

ANNUAL STATEMENT

OF THE

LIBERTY MUTUAL INSURANCE COMPANY

of **BOSTON**

in the state of **MASSACHUSETTS**

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2012

PROPERTY AND CASUALTY

2012



23043201220100100

ANNUAL STATEMENT

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

Liberty Mutual Insurance Company

NAIC Group Code 0111 0111 **NAIC Company Code** 23043 **Employer's ID Number** 04-1543470
(Current Period) (Prior Period)

Organized under the Laws of Massachusetts, **State of Domicile or Port of Entry** Massachusetts
Country of Domicile United States of America

Incorporated/Organized January 1, 1912 **Commenced Business** July 1, 1912

Statutory Home Office 175 Berkeley Street, Boston, MA, US 02116
(Street and Number) (City or Town, State, Country and Zip Code)

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

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

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

Internet Web Site Address www.LibertyMutualGroup.com

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

OFFICERS

Chairman of the Board

David Henry Long

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

VICE-PRESIDENTS

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

DIRECTORS OR TRUSTEES

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

State of Massachusetts

County of Suffolk ss

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

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

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

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	12,582,123,690		12,582,123,690	12,704,944,426
2. Stocks (Schedule D):				
2.1 Preferred stocks	252,501,032		252,501,032	225,943,300
2.2 Common stocks	7,852,352,867		7,852,352,867	7,990,194,575
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	503,979,373		503,979,373	463,188,539
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	255,119,246		255,119,246	267,510,494
4.2 Properties held for the production of income (less \$ 0 encumbrances)	848,074		848,074	910,112
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 207,733,862, Schedule E - Part 1), cash equivalents (\$ 51,715,010, Schedule E - Part 2), and short-term investments (\$ 644,262,822, Schedule DA)	903,711,694		903,711,694	696,606,839
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	10,206,558,179		10,206,558,179	8,392,542,408
9. Receivables for securities	36,292,594		36,292,594	18,566,572
10. Securities lending reinvested collateral assets (Schedule DL)				233,928,740
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	32,593,486,749		32,593,486,749	30,994,336,005
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	144,016,763		144,016,763	151,164,670
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,125,284,080	28,063,586	1,097,220,494	984,568,304
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 5,860,265 earned but unbilled premiums)	2,169,746,124	1,976,404	2,167,769,720	1,904,360,845
15.3 Accrued retrospective premiums	241,134,332	24,054,793	217,079,539	302,340,492
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	617,967,989		617,967,989	768,050,054
16.2 Funds held by or deposited with reinsured companies	6,578,873		6,578,873	5,704,373
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	531,610	175,477	356,133	20,914
18.1 Current federal and foreign income tax recoverable and interest thereon	229,534,245		229,534,245	
18.2 Net deferred tax asset	1,483,252,000	89,160,944	1,394,091,056	971,702,594
19. Guaranty funds receivable or on deposit	14,072,546		14,072,546	15,125,437
20. Electronic data processing equipment and software	614,384,262	481,828,518	132,555,744	98,249,642
21. Furniture and equipment, including health care delivery assets (\$ 0)	187,217,095	187,217,095		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	774,011,170	41,024	773,970,146	431,998,730
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	853,004,086	36,337,506	816,666,580	767,221,089
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	41,054,221,924	848,855,347	40,205,366,577	37,394,843,149
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	41,054,221,924	848,855,347	40,205,366,577	37,394,843,149

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	475,142,437		475,142,437	438,258,027
2502. Amounts receivable under high deductible policies	160,105,281	219	160,105,062	150,146,035
2503. Other assets	142,249,313	36,337,287	105,912,026	123,880,742
2598. Summary of remaining write-ins for Line 25 from overflow page	75,507,055		75,507,055	54,936,285
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	853,004,086	36,337,506	816,666,580	767,221,089

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	14,144,212,624	13,102,230,732
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	130,996,752	124,624,517
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	2,912,207,583	2,715,673,770
4. Commissions payable, contingent commissions and other similar charges	97,757,222	76,204,248
5. Other expenses (excluding taxes, licenses and fees)	376,526,001	299,290,313
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	176,339,445	177,479,393
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))		19,357,057
7.2 Net deferred tax liability		
8. Borrowed money \$ 150,000,000 and interest thereon \$ 547,865	150,547,865	
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 2,900,399,180 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)	4,205,141,671	3,762,485,913
10. Advance premium	39,849,345	44,187,034
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	2,455,411	4,656,284
12. Ceded reinsurance premiums payable (net of ceding commissions)	1,024,229,960	993,629,401
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	1,315,062,091	1,249,980,610
14. Amounts withheld or retained by company for account of others	444,444,393	348,716,795
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ 0 certified) (Schedule F, Part 8)	49,768,998	77,791,575
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	364,843,487	337,225,048
19. Payable to parent, subsidiaries and affiliates	50,352,037	106,431,660
20. Derivatives	8,112,290	
21. Payable for securities	56,754,435	37,968,340
22. Payable for securities lending		233,928,740
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	145,298,305	86,546,659
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	25,694,899,915	23,798,408,089
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	25,694,899,915	23,798,408,089
29. Aggregate write-ins for special surplus funds	604,621,497	1,036,917,657
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	623,292,623	795,539,370
34. Gross paid in and contributed surplus	7,274,929,263	6,935,272,283
35. Unassigned funds (surplus)	5,996,373,279	4,817,455,750
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)	14,510,466,662	13,596,435,060
38. Totals (Page 2, Line 28, Col. 3)	40,205,366,577	37,394,843,149

