
1. Homeowners/Farmowners		
2. Private Passenger Auto Liability/Medical		
3. Commercial Auto/Truck Liability/Medical		
4. Workers' Compensation	46,489,488	35,228,420
5. Commercial Multiple Peril		
6. Medical Professional Liability – occurrence		
7. Medical Professional Liability – claims-made		
8. Special Liability		
9. Other Liability – occurrence	331,184	
10. Other Liability – claims-made		
11. Special Property		
12. Auto Physical Damage		

NOTES TO FINANCIAL STATEMENTS

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	$ 46,820,672	$ 35,228,420

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

B. Nontabular Discount:

Not applicable

Note 33 - Asbestos/Environmental Reserves

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

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

In the third quarter of 2014, the Company completed asbestos ground-up and aggregate environmental reserve studies. These studies were completed by a multi-disciplinary team of internal claims, legal, reinsurance and actuarial personnel, and included all major business segments of the Company's direct, assumed, and ceded asbestos and environmental unpaid claim liabilities. As part of the internal review, policyholders with the largest direct asbestos unpaid claim liabilities were individually evaluated using the Company's proprietary stochastic ground-up model, which is consistent with published actuarial methods of asbestos reserving. Among the factors reviewed in depth by the team of specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, injury type, jurisdiction and legal defenses. Reinsurance recoveries for these policyholders were then separately evaluated by the Company's reinsurance and actuarial personnel. Asbestos and environmental unpaid claim liabilities for all other policyholders were evaluated using aggregate methods that utilized information and experience specific to these policyholders. The studies resulted in an increase to reserves of $9 million including: $7 million of asbestos reserves, primarily associated with increased defense costs, and $2 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.

NOTES TO FINANCIAL STATEMENTS

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, 2014, 2013, 2012, 2011, and 2010 before consideration of the NICO Reinsurance Transaction. Refer to Note 23 f.

Asbestos:

	2010	2011	2012	2013	2014
Direct Basis					
Beginning Reserves	160,643,694	120,248,900	126,800,683	124,526,615	139,940,998
Incurred losses and LAE	6,148,205	32,292,700	19,120,890	33,166,850	22,807,269
Calendar year payments	46,542,998	25,740,918	21,394,958	17,752,467	22,039,586
Ending Reserves	120,248,900	126,800,683	124,526,615	139,940,998	140,708,681
Assumed Reinsurance Basis					
Beginning Reserves	51,083,512	49,281,342	49,849,952	46,005,483	49,581,228
Incurred losses and LAE	3,895,261	3,550,638	1,206,625	5,973,155	120,705
Calendar year payments	5,697,430	2,982,029	5,051,093	2,397,409	3,841,760
Ending Reserves	49,281,342	49,849,952	46,005,483	49,581,228	45,860,173
Net of Ceded Reinsurance Basis					
Beginning Reserves	92,534,117	65,141,045	77,419,217	71,211,927	79,777,888
Incurred losses and LAE	(8,563,615)	26,139,071	11,933,792	18,841,927	7,112,673
Calendar year payments	18,829,457	13,860,899	18,141,083	10,275,966	13,446,736
Ending Reserves	65,141,045	77,419,217	71,211,927	79,777,888	73,443,825

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	87,013,662
Assumed Reinsurance Basis	32,765,550
Net of Ceded Reinsurance Basis	45,154,684
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	79,583,658
Assumed Reinsurance Basis	457,215
Net of Ceded Reinsurance Basis	31,790,753

Environmental:	2010	2011	2012	2013	2014
Direct Basis					
Beginning Reserves	35,348,000	33,173,659	33,979,449	33,611,427	35,877,644
Incurred losses and LAE	3,097,407	6,906,478	4,882,826	7,618,359	4,636,356
Calendar year payments	5,271,748	6,100,687	5,250,848	5,352,142	6,865,738
Ending Reserves	33,173,659	33,979,449	33,611,427	35,877,644	33,648,262
Assumed Reinsurance Basis					
Beginning Reserves	6,196,904	5,067,017	4,744,181	5,199,147	5,133,023
Incurred losses and LAE	(7,804)	559,752	(1,451,360)	347,586	91,914
Calendar year payments	1,122,082	882,589	(1,906,326)	413,710	390,489
Ending Reserves	5,067,017	4,744,181	5,199,147	5,133,023	4,834,448
Net of Ceded Reinsurance Basis					
Beginning Reserves	32,260,451	28,432,740	27,759,585	24,679,816	25,838,682
Incurred losses and LAE	(220,519)	1,118,732	(153,785)	4,880,537	2,250,191
Calendar year payments	3,607,192	1,791,887	2,925,984	3,721,672	4,178,942
Ending Reserves	28,432,740	27,759,585	24,679,816	25,838,682	23,909,931

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	19,730,504
Assumed Reinsurance Basis	3,186,836
Net of Ceded Reinsurance Basis	12,394,820
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	13,154,602
Assumed Reinsurance Basis	93,791
Net of Ceded Reinsurance Basis	6,582,176

NOTES TO FINANCIAL STATEMENTS

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. 12/31/2013

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

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

3.4 By what department or departments?
Wisconsin Department of Insurance

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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]

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	$ 20,273,139

12.2 If yes, provide explanation:
Libety 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).
In Q2 and Q4, Liberty made technical changes to its Code related to its Registered Investment Advisor (RIA). In Q4, Liberty deregistered its investments operation as an RIA with the SEC, and removed related sections of 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 committee thereof? Yes [X] No [ ]

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

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

FINANCIAL

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

22.2 If answer is yes:

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

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

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

INVESTMENT

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

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

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

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

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. $ 43,781,837

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	$	38,948,161
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	$	38,948,161
24.103 Total payable for securities lending reported on the liability page	$	38,948,161

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 [ ]

GENERAL INTERROGATORIES

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	Placed under option agreements	$	0
25.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	$	0
25.27	FHLB Capital Stock	$	7,500,000
25.28	On deposit with states	$	219,198,110
25.29	On deposit with other regulatory bodies	$	19,873,553
25.30	Pledged as collateral - excluding collateral pledged to an FHLB	$	0
25.31	Pledged as collateral to FHLB - including assets backing funding agreements	$	0
25.32	Other	$	0