DETAILS OF WRITE-IN LINES		
2501. Amounts held under uninsured plans	578,452,456	551,726,885
2502. Other liabilities	435,551,087	448,294,933
2503. Deposit liability	61,089,112	59,089,112
2598. Summary of remaining write-ins for Line 25 from overflow page	(929,794,350)	(972,564,271)
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	145,298,305	86,546,659
2901. Special surplus from retroactive reinsurance	604,621,497	602,023,836
2902. SSAP 10R incremental change		434,893,821
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	604,621,497	1,036,917,657
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	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	9,098,968,455	8,052,929,355
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	6,601,664,012	5,660,320,341
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	1,618,040,062	1,592,222,458
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	2,892,989,488	2,220,450,170
5. Aggregate write-ins for underwriting deductions		(404,327)
6. Total underwriting deductions (Lines 2 through 5)	11,112,693,562	9,472,588,642
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(2,013,725,107)	(1,419,659,287)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	1,717,077,968	871,978,744
10. Net realized capital gains (losses) less capital gains tax of \$ 83,530,282 (Exhibit of Capital Gains (Losses))	155,131,998	112,478,216
11. Net investment gain (loss) (Lines 9 + 10)	1,872,209,966	984,456,960
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 2,897,823 amount charged off \$ 35,994,573)	(33,096,750)	(34,478,982)
13. Finance and service charges not included in premiums	29,589,368	31,585,290
14. Aggregate write-ins for miscellaneous income	(47,784,086)	(181,978,945)
15. Total other income (Lines 12 through 14)	(51,291,468)	(184,872,637)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(192,806,609)	(620,074,964)
17. Dividends to policyholders	18,157,361	30,021,529
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)	(210,963,970)	(650,096,493)
19. Federal and foreign income taxes incurred	(374,546,282)	(113,863,689)
20. Net income (Line 18 minus Line 19) (to Line 22)	163,582,312	(536,232,804)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	13,596,435,060	13,763,291,029
22. Net income (from Line 20)	163,582,312	(536,232,804)
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 29,931,170	308,512,139	568,633,094
25. Change in net unrealized foreign exchange capital gain (loss)	(9,991,288)	(61,963,284)
26. Change in net deferred income tax	169,534,773	226,810,008
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	594,706,311	(490,846,199)
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	28,498,435	11,578,369
29. Change in surplus notes	(172,246,746)	95,838
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		7,369,449
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	339,656,981	
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders	(64,766,000)	(64,766,000)
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	(443,455,315)	172,465,560
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	914,031,602	(166,855,969)
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	14,510,466,662	13,596,435,060

DETAILS OF WRITE-IN LINES		
0501. Private passenger auto escrow		(404,327)
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)		(404,327)
1401. Retroactive reinsurance gain/(loss)	(22,852,307)	(101,810,181)
1402. Other income/(expense)	(24,931,779)	(80,168,764)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(47,784,086)	(181,978,945)
3701. Other changes in surplus	(8,561,494)	1,129,550
3702. SSAP 10R incremental change	(434,893,821)	171,336,010
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(443,455,315)	172,465,560

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	9,272,450,994	8,271,067,994
2. Net investment income	1,825,561,306	978,759,821
3. Miscellaneous income	104,990,313	(795,838,991)
4. Total (Lines 1 through 3)	11,203,002,613	8,453,988,824
5. Benefit and loss related payments	5,380,606,486	5,385,484,449
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	4,240,757,507	3,576,192,211
8. Dividends paid to policyholders	20,358,234	30,141,679
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	(41,909,690)	(307,617,261)
10. Total (Lines 5 through 9)	9,599,812,537	8,684,201,078
11. Net cash from operations (Line 4 minus Line 10)	1,603,190,076	(230,212,254)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	3,847,579,090	2,535,636,104
12.2 Stocks	131,370,403	116,650,918
12.3 Mortgage loans	37,709,764	40,664,380
12.4 Real estate	4,276,923	3,976,374
12.5 Other invested assets	1,872,541,175	1,869,200,903
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments	(5,648)	
12.7 Miscellaneous proceeds	(17,749,898)	(9,261,555)
12.8 Total investment proceeds (Lines 12.1 to 12.7)	5,875,721,809	4,556,867,124
13. Cost of investments acquired (long-term only):		
13.1 Bonds	3,642,199,024	2,129,390,672
13.2 Stocks	60,588,432	49,213,440
13.3 Mortgage loans	81,369,045	17,401,979
13.4 Real estate	4,850,697	5,413,798
13.5 Other invested assets	2,897,629,580	2,584,470,462
13.6 Miscellaneous applications	(14,420,372)	45,173,575
13.7 Total investments acquired (Lines 13.1 to 13.6)	6,672,216,406	4,831,063,926
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(796,494,597)	(274,196,802)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	(177,847,510)	95,838
16.2 Capital and paid in surplus, less treasury stock	339,656,981	
16.3 Borrowed funds	150,547,865	
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	64,766,000	64,766,000
16.6 Other cash provided (applied)	(847,181,960)	470,407,324
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(599,590,624)	405,737,162
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)	207,104,855	(98,671,894)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	696,606,839	795,278,733
19.2 End of year (Line 18 plus Line 19.1)	903,711,694	696,606,839

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

20.0001	12.1 - Proceeds from investments sold, matured or repaid - Bonds	50,432,047	76,218,235
20.0002	12.2 - Proceeds from investments sold, matured or repaid - Stocks		27,510,000
20.0003	12.4 - Proceeds from investments sold, matured or repaid - Mortgage loans	2,982,871	7,580,289
20.0004	12.5 - Proceeds from investments sold, matured or repaid - Other invested assets		73,794,649
20.0005	13.1 Cost of Investment Acquired - Bonds	573,108,539	47,793,416
20.0006	13.2 Cost of Investment Acquired - Stocks		9,832,000
20.0007	13.5 Cost of Investment Acquired - Other Invested Assets		7,580,289
20.0008	13.5 Cost of Investment Acquired - Other Invested Assets	2,982,871	73,794,649
20.0009	16.6 Cash provided (applied) - Other cash provided (applied)		9,832,000

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	261,448,386	96,930,723	117,410,013	240,969,096
2. Allied lines	106,284,223	47,915,604	53,017,803	101,182,024
3. Farmowners multiple peril	1,361,810	112,517	125,574	1,348,753
4. Homeowners multiple peril	1,453,856,448	641,900,347	876,996,847	1,218,759,948
5. Commercial multiple peril	221,044,325	122,751,149	116,194,158	227,601,316
6. Mortgage guaranty				
8. Ocean marine	37,976,884	15,260,010	16,482,868	36,754,026
9. Inland marine	394,535,836	39,777,608	42,134,421	392,179,023
10. Financial guaranty				
11.1 Medical professional liability—occurrence	29,047,453	15,342,950	15,268,439	29,121,964
11.2 Medical professional liability—claims-made	3,402,599	635,372	1,141,492	2,896,479
12. Earthquake	38,761,523	13,983,118	18,400,351	34,344,290
13. Group accident and health	501,607			501,607
14. Credit accident and health (group and individual)				
15. Other accident and health	487,182	48,966	44,262	491,886
16. Workers' compensation	2,238,594,648	64,549,089	145,241,836	2,157,901,901
17.1 Other liability—occurrence	678,818,456	277,150,600	291,546,912	664,422,144
17.2 Other liability—claims-made	228,896,345	109,192,056	125,619,249	212,469,152
17.3 Excess workers' compensation	57,202,582	26,848,684	29,545,341	54,505,925
18.1 Products liability—occurrence	99,476,197	61,309,012	61,977,531	98,807,678
18.2 Products liability—claims-made	4,891,839	902,372	990,788	4,803,423
19.1,19.2 Private passenger auto liability	2,167,028,545	1,015,380,646	1,100,180,966	2,082,228,225
19.3,19.4 Commercial auto liability	323,428,048	135,209,976	141,359,139	317,278,885
21. Auto physical damage	978,739,066	698,887,333	764,689,110	912,937,289
22. Aircraft (all perils)	31,586,084	8,749,872	6,785,260	33,550,696
23. Fidelity	8,978,581	3,233,594	4,073,350	8,138,825
24. Surety	4,388,607	1,812,014	4,095,029	2,105,592
26. Burglary and theft	301,958	79,267	145,662	235,563
27. Boiler and machinery	22,602,430	9,128,990	10,082,949	21,648,471
28. Credit	1,361,179		704,042	657,137
29. International				
30. Warranty	4,797,000		4,111,339	685,661
31. Reinsurance-nonproportional assumed property	209,844,200	17,325,877	18,361,664	208,808,413
32. Reinsurance-nonproportional assumed liability	25,702,446	5,781,628	3,011,337	28,472,737
33. Reinsurance-nonproportional assumed financial lines	22,961			22,961
34. Aggregate write-ins for other lines of business				
35. TOTALS	9,635,369,448	3,430,199,374	3,969,737,732	9,095,831,090

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 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	115,679,073	1,730,940			117,410,013
2. Allied lines	52,526,843	490,961			53,017,804
3. Farmowners multiple peril	125,574				125,574
4. Homeowners multiple peril	876,996,847				876,996,847
5. Commercial multiple peril	110,201,632	5,992,527			116,194,159
6. Mortgage guaranty					
8. Ocean marine	14,351,298	2,131,569			16,482,867
9. Inland marine	28,035,277	14,099,144			42,134,421
10. Financial guaranty					
11.1 Medical professional liability—occurrence	15,129,991	138,449			15,268,440
11.2 Medical professional liability—claims-made	1,135,772	5,720			1,141,492
12. Earthquake	18,227,884	172,467			18,400,351
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	44,262				44,262
16. Workers' compensation	376,742,289	10,007,855		(241,508,309)	145,241,835
17.1 Other liability—occurrence	243,206,702	49,212,683		(872,473)	291,546,912
17.2 Other liability—claims-made	95,998,201	29,621,048			125,619,249
17.3 Excess workers' compensation	25,061,006	4,484,335			29,545,341
18.1 Products liability—occurrence	32,871,692	28,655,925		449,914	61,977,531
18.2 Products liability—claims-made	990,788				990,788
19.1,19.2 Private passenger auto liability	1,098,942,859	1,238,107			1,100,180,966
19.3,19.4 Commercial auto liability	131,863,402	2,968,807		6,526,930	141,359,139
21. Auto physical damage	763,824,074	865,036			764,689,110
22. Aircraft (all perils)	6,785,260				6,785,260
23. Fidelity	3,913,731	159,619			4,073,350
24. Surety	(56,372)	4,151,401			4,095,029
26. Burglary and theft	145,662				145,662
27. Boiler and machinery	9,924,798	158,151			10,082,949
28. Credit	704,042				704,042
29. International					
30. Warranty		4,111,340			4,111,340
31. Reinsurance-nonproportional assumed property	18,361,664				18,361,664
32. Reinsurance-nonproportional assumed liability	2,951,998	59,339			3,011,337
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	4,044,686,249	160,455,423		(235,403,938)	3,969,737,734
36. Accrued retrospective premiums based on experience					235,403,933
37. Earned but unbilled premiums					
38. Balance (Sum of Lines 35 through 37)					4,205,141,667