25.3 For category (25.26) provide the following:

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

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
N/A	Liberty Mutual Group Asset Managemen	175 Berkeley Street, Boston, MA 02116
N/A	Liberty Mutual Investment Advisors, LLC	175 Berkeley Street, Boston, MA 02116
N/A	StanCorp	1100 SW Sixth Avenue, Portland, OR 097204

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

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	3,335,804,787	3,433,768,095	97,963,308
30.2 Preferred stocks	21,957,618	21,995,105	37,487
30.3 Totals	3,357,762,405	3,455,763,200	98,000,795

30.4 Describe the sources or methods utilized in determining the fair values:
The primary source for reported fair values is our pricing vendor, Interactive Data Corporation, followed by backfill from Reuters, Bloomberg, Barclays, Merrill Lynch, and Markit for Term Loan securities. 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 [X] No [ ]

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 [X]

GENERAL INTERROGATORIES

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:
All brokers used are reviewed and approved by the Valuation Committee which receive detailed assessment on a security by security basis as needed.

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? $ 4,854,897

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
INSURANCE SERVICES OFFICE INC.	$ 1,333,839
	$ 0
	$ 0

34.1 Amount of payments for legal expenses, if any? $ 3,290,300

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? $ 159,415

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	$ 693,738	$ 487,966
2.2	Premium Denominator	$ 1,971,402,330	$ 1,948,596,324
2.3	Premium Ratio (2.1 / 2.2)	0.00	0.00
2.4	Reserve Numerator	$ 2,478,580	$ 2,324,686
2.5	Reserve Denominator	$ 3,711,707,293	$ 3,835,820,169
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	$ 5,175,201,923
3.22	Non-participating policies	$ 99,355,737

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 21C1

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 21C1

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 21C1

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 $ 26,502,503
12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 7,003,205

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? $ 2,725,508

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 $ 473,846,406
12.62 Collateral and other funds $ 148,369,256

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 25,407,422

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	$ (1,117,778)	$ 4,016,768	$ 741,909	$ 1,146,593	$ 1,888,502
16.12	Products	$ 0	$ 0	$ 0	$ 0	$ 0
16.13	Automobile	$ 0	$ 0	$ 0	$ 0	$ 0
16.14	Other*	$ 0	$ 0	$ 0	$ 0	$ 0

* Disclose type of coverage: GL

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

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

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

FIVE – YEAR HISTORICAL DATA

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

	1 2014	2 2013	3 2012	4 2011	5 2010
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)	3,467,016,954	3,511,912,985	3,533,011,342	3,497,441,610	3,580,509,074
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,884,949,186	2,031,765,557	1,970,813,201	1,930,850,590	1,889,538,771
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,856,461,382	2,134,534,955	1,842,058,691	1,817,468,665	1,810,596,040
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	72,978,295	102,977,074	16,507,793	7,552,196	6,240,766
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	23,297,795	19,095,857	41,176,802	34,090,706	34,176,123
6. Total (Line 35)	7,304,703,612	7,800,286,428	7,403,567,829	7,287,403,767	7,321,060,774
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)	931,079,533	986,251,506	1,019,202,557	922,605,139	884,704,009
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	390,480,909	407,263,597	311,150,621	259,214,236	212,319,062
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	620,940,965	655,688,286	309,115,460	259,273,868	228,453,431
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	64,346,751	95,210,376	3,585,808	1,718,576	1,601,488
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	23,297,795	19,095,857	41,176,802	34,090,706	34,176,123
12. Total (Line 35)	2,030,145,953	2,163,509,622	1,684,231,248	1,476,902,525	1,361,254,113
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(38,044,690)	(110,772,596)	(350,793,199)	(241,446,158)	(107,972,761)
14. Net investment gain (loss) (Line 11)	167,674,787	183,756,994	182,656,866	164,153,333	205,695,647
15. Total other income (Line 15)	(1,011,185)	525,860	(6,619,520)	(36,673,866)	(13,647,580)
16. Dividends to policyholders (Line 17)	1,885,384	3,082,309	3,173,848	5,247,666	8,120,272
17. Federal and foreign income taxes incurred (Line 19)	(5,440,420)	(17,078,879)	(47,127,291)	(19,792,091)	8,838,227
18. Net income (Line 20)	132,173,948	87,506,828	(130,802,410)	(99,422,266)	67,116,807
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	5,297,887,108	5,561,558,829	5,235,743,369	4,876,778,437	4,825,276,385
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	110,463,948	125,881,075	157,226,564	154,279,760	135,020,259
20.2 Deferred and not yet due (Line 15.2)	469,147,504	599,712,567	503,706,961	428,615,107	353,107,772
20.3 Accrued retrospective premiums (Line 15.3)	35,853,810	37,659,053	37,944,798	52,848,135	73,887,870
21. Total liabilities excluding protected cell business (Page 3, Line 26)	3,995,773,620	4,345,262,810	4,296,603,316	3,803,735,781	3,620,920,193
22. Losses (Page 3, Line 1)	2,219,415,749	2,279,464,676	2,472,362,373	2,290,227,323	2,249,862,822
23. Loss adjustment expenses (Page 3, Line 3)	481,276,193	489,340,086	509,044,421	474,690,945	450,887,864
24. Unearned premiums (Page 3, Line 9)	1,006,108,608	950,468,970	735,045,089	657,670,302	612,231,039
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)	1,302,113,488	1,216,296,019	939,140,053	1,073,042,656	1,204,356,192
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	159,111,107	67,166,934	33,514,192	(87,417,690)	254,418,367
Risk-Based Capital Analysis					
28. Total adjusted capital	1,311,838,591	1,224,906,372	948,657,347	1,081,476,656	1,211,788,687
29. Authorized control level risk-based capital	270,653,111	270,601,127	276,381,595	236,072,173	219,990,980
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)	75.2	76.5	74.2	76.2	76.4
31. Stocks (Lines 2.1 & 2.2)	9.9	9.1	8.6	8.9	9.2
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	2.9	2.8	2.6	2.4	2.0
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	1.1	1.7	2.3	1.4	3.2
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)	9.5	9.4	10.2	9.6	7.8
38. Receivables for securities (Line 9)	0.5	0.0	0.0	0.1	0.2
39. Securities lending reinvested collateral assets (Line 10)	0.9	0.6	2.0	1.4	1.2
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	207,051,938	188,422,827	210,178,608	204,483,961	212,123,488
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	264,707,525	260,331,795	38,141,499	22,987,455	23,400,914
48. Total of above Lines 42 to 47	471,759,463	448,754,622	248,320,107	227,471,416	235,524,402
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)	36.2	36.9	26.4		