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire	25,375,628	349,815,237	35,567,082	92,819,213	56,490,349	261,448,385
2. Allied lines	22,404,263	178,120,497	16,848,774	41,108,017	69,981,295	106,284,222
3. Farmowners multiple peril		1,909,734		483,461	64,463	1,361,810
4. Homeowners multiple peril	36,970,463	2,700,891,690	4,650,657	516,138,740	772,517,622	1,453,856,448
5. Commercial multiple peril	102,805,278	424,636,215	42,722,582	107,193,011	241,926,739	221,044,325
6. Mortgage guaranty						
8. Ocean marine	73,117,301	13,699,630	5,604,317	17,110,748	37,333,617	37,976,883
9. Inland marine	2,362,648,889	57,732,046	16,221,749	144,431,764	1,897,635,084	394,535,836
10. Financial guaranty						
11.1 Medical professional liability--occurrence		46,673,329		10,312,240	7,313,636	29,047,453
11.2 Medical professional liability--claims-made		10,942,639	927,233	1,207,969	7,259,304	3,402,599
12. Earthquake	38,172	57,691,348	4,865,075	13,760,866	10,072,204	38,761,525
13. Group accident and health	677,503	2,180		178,077		501,606
14. Credit accident and health (group and individual)						
15. Other accident and health	27,577	632,562		172,956		487,183
16. Workers' compensation	177,399,631	3,248,407,149	117,665,952	810,941,040	493,937,045	2,238,594,647
17.1 Other liability—occurrence	595,714,822	862,205,820	106,243,807	256,440,746	628,905,248	678,818,455
17.2 Other liability—claims-made	212,566,386	326,378,051	33,845,450	92,782,828	251,110,714	228,896,345
17.3 Excess workers' compensation	15,172,132	75,177,279	1,471,869	21,716,756	12,901,942	57,202,582
18.1 Products liability—occurrence	26,866,805	127,491,258	640,352	35,658,346	19,863,871	99,476,198
18.2 Products liability—claims-made	504,454	6,221,542	233,182	1,736,669	330,670	4,891,839
19.1,19.2 Private passenger auto liability	438,733,886	2,630,770,374	16,582,529	769,324,497	149,733,747	2,167,028,545
19.3,19.4 Commercial auto liability	61,331,900	416,975,170	12,905,191	118,694,919	49,089,294	323,428,048
21. Auto physical damage	320,178,959	1,822,444,486	2,596,694	1,085,343,260	81,137,812	978,739,067
22. Aircraft (all perils)	55,261,774	432,193	9,238,500	12,687,133	20,659,250	31,586,084
23. Fidelity	17,766,364	2,203,668	2,151,930	3,799,654	9,343,727	8,978,581
24. Surety	503,411,191	17,491,188	6,005,119	667,341,232	(144,822,340)	4,388,606
26. Burglary and theft	54,484	359,697	1,012	107,199	6,036	301,958
27. Boiler and machinery	6,049	30,913,539	130,000	8,024,169	422,989	22,602,430
28. Credit		1,844,416		483,237		1,361,179
29. International						
30. Warranty		6,500,000		1,703,000		4,797,000
31. Reinsurance-nonproportional assumed property	X X X	183,420,736	100,928,674	74,497,534	7,676	209,844,200
32. Reinsurance-nonproportional assumed liability	X X X	1,163,554	33,663,608	9,124,716		25,702,446
33. Reinsurance-nonproportional assumed financial lines	X X X		2,458,485	8,152	2,427,372	22,961
34. Aggregate write-ins for other lines of business						
35. TOTALS	5,049,033,911	13,603,147,227	574,169,823	4,915,332,149	4,675,649,366	9,635,369,446

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 \$ 166,223,467

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 172,803,673

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	13,206,567	196,006,477	72,930,880	136,282,164	23,986,953	63,560,082	28,554,145	195,275,054	15,679,635
2. Allied lines	7,144,604	95,544,078	56,337,520	46,351,162	7,365,080	19,734,093	10,112,938	63,337,397	9,609,085
3. Farmowners multiple peril									
4. Homeowners multiple peril	6,614,983	335,517,645	166,205,644	175,926,984	1,770,328	313,439,872	154,195,633	336,941,551	89,604,571
5. Commercial multiple peril	133,756,615	267,846,954	205,966,179	195,637,390	47,604,653	122,662,113	91,732,530	274,171,626	103,556,744
6. Mortgage guaranty									
8. Ocean marine	72,673,990	15,290,851	60,820,318	27,144,523	35,127,664	14,941,714	28,787,475	48,426,426	7,338,740
9. Inland marine	38,833,977	25,541,819	42,938,538	21,437,258	215,984,751	17,214,191	188,933,553	65,702,647	8,305,733
10. Financial guaranty									
11.1 Medical professional liability—occurrence		2,392,727	859,527	1,533,200	62,682	44,444,625	15,963,132	30,077,375	893,363
11.2 Medical professional liability—claims-made		2,180,111	1,823,784	356,327		6,884,370	3,898,803	3,341,894	1,496,495
12. Earthquake		464,251	121,634	342,617	3,299	3,241,133	1,686,739	1,900,310	1,114,304
13. Group accident and health	1,795,700								
14. Credit accident and health (group and individual)		1,524,099	1,831,016	1,488,783	286,763	67,547	92,829	(a) 1,750,264	139,617
15. Other accident and health		531,398	139,226	392,172	209,012	1,040,323	327,327	(a) 1,314,180	90,093
16. Workers' compensation	1,058,436,053	5,962,121,124	2,898,393,074	4,122,164,103	714,032,029	6,046,316,001	2,934,793,762	7,947,718,371	1,154,532,260
17.1 Other liability—occurrence	487,753,792	667,737,692	508,205,049	647,286,435	632,732,119	1,548,791,937	1,210,819,116	1,617,991,375	636,428,317
17.2 Other liability—claims-made	100,630,534	129,822,218	147,683,845	82,768,907	377,345,250	419,092,124	480,244,236	398,962,045	125,699,063
17.3 Excess workers' compensation	26,767,729	257,230,151	122,674,979	161,322,901	60,598,861	367,277,106	190,072,608	399,126,260	40,485,830
18.1 Products liability—occurrence	28,354,162	62,145,442	36,016,226	54,483,378	182,236,020	188,464,779	127,450,499	297,733,678	181,771,474
18.2 Products liability—claims-made		868,931	248,275	620,656	12,973,700	15,319,724	7,880,177	21,033,903	12,982,424
19.1,19.2 Private passenger auto liability	162,248,446	1,297,027,952	555,036,952	904,239,446	95,559,631	751,229,992	246,002,892	1,505,026,177	348,599,279
19.3,19.4 Commercial auto liability	56,442,179	343,194,455	134,395,212	265,241,422	66,389,662	202,155,445	125,827,796	407,958,733	88,407,328
21. Auto physical damage	776,857	679,626	627,419	829,064	2,919,668	(10,702,918)	9,859,245	(16,813,431)	46,538,040
22. Aircraft (all perils)	59,035,021	11,697,670	47,006,771	23,725,920	9,046,246	2,143,989	219,090	34,697,065	9,071,463
23. Fidelity	3,261,524	913,734	1,945,772	2,229,486	35,239,345	765,467	18,166,670	20,067,628	3,097,170
24. Surety	(2,879,030)	3,133,237	(86,011)	340,218	113,615,574	9,643,570	122,510,789	1,088,573	1,902,588
26. Burglary and theft	8,860	21,573	7,974	22,459	242,107	193,862	251,302	207,126	194,075
27. Boiler and machinery		5,126,431	1,343,125	3,783,306	5,287	5,645,586	1,480,674	7,953,505	629,099
28. Credit						679,177	177,944	501,233	
29. International									
30. Warranty					3,805,429	756,049	4,278,344	283,134	153,209
31. Reinsurance-nonproportional assumed property	X X X	99,631,397	26,187,840	73,443,557	X X X	157,301,445	41,212,979	189,532,023	2,118,899
32. Reinsurance-nonproportional assumed liability	X X X	99,438,361	26,052,850	73,385,511	X X X	287,243,913	75,257,905	285,371,519	21,641,704
33. Reinsurance-nonproportional assumed financial lines	X X X	4,798,134	1,257,111	3,541,023	X X X	1,568,358	1,574,395	3,534,986	126,984
34. Aggregate write-ins for other lines of business									
35. TOTALS	2,254,862,563	9,888,428,538	5,116,970,729	7,026,320,372	2,639,142,113	10,601,115,669	6,122,365,527	14,144,212,627	2,912,207,586

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)									