FIVE – YEAR HISTORICAL DATA
(Continued)

		1 2014	2 2013	3 2012	4 2011	5 2010
	Capital and Surplus Accounts (Page 4)					
51.	Net unrealized capital gains (losses) (Line 24)	18,633,743	6,964,540	17,935,672	(2,515,831)	102,163,679
52.	Dividends to stockholders (Line 35)	(26,531,250)	(3,750,000)	(15,000,000)	(65,000,000)	(15,000,000)
53.	Change in surplus as regards policyholders for the year (Line 38)	85,817,469	277,155,966	(133,902,603)	(131,313,536)	131,481,193
	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)	2,169,292,469	2,811,388,314	2,492,367,000	2,626,488,900	2,396,253,988
55.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	949,637,639	1,246,460,236	1,188,442,405	1,014,348,654	967,872,358
56.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	869,230,962	779,013,504	933,254,856	1,119,029,460	948,548,110
57.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	23,573,862	8,257,466	373,170	883,193	2,125,725
58.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	10,294,086	40,523,070	15,464,206	14,163,712	24,615,133
59.	Total (Line 35)	4,022,029,018	4,885,642,590	4,629,901,637	4,774,913,919	4,339,415,314
	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)	625,263,867	945,128,298	608,510,916	624,119,171	504,534,122
61.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	206,079,402	216,597,176	188,679,132	151,415,654	127,602,846
62.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	301,688,883	131,172,951	159,861,564	158,044,556	131,020,070
63.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	23,541,539	7,794,301	279,705	777,879	1,719,767
64.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	10,294,086	40,523,070	15,464,206	14,163,712	24,615,133
65.	Total (Line 35)	1,166,867,777	1,341,215,796	972,795,523	948,520,972	789,491,938
	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)	56.3	59.2	72.6	70.3	65.1
68.	Loss expenses incurred (Line 3)	13.7	14.3	17.8	19.8	17.9
69.	Other underwriting expenses incurred (Line 4)	31.9	32.2	31.7	27.1	25.1
70.	Net underwriting gain (loss) (Line 8)	(1.9)	(5.7)	(22.1)	(17.2)	(8.1)
	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	31.0	29.0	30.3	28.3	25.6
72.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	70.0	73.5	90.3	90.1	83.0
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)	155.9	177.9	179.3	137.6	113.0
	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)	(1,195)	65,218	78,461	67,537	(15,345)
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)	(0.1)	6.9	7.3	5.6	(1.4)
	Two Year Loss Development (000 omitted)					
76.	Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	55,155	70,321	124,965	33,566	(14,232)
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)	5.9	6.6	10.4	3.1	(1.5)

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

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	72,690	25,627	19,353	7,536	9,175	664	1,189	67,391	X X X
2. 2005	1,892,031	274,704	1,617,327	1,021,407	204,393	71,542	10,615	132,615	5,196	59,840	1,005,360	X X X
3. 2006	1,971,566	288,304	1,683,262	949,770	116,312	73,663	8,439	139,464	6,353	56,537	1,031,793	X X X
4. 2007	2,049,189	310,413	1,738,776	1,030,236	149,563	79,464	9,627	140,887	6,800	66,832	1,084,597	X X X
5. 2008	2,118,182	354,941	1,763,241	1,208,867	189,601	86,125	9,541	158,911	5,955	61,105	1,248,806	X X X
6. 2009	2,005,622	410,096	1,595,526	1,043,962	190,386	72,475	8,039	148,526	1,592	57,989	1,064,946	X X X
7. 2010	2,008,619	361,165	1,647,454	1,076,388	180,313	70,863	6,370	155,701	529	65,433	1,115,740	X X X
8. 2011	2,111,161	425,079	1,686,082	1,152,233	217,652	65,240	8,692	153,892	468	78,957	1,144,553	X X X
9. 2012	2,272,654	456,956	1,815,698	1,107,973	225,543	50,576	6,869	156,147	121	79,971	1,082,163	X X X
10. 2013	2,392,808	488,101	1,904,707	932,353	211,615	27,412	3,059	148,130	194	59,150	893,027	X X X
11. 2014	2,437,003	475,888	1,961,115	699,317	172,795	10,765	982	114,754	172	28,974	650,887	X X X
12. Totals	X X X	X X X	X X X	10,295,196	1,883,800	627,478	79,769	1,458,202	28,044	615,977	10,389,263	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	475,459	171,730	248,763	130,049	27,616	19,297	117,184	48,179	18,327	(399)	3,157	518,493	X X X
2. 2005	23,137	7,589	28,786	14,045	495	145	6,478	741	1,134		771	37,510	X X X
3. 2006	23,388	6,629	44,308	12,449	755	204	5,512	1,231	1,362		5,042	54,812	X X X
4. 2007	38,553	7,581	43,324	7,469	1,280	332	6,294	1,548	1,400		880	73,921	X X X
5. 2008	47,159	8,684	63,392	11,179	1,845	305	10,839	2,490	2,178	36	3,827	102,719	X X X
6. 2009	52,382	7,585	66,580	13,856	2,223	496	10,996	2,187	2,773		1,381	110,830	X X X
7. 2010	68,925	10,117	69,514	13,093	3,061	679	19,310	1,883	4,364	40	2,952	139,362	X X X
8. 2011	107,462	14,195	96,440	17,103	5,111	1,266	32,265	3,217	6,904	2	6,026	212,399	X X X
9. 2012	150,025	20,081	153,009	21,308	5,613	918	47,554	3,860	10,601	14	14,844	320,621	X X X
10. 2013	194,402	23,674	218,786	32,338	5,210	744	64,218	6,174	31,109	7	22,143	450,788	X X X
11. 2014	248,598	22,223	393,708	63,709	3,397	365	74,115	4,358	50,499	427	39,364	679,235	X X X
12. Totals	1,429,490	300,088	1,426,610	336,598	56,606	24,751	394,765	75,868	130,651	127	100,387	2,700,690	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	422,443	96,050
2. 2005	1,285,594	242,724	1,042,870	67.948	88.358	64.481			8.000	30,289	7,221
3. 2006	1,238,222	151,617	1,086,605	62.804	52.589	64.554			8.000	48,618	6,194
4. 2007	1,341,438	182,920	1,158,518	65.462	58.928	66.628			8.000	66,827	7,094
5. 2008	1,579,316	227,791	1,351,525	74.560	64.177	76.650			8.000	90,688	12,031
6. 2009	1,399,917	224,141	1,175,776	69.800	54.656	73.692			8.000	97,521	13,309
7. 2010	1,468,126	213,024	1,255,102	73.091	58.982	76.184			8.000	115,229	24,133
8. 2011	1,619,547	262,595	1,356,952	76.714	61.776	80.480			8.000	172,604	39,795
9. 2012	1,681,498	278,714	1,402,784	73.988	60.994	77.259			8.000	261,645	58,976
10. 2013	1,621,620	277,805	1,343,815	67.771	56.915	70.552			8.000	357,176	93,612
11. 2014	1,595,153	265,031	1,330,122	65.456	55.692	67.825			8.000	556,374	122,861
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	2,219,414	481,276

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED) 1 2005	2 2006	3 2007	4 2008	5 2009	6 2010	7 2011	8 2012	9 2013	10 2014	DEVELOPMENT 11 One Year	12 Two Year
1. Prior	1,529,680	1,594,306	1,647,008	1,623,545	1,678,260	1,684,521	1,722,836	1,729,190	1,748,430	1,773,755	25,325	44,565
2. 2005	1,017,045	974,111	940,388	932,342	927,124	924,142	922,098	921,232	920,627	917,176	(3,451)	(4,056)
3. 2006	XXX	1,018,124	987,898	968,471	956,370	954,006	953,899	956,798	957,150	955,310	(1,840)	(1,488)
4. 2007	XXX	XXX	1,093,878	1,070,922	1,026,885	1,025,310	1,020,658	1,025,821	1,026,830	1,026,069	(761)	248
5. 2008	XXX	XXX	XXX	1,228,249	1,199,631	1,184,164	1,183,805	1,188,129	1,202,199	1,200,816	(1,383)	12,687
6. 2009	XXX	XXX	XXX	XXX	1,052,203	1,049,633	1,039,936	1,030,255	1,037,761	1,029,627	(8,134)	(628)
7. 2010	XXX	XXX	XXX	XXX	XXX	1,095,511	1,094,850	1,099,347	1,111,707	1,100,776	(10,931)	1,429
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX	1,196,165	1,196,076	1,201,187	1,200,916	(271)	4,840
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,242,187	1,251,636	1,239,745	(11,891)	(2,442)
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,156,604	1,168,746	12,142	XXX
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,168,027	XXX	XXX
										12. Totals	(1,195)	55,155

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED) 1 2005	2 2006	3 2007	4 2008	5 2009	6 2010	7 2011	8 2012	9 2013	10 2014	11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
1. Prior	000	322,873	557,970	728,854	849,576	958,250	1,047,469	1,113,366	1,169,640	1,228,520	XXX	XXX
2. 2005	403,732	607,045	707,170	773,670	817,112	841,776	855,338	866,569	874,011	877,941	XXX	XXX
3. 2006	XXX	401,038	603,958	705,846	780,834	829,176	858,988	878,294	889,616	898,682	XXX	XXX
4. 2007	XXX	XXX	415,821	639,530	751,959	831,928	884,704	917,726	937,145	950,510	XXX	XXX
5. 2008	XXX	XXX	XXX	497,337	760,999	888,130	977,162	1,037,766	1,074,409	1,095,851	XXX	XXX
6. 2009	XXX	XXX	XXX	XXX	419,729	635,436	749,254	831,224	886,505	918,012	XXX	XXX
7. 2010	XXX	XXX	XXX	XXX	XXX	461,769	698,522	818,218	906,116	960,568	XXX	XXX
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX	545,227	772,599	901,156	991,128	XXX	XXX
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	535,985	804,255	926,137	XXX	XXX
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	504,730	745,091	XXX	XXX
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	536,305	XXX	XXX

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED) 1 2005	2 2006	3 2007	4 2008	5 2009	6 2010	7 2011	8 2012	9 2013	10 2014
1. Prior	551,722	462,489	404,177	331,049	325,439	255,548	244,563	201,899	200,051	197,860
2. 2005	396,670	206,901	125,627	85,509	61,755	46,494	39,283	30,243	26,405	21,932
3. 2006	XXX	391,039	218,431	143,145	94,312	67,348	54,099	48,428	44,185	37,773
4. 2007	XXX	XXX	414,974	242,171	144,813	98,050	69,832	58,400	49,401	42,143
5. 2008	XXX	XXX	XXX	444,371	244,656	157,600	108,484	77,515	76,814	63,545
6. 2009	XXX	XXX	XXX	XXX	398,410	239,533	158,084	105,945	89,137	63,821
7. 2010	XXX	XXX	XXX	XXX	XXX	392,214	218,905	148,559	112,652	77,080
8. 2011	XXX	XXX	XXX	XXX	XXX	XXX	392,781	239,768	165,705	111,806
9. 2012	XXX	XXX	XXX	XXX	XXX	XXX	XXX	451,495	259,072	178,160
10. 2013	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	425,614	247,748
11. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	402,271