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	396,780,737			396,780,737
1.2 Reinsurance assumed	916,593,852			916,593,852
1.3 Reinsurance ceded	478,246,628			478,246,628
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	835,127,961			835,127,961
2. Commission and brokerage:				
2.1 Direct, excluding contingent		208,322,550		208,322,550
2.2 Reinsurance assumed, excluding contingent		807,194,536		807,194,536
2.3 Reinsurance ceded, excluding contingent		1,285,331,551		1,285,331,551
2.4 Contingent—direct		9,610,296		9,610,296
2.5 Contingent—reinsurance assumed		138,689,378		138,689,378
2.6 Contingent—reinsurance ceded		47,827,331		47,827,331
2.7 Policy and membership fees				
2.8 Net commission and brokerage (2.1+2.2-2.3+2.4+2.5-2.6+2.7)		(169,342,122)		(169,342,122)
3. Allowances to manager and agents		175,132,931		175,132,931
4. Advertising	5,193,839	236,975,080	41,977	242,210,896
5. Boards, bureaus and associations	2,155,187	19,648,807	2,119	21,806,113
6. Surveys and underwriting reports	14,981	31,066,513	732,214	31,813,708
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	414,476,554	1,048,102,834	26,579,533	1,489,158,921
8.2 Payroll taxes	20,760,296	94,645,193	172,113	115,577,602
9. Employee relations and welfare	100,798,091	442,539,895	1,294,061	544,632,047
10. Insurance	89,010,663	14,418,923	612,726	104,042,312
11. Directors' fees	580	2,631	5	3,216
12. Travel and travel items	33,896,405	70,701,707	1,000,037	105,598,149
13. Rent and rent items	22,108,974	98,746,654	318,038	121,173,666
14. Equipment	12,949,274	38,836,433	455,440	52,241,147
15. Cost or depreciation of EDP equipment and software	15,184,849	52,111,459	904,883	68,201,191
16. Printing and stationery	4,054,776	17,343,116	75,523	21,473,415
17. Postage, telephone and telegraph, exchange and express	12,195,455	59,881,377	864,039	72,940,871
18. Legal and auditing	3,266,628	19,918,940	2,332,946	25,518,514
19. Totals (Lines 3 to 18)	736,066,552	2,420,072,493	35,385,654	3,191,524,699
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 4,057,452		355,918,726		355,918,726
20.2 Insurance department licenses and fees		19,075,989		19,075,989
20.3 Gross guaranty association assessments		3,809,243		3,809,243
20.4 All other (excluding federal and foreign income and real estate)		16,675,230		16,675,230
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		395,479,188		395,479,188
21. Real estate expenses			23,965,201	23,965,201
22. Real estate taxes			4,181,126	4,181,126
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	46,845,750	246,779,917	7,996,107	301,621,774
25. Total expenses incurred	1,618,040,263	2,892,989,476	71,528,088	(a) 4,582,557,827
26. Less unpaid expenses—current year	2,912,207,583	648,284,394	2,338,274	3,562,830,251
27. Add unpaid expenses—prior year	2,715,673,770	551,268,815	1,705,139	3,268,647,724
28. Amounts receivable relating to uninsured plans, prior year		20,914		20,914
29. Amounts receivable relating to uninsured plans, current year		356,133		356,133
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	1,421,506,450	2,796,309,116	70,894,953	4,288,710,519

DETAILS OF WRITE-IN LINES				
2401. Other expenses	46,845,750	246,779,917	7,996,107	301,621,774
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)	46,845,750	246,779,917	7,996,107	301,621,774

(a) Includes management fees of \$ 2,157,573,917 to affiliates and \$ 211,197,211 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)	37,281,837	36,450,745
1.1 Bonds exempt from U.S. tax	(a)	149,431,750	148,872,452
1.2 Other bonds (unaffiliated)	(a)	408,957,104	403,581,169
1.3 Bonds of affiliates	(a)	5,197,821	5,614,968
2.1 Preferred stocks (unaffiliated)	(b)	14,146,753	13,980,676
2.11 Preferred stocks of affiliates	(b)		
2.2 Common stocks (unaffiliated)		6,696,012	6,096,331
2.21 Common stocks of affiliates		704,687,726	704,687,726
3. Mortgage loans	(c)	30,014,731	30,196,324
4. Real estate	(d)	52,446,997	52,446,997
5. Contract loans			
6. Cash, cash equivalents and short-term investments	(e)	4,940,838	4,915,118
7. Derivative instruments	(f)	189,617	269,695
8. Other invested assets		461,258,979	461,258,979
9. Aggregate write-ins for investment income		(7,301,798)	(7,301,798)
10. Total gross investment income		1,867,948,367	1,861,069,382
11. Investment expenses	(g)		71,528,087
12. Investment taxes, licenses and fees, excluding federal income taxes	(g)		
13. Interest expense	(h)		59,564,408
14. Depreciation on real estate and other invested assets	(i)		12,898,918
15. Aggregate write-ins for deductions from investment income			
16. Total deductions (Lines 11 through 15)			143,991,413
17. Net investment income (Line 10 minus Line 16)			1,717,077,969

DETAILS OF WRITE-IN LINES			
0901. Miscellaneous Income/(Expenses)		(7,301,798)	(7,301,798)
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)		(7,301,798)	(7,301,798)
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 \$ 18,744,276 accrual of discount less \$ 45,035,807 amortization of premium and less \$ 12,641,692 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 \$ 114,795 paid for accrued interest on purchases.
- (d) Includes \$ 51,351,346 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 8,500 accrual of discount less \$ 174,286 amortization of premium and less \$ 368,721 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 \$ 54,496,280 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 12,898,918 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	11,868,368		11,868,368		
1.1 Bonds exempt from U.S. tax	6,962,082		6,962,082	(3,836)	
1.2 Other bonds (unaffiliated)	56,170,850	(13,266,079)	42,904,771	53,556,706	(6,437,232)
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	65,810		65,810	35,724,847	
2.11 Preferred stocks of affiliates	(9,039)		(9,039)	131,322	
2.2 Common stocks (unaffiliated)	15,973,749	(849,608)	15,124,141	23,522,716	1,702,330
2.21 Common stocks of affiliates	(1)		(1)	(116,764,132)	
3. Mortgage loans	(2,768,726)		(2,768,726)	(99,721)	
4. Real estate	(128,142)		(128,142)		
5. Contract loans					
6. Cash, cash equivalents and short-term investments	(5,648)		(5,648)		480,326
7. Derivative instruments	(4,610,082)		(4,610,082)	(8,112,290)	
8. Other invested assets	230,953,474	(55,149,253)	175,804,221	379,520,177	5,213,922
9. Aggregate write-ins for capital gains (losses)		(6,545,475)	(6,545,475)		
10. Total capital gains (losses)	314,472,695	(75,810,415)	238,662,280	367,475,789	959,346