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

		1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
	States, Etc.	Active Status	2 Direct Premiums Written	3 Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1.	Alabama AL	L	54,208,149	57,415,049	3,552	34,265,413	43,946,896	79,971,405	89,814	
2.	Alaska AK	L	10,705,045	10,259,463	52	2,758,199	8,896,748	18,324,875	11,123	
3.	Arizona AZ	L	65,044,788	68,642,432	2,791	33,191,231	39,821,361	91,756,308	121,316	
4.	Arkansas AR	L	28,844,337	29,402,419	(1,167)	13,616,311	11,938,011	29,680,606	31,339	
5.	California CA	L	611,756,413	636,183,126	(122,533)	360,391,067	446,462,173	915,915,440	1,713,018	
6.	Colorado CO	L	73,459,248	74,737,981	16,275	41,248,894	44,558,779	73,728,018	137,710	
7.	Connecticut CT	L	160,539,699	166,165,290	(68,401)	90,961,557	86,408,213	182,879,914	697,867	
8.	Delaware DE	L	49,984,233	56,466,312	3,705	31,259,768	26,116,253	38,773,315	172,341	
9.	District of Columbia DC	L	14,401,459	14,320,421	(5,380)	6,722,497	4,735,831	11,634,283	28,582	
10.	Florida FL	L	226,065,616	235,001,012	155,190	114,494,391	108,980,549	288,887,028	828,565	
11.	Georgia GA	L	170,714,203	183,041,236	14,398	104,559,498	90,647,175	170,697,556	358,582	
12.	Hawaii HI	L	49,815,104	47,493,785	1,115	22,800,860	23,853,005	31,392,237	192,364	
13.	Idaho ID	L	18,146,340	18,562,351	728	7,669,845	8,558,387	12,734,210	44,089	
14.	Illinois IL	L	163,864,095	165,592,452	(8,504)	90,769,741	113,726,828	268,198,689	327,692	
15.	Indiana IN	L	58,803,470	73,801,361	(2,109)	36,846,271	37,938,757	76,550,762	163,118	
16.	Iowa IA	L	18,270,055	17,694,773	40,681	14,455,024	22,078,530	41,938,142	17,341	
17.	Kansas KS	L	37,291,502	38,801,810	2,066	18,171,067	13,808,949	36,350,471	61,098	
18.	Kentucky KY	L	66,170,525	69,753,694	6,961	35,026,941	28,648,765	89,680,917	190,846	
19.	Louisiana LA	L	144,187,207	148,159,744	31,141	52,493,933	38,705,298	106,761,467	229,473	
20.	Maine ME	L	43,731,532	45,701,377	(2,585)	22,048,974	19,472,797	30,037,191	278,273	
21.	Maryland MD	L	126,013,045	128,165,848	3,812	72,100,521	62,401,167	135,080,032	425,836	
22.	Massachusetts MA	L	190,911,394	186,481,885		68,688,795	73,783,883	172,721,485	596,707	
23.	Michigan MI	L	142,794,665	153,809,740	(22,740)	101,119,692	142,308,405	294,186,159	367,465	
24.	Minnesota MN	L	75,315,330	79,590,676	(16,401)	46,504,730	30,771,464	143,593,812	156,804	
25.	Mississippi MS	L	31,789,509	28,510,410	1,604	9,872,915	15,517,894	32,293,441	24,588	
26.	Missouri MO	L	75,109,665	76,902,238	37,088	39,108,137	37,264,464	98,543,362	138,781	
27.	Montana MT	L	13,488,735	13,054,088	5,096	10,164,726	9,759,784	17,936,572	31,892	
28.	Nebraska NE	L	18,001,568	18,406,692	3,324	12,333,304	14,035,876	25,204,056	24,112	
29.	Nevada NV	L	47,169,800	48,591,564		28,875,404	22,210,125	39,806,809	103,937	
30.	New Hampshire NH	L	59,162,746	60,667,416	2,047	25,620,548	21,141,545	48,354,095	287,335	
31.	New Jersey NJ	L	356,695,641	365,006,565	106,565	242,640,441	159,526,247	497,123,019	1,988,544	
32.	New Mexico NM	L	28,103,660	28,618,716	2,019	13,016,084	13,015,640	27,636,557	52,754	
33.	New York NY	L	646,334,090	674,758,438	90,238	394,857,696	411,303,537	956,172,911	3,421,258	
34.	North Carolina NC	L	122,393,634	112,697,419	4,879	54,096,502	50,242,659	120,569,852	137,352	
35.	North Dakota ND	L	8,762,934	8,383,940		1,821,501	4,717,026	5,607,206	3,657	
36.	Ohio OH	L	115,483,991	118,733,227		55,688,545	35,002,551	53,607,461	469,665	
37.	Oklahoma OK	L	78,937,711	82,467,613	12,851	36,645,800	42,874,421	106,647,304	126,948	
38.	Oregon OR	L	44,891,541	46,426,219	(3,247)	15,615,213	13,505,603	35,562,768	127,603	
39.	Pennsylvania PA	L	180,213,850	188,612,759	(7,057)	86,100,906	81,906,490	284,884,918	705,488	
40.	Rhode Island RI	L	46,467,865	47,733,375	(1,800)	31,812,364	31,639,921	46,042,406	192,693	
41.	South Carolina SC	L	65,163,567	65,704,535	(14,814)	32,491,353	36,405,918	67,642,408	143,916	
42.	South Dakota SD	L	4,512,987	4,356,470	841	1,896,925	2,676,022	8,449,790	5,666	
43.	Tennessee TN	L	93,939,175	91,454,677	(17,483)	40,945,001	43,531,320	158,710,532	210,101	
44.	Texas TX	L	265,083,607	249,286,180	1,087,610	111,990,932	182,335,512	559,054,410	74,504	
45.	Utah UT	L	38,181,463	39,173,833	598	22,033,197	21,858,132	33,042,984	82,454	
46.	Vermont VT	L	19,705,993	20,240,765	992	12,270,712	12,904,951	18,687,944	87,057	
47.	Virginia VA	L	70,650,237	71,547,444	6,569	27,058,967	29,596,809	76,238,529	160,708	
48.	Washington WA	L	142,390,396	135,910,662	(64,478)	62,539,003	77,156,350	71,894,256	362,629	
49.	West Virginia WV	L	26,543,427	28,613,969		13,921,907	13,935,117	15,472,535	94,694	
50.	Wisconsin WI	L	69,504,542	67,257,693	567,329	37,683,835	41,621,852	146,558,787	134,934	
51.	Wyoming WY	L	4,147,958	4,536,092		3,657,922	1,042,115	3,815,503	6,319	
52.	American Samoa AS	N								
53.	Guam GU	N	(11,298)	(11,298)			(11,084)	(1,048)		
54.	Puerto Rico PR	L	597,535	1,086,574	(591)	40,714	958,132	1,730,625		
55.	U.S. Virgin Islands VI	N	(26,983)	(31,579)	(1,077)	53,173	150,620	92,491		
56.	Northern Mariana Islands MP	N								
57.	Canada CAN	N	57	57		65,434	265,591	313,455		
58.	Aggregate Other Alien OT	X X X	130,603	1,690,026	(1,725)	8,076,868	28,639,516	31,445,393		
59.	Totals	(a) 52	5,274,557,660	5,405,631,016	1,850,025	2,855,161,249	2,985,298,880	6,930,615,653	16,440,952	

	DETAILS OF WRITE-INS									
58001.	ZZZ Other Alien	X X X	130,603	1,690,026	(1,725)	8,076,868	28,639,516	31,445,393		
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	130,603	1,690,026	(1,725)	8,076,868	28,639,516	31,445,393		

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

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

*Location of coverage - Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Earthquake, Boiler and Machinery

*States employee's main work place - Worker's Compensation

*Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage

*Principal Location of business or location of coverage - Liability other than Auto, Fidelity, Warranty

*Point of origin of shipment or principal location of assured - Inland Marine

*State in which employees regularly work - Group Accident and Health

*Location of Court or Obligee - Surety

*Address of Assured - Other Accident and Health

*Location of Properties covered - Burglary and Theft

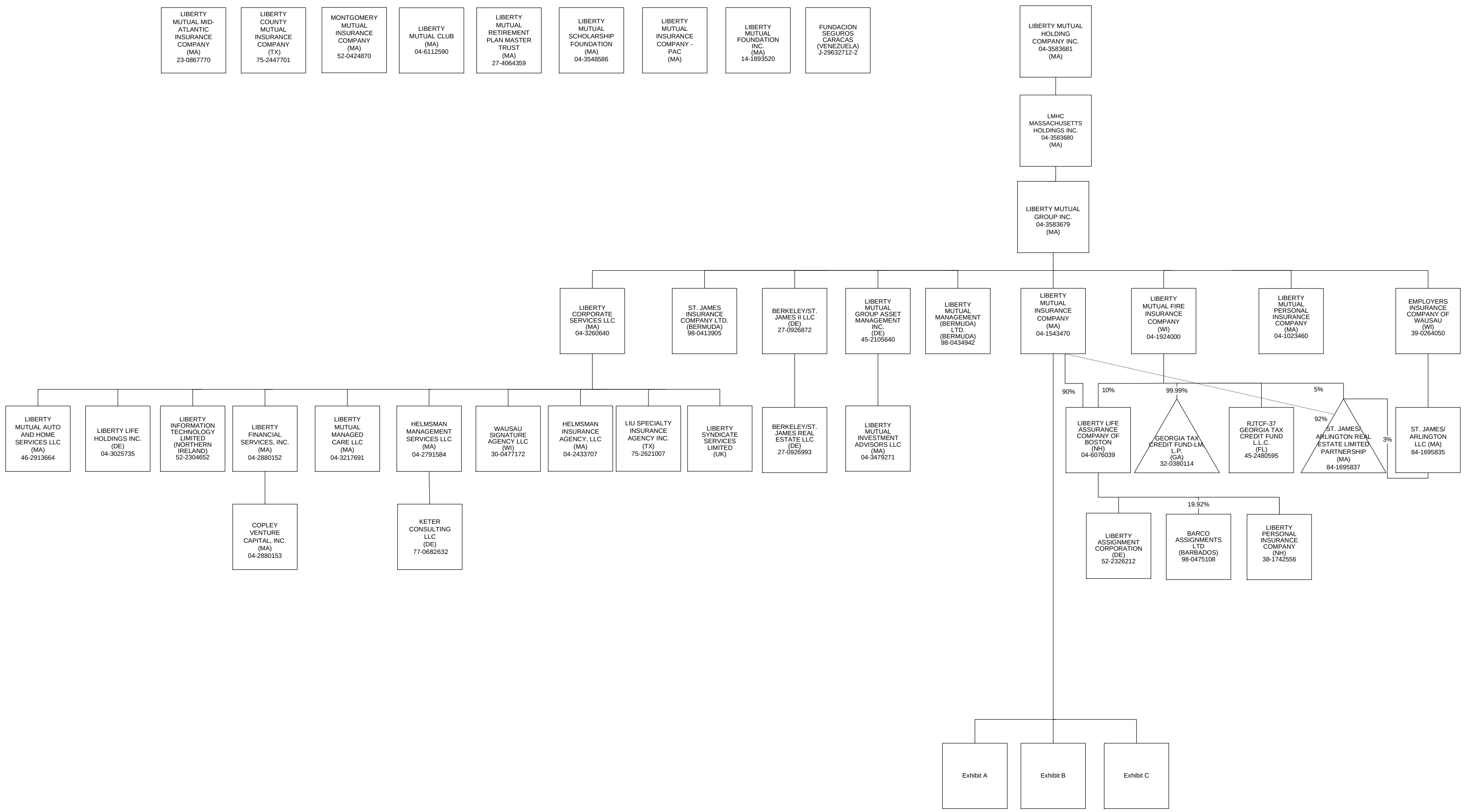
*Principal Location of Assured - Ocean Marine, Credit