DETAILS OF WRITE-IN LINES					
0901. Impairment on Software		(6,545,475)	(6,545,475)		
0902.					
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)		(6,545,475)	(6,545,475)		

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	28,063,586	28,179,231	115,645
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,976,404	384,092	(1,592,312)
15.3 Accrued retrospective premiums	24,054,793	33,780,067	9,725,274
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	175,477	8,835	(166,642)
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	89,160,944	371,946,406	282,785,462
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	481,828,518	398,814,388	(83,014,130)
21. Furniture and equipment, including health care delivery assets	187,217,095	128,385,172	(58,831,923)
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates	41,024	1,047	(39,977)
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets	36,337,506	46,666,637	10,329,131
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	848,855,347	1,008,165,875	159,310,528
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	848,855,347	1,008,165,875	159,310,528

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	36,337,287	46,666,675	10,329,388
2502. Amounts receivable under high deductible policies	219	(38)	(257)
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	36,337,506	46,666,637	10,329,131

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 Massachusetts, the accompanying financial statements of Liberty Mutual Insurance Company (the "Company") have been prepared in conformity with the National Association of Insurance Commissioners ("NAIC") *Accounting Practices and Procedures Manual* ("APP Manual").

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. It also requires estimates in the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

C. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro-rata methods. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the Company applies the following accounting policies, where applicable:

1. Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office (SVO Manual).
2. Bonds are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the SVO Manual.
3. Common stocks are carried at fair value, except that investments in stocks of subsidiaries, controlled and affiliated ("SCA") companies are carried according to Note 1C(7).
4. Preferred stocks are carried at cost or fair value as specified by the SVO Manual. Preferred stocks of SCA companies are carried according to Note 1C(7).
5. Mortgage loans are carried at unpaid principal balances, less impairments as specified by the SVO Manual.
6. Mortgage backed/asset backed securities are carried at amortized cost or fair value based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are updated monthly using the Bloomberg data service. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.
7. Investments in SCA companies are carried in accordance with SSAP No. 97, *Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88*, and the SVO Manual.
8. Investments in joint ventures, partnerships, and limited liability companies are carried in accordance with SSAP No. 48, *Joint Ventures, Partnerships and Limited Liability Companies*, and the SVO Manual.
9. Derivative Securities, refer to Note 8.
10. Investment income is anticipated as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, *Property Casualty Contracts - Premiums*. Refer to Note 30.
11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods, for making such estimates and for establishing the resulting liability, are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.
12. The Company did not change its capitalization policy in 2012.
13. The Company has no pharmaceutical rebate receivables.

Note 2 - Accounting Changes and Correction of Errors

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

NOTES TO FINANCIAL STATEMENTS

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

On August 24, 2007, the Company and three affiliates (Liberty Mutual Fire Insurance Company ("LMFIC"), a Wisconsin insurance company; Peerless Insurance Company ("PIC"), a New Hampshire insurance company; and Employers Insurance Company of Wausau ("EICOW"), a Wisconsin insurance company) acquired all of the issued and outstanding voting securities of Ohio Casualty Corporation, a non-insurance holding company, which is the upstream parent of four property casualty insurance companies. The Company directly acquired a 78% ownership interest in Ohio Casualty Corporation, while the affiliates account for the remaining 22% (LMFIC 6%, PIC 8%, and EICOW 8%). The transaction was accounted for as a statutory purchase and the cost was \$2,168,405,460, resulting in goodwill in the amount of \$1,147,694,340. Goodwill amortization relating to the purchase of Ohio Casualty Corporation was \$114,769,463 for year ended December 31, 2012; goodwill is being amortized over ten years.

On June 9, 2010, the Company purchased LMFIC's 2.892% holdings of the shares of Liberty Insurance Holdings, Inc. ("LIH") for \$249,957,350 in cash and securities and EICOW's 4.048% holdings of shares of LIH for \$349,871,398 in cash and securities. The purchase price represented the estimated fair value of the LIH shares. The transaction resulted in \$288,195,370 of goodwill to LMIC. Goodwill amortization was \$28,819,537 for year ended December 31, 2012; goodwill is being amortized over ten years.

B. Statutory Mergers

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

C. Impairment Loss

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

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

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

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

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

	<u>Current Year</u>	<u>Prior Year</u>
(4) As of year end, the Company held mortgages with interest more than 180 days past due with a recorded investment excluding accrued interest	\$3,219,005	\$1,262,715
a. Total interest due on mortgages with interest more than 180 days past due	\$169,803	\$157,321
(5) Taxes, assessments and any amounts advanced (and not included in the mortgage loan total	\$61,122	\$64,390
(6) Current year impaired loans with a related allowance for credit losses	\$11,288,835	\$11,276,368
a. Related allowance for credit losses	\$5,265,887	\$5,166,166
(7) Impaired Mortgage loans without an allowance for credit losses	\$2,915,089	\$2,577,843
(8) Average recorded investment in impaired loans	\$289,457	\$341,708
(9) Interest income recognized during the period the loans were impaired	\$525,681	\$165,328
(10) Amount of interest income recognized on a cash basis during the period the loans were impaired	\$439,200	\$165,328
(11) Allowance for credit losses:		
a. Balance at beginning of period	\$5,166,166	\$4,137,896
b. Additions charged to operations	\$2,381,215	\$5,590,556
c. Direct write-downs charged against the allowances	\$2,281,494	\$4,562,285
d. Recoveries of amounts previously charged off	\$ -	\$ -
e. Balance at end of period	\$5,265,887	\$5,166,166

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

NOTES TO FINANCIAL STATEMENTS

B. Troubled Debt Restructuring for Creditors

	Current Year	Prior Year
(1) The total recorded investment in restructured loans, as of year end	\$10,033,567	\$12,852,009
(2) The realized capital losses related to these loans	\$0	\$0
(3) Total contractual commitments to extend credit to debtors owing receivables whose terms have been modified in troubled debt restructurings	\$0	\$0
(4) The Company accrues interest income on impaired loans to the extent it is deemed collectible and the loan continues to perform under its original or restructured contractual terms. Interest income on non performing loans is generally recognized on a cash basis		

C. Reverse Mortgages

The company has no reverse mortgages.

D. Loan Backed Securities

1. Prepayment speed assumptions are updated monthly with data sourced from the Bloomberg data service.
2. All Loan Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2012 as of December 31, 2012: None
3. Each Loan Backed Security with a recognized other-than-temporary impairment held by the Company at December 31, 2012:

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other-than- temporary impairment	Amortized cost after other-than- temporary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Report
021468AD5	6,856,269	6,039,793	816,476	6,039,793	4,300,561	6/30/2009
021468AD5	11,140,467	9,821,678	1,318,790	9,821,678	7,013,600	6/30/2009
021468AD5	2,938,401	2,631,566	306,835	2,631,566	1,843,097	6/30/2009
021468AD5	6,039,793	5,793,047	246,746	5,793,047	5,515,454	9/30/2010
021468AD5	9,821,678	9,426,227	395,451	9,426,227	8,994,918	9/30/2010
021468AD5	2,631,566	2,482,734	148,831	2,482,734	2,363,766	9/30/2010
021468AD5	5,793,047	5,723,368	69,679	5,723,368	5,515,874	12/31/2010
021468AD5	2,482,734	2,471,430	11,304	2,471,430	2,363,946	12/31/2010
021468AD5	5,606,928	5,545,764	61,164	5,545,764	5,187,558	3/31/2011
021468AD5	9,235,366	8,961,191	274,175	8,961,191	8,460,165	3/31/2011
021468AD5	2,421,299	2,321,353	99,946	2,321,353	2,223,239	3/31/2011
021468AD5	8,690,002	8,584,384	105,618	8,584,384	7,794,663	6/30/2011
021468AD5	5,341,002	5,263,725	77,277	5,263,725	4,779,488	6/30/2011
021468AD5	2,288,821	2,258,847	29,974	2,258,847	2,048,352	6/30/2011
021468AD5	5,175,565	5,131,697	43,868	5,131,697	4,509,751	9/30/2011
021468AD5	8,440,700	8,352,317	88,383	8,352,317	7,354,760	9/30/2011
021468AD5	2,221,031	2,199,299	21,732	2,199,299	1,932,751	9/30/2011
021468AD5	5,041,244	4,837,482	203,762	4,837,482	3,940,774	12/31/2011
021468AD5	8,205,096	7,873,633	331,464	7,873,633	6,426,839	12/31/2011
021468AD5	2,160,533	2,073,207	87,327	2,073,207	1,688,903	12/31/2011
021468AD5	4,655,164	4,626,444	28,720	4,626,444	3,955,257	3/31/2012
021468AD5	7,576,893	7,529,545	47,348	7,529,545	6,450,460	3/31/2012
02147LAD5	8,030,062	7,674,975	355,086	7,674,975	7,391,939	9/30/2010
02147LAD5	7,635,657	7,349,951	285,706	7,349,951	7,052,831	12/31/2010
02147LAD5	7,247,191	7,150,924	96,267	7,150,924	6,409,984	3/31/2011
02147LAD5	6,978,333	6,925,976	52,357	6,925,976	6,045,080	6/30/2011
02147LAD5	6,780,758	6,728,490	52,268	6,728,490	5,839,938	9/30/2011
02147LAD5	6,469,556	6,358,926	110,631	6,358,926	5,610,840	12/31/2011
02147LAD5	6,123,585	6,093,462	30,123	6,093,462	5,290,867	3/31/2012
02147LAD5	5,790,016	5,603,408	186,608	5,603,408	5,031,728	6/30/2012
02147XAF4	3,572,408	3,328,846	243,562	3,328,846	2,775,742	9/30/2010
02147XAF4	3,328,846	3,312,853	15,993	3,312,853	2,746,441	12/31/2010
02147XAF4	3,312,853	3,244,662	68,191	3,244,662	2,919,217	3/31/2011
02147XAF4	3,244,662	3,218,176	26,486	3,218,176	2,842,888	6/30/2011

NOTES TO FINANCIAL STATEMENTS

02147XAF4	3,218,176	3,216,920	1,256	3,216,920	2,774,545	9/30/2011
02147XAF4	3,188,714	3,091,337	97,377	3,091,337	2,670,104	12/31/2011
02147XAF4	3,017,553	2,990,596	26,957	2,990,596	2,523,880	3/31/2012
02147XAF4	2,921,732	2,835,652	86,080	2,835,652	2,460,466	6/30/2012
02147XAF4	2,764,179	2,739,929	24,250	2,739,929	2,769,860	9/30/2012
02147XAF4	2,653,300	2,652,048	1,252	2,652,048	2,642,939	12/31/2012
36186KAC9	2,699,090	1,197,142	1,501,948	1,197,142	1,197,142	3/31/2009
43710RAD3	3,694,986	2,