*Primary residence of Assured - Aircraft (all perils)

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

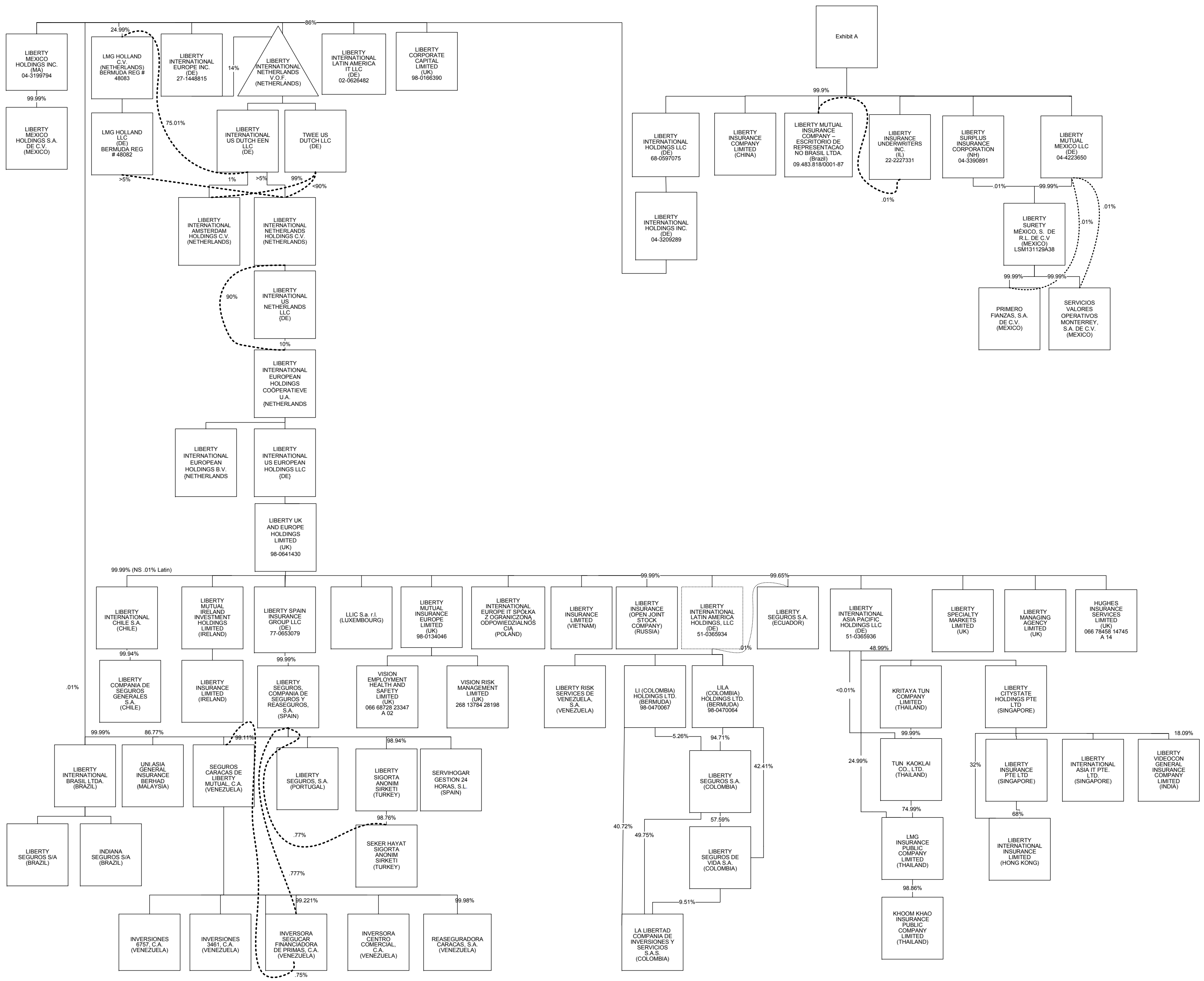
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



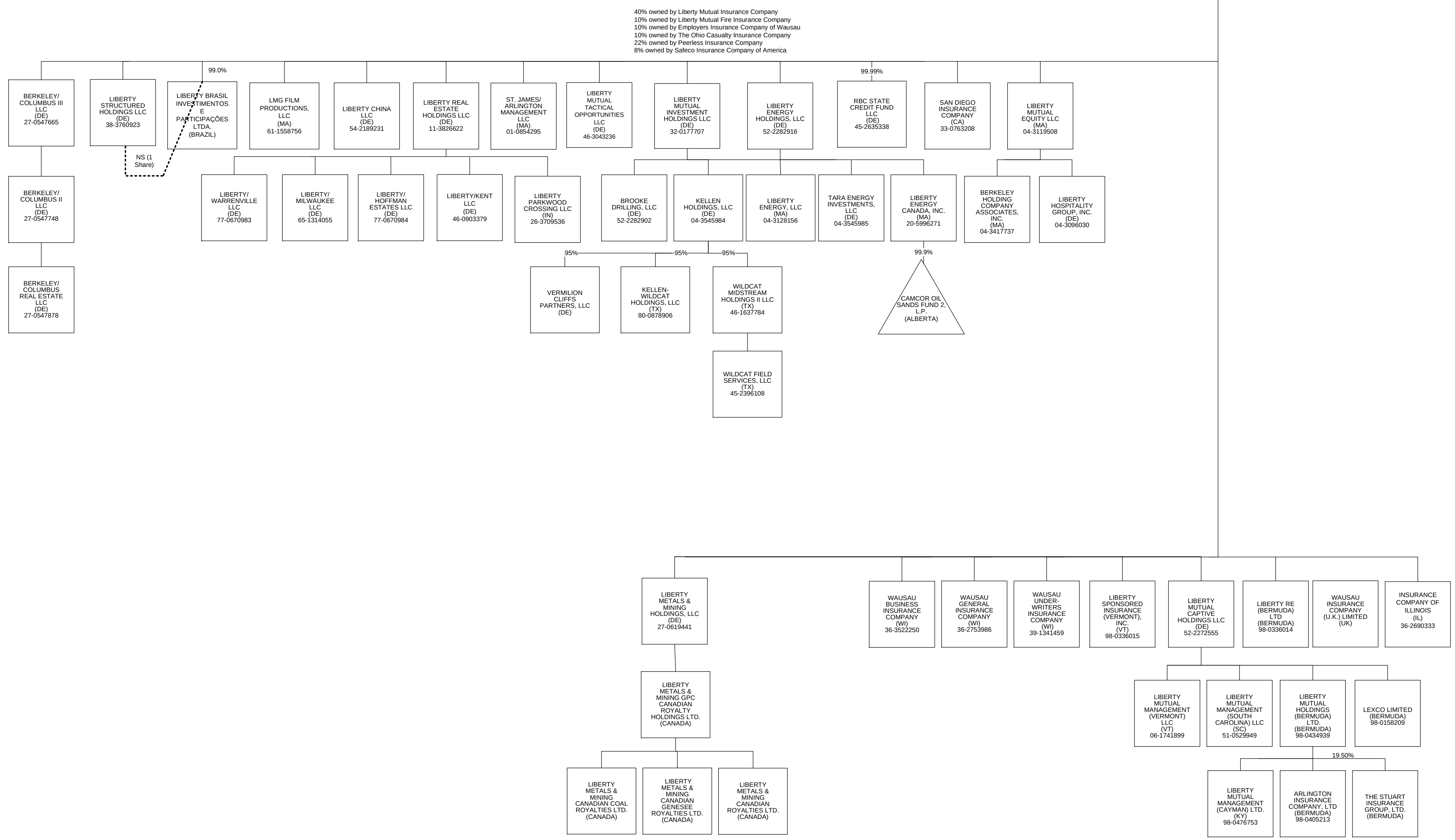
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



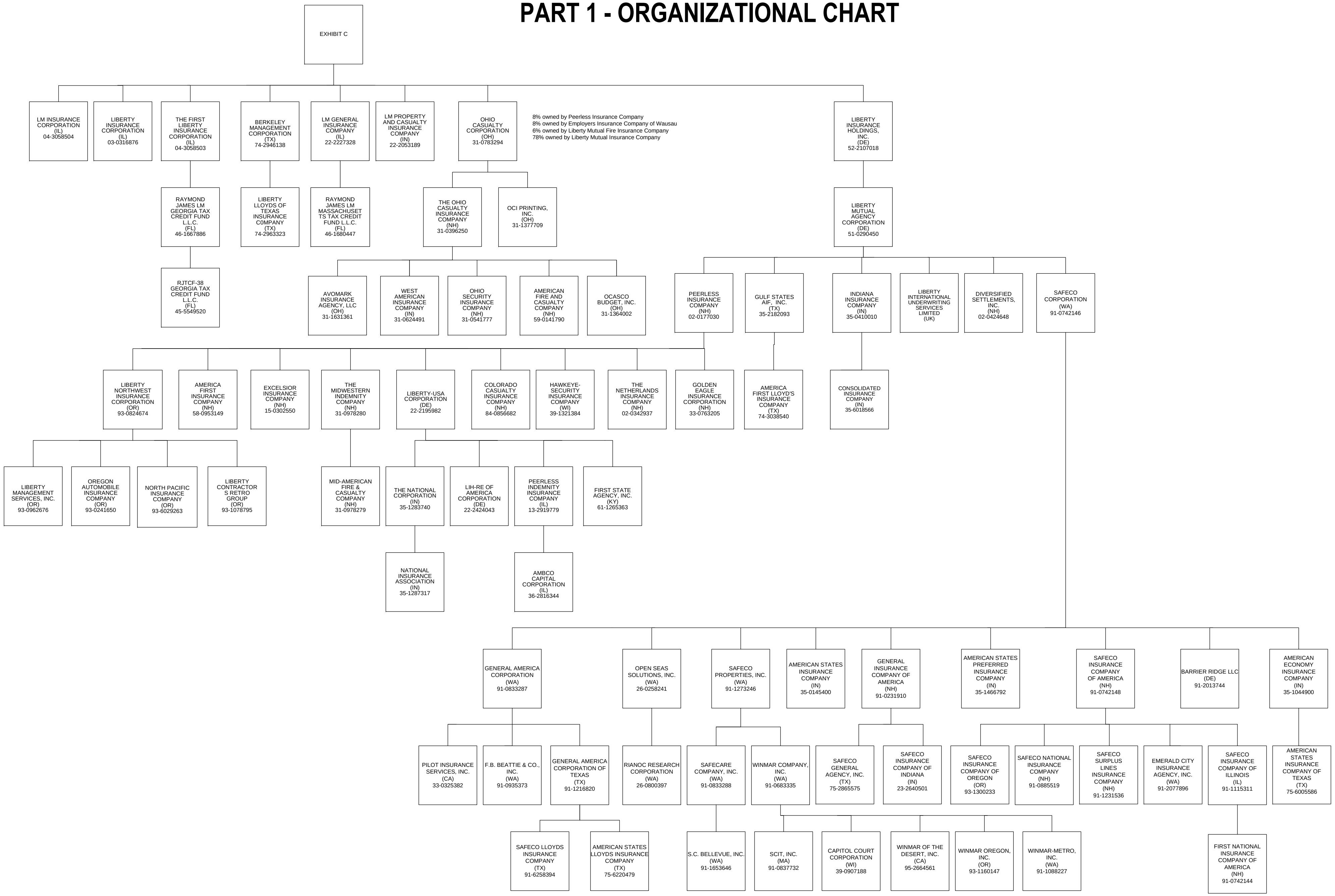
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

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	12,243,876	9,743,616	2,500,260	2,000,600
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	12,243,876	9,743,616	2,500,260	2,000,600

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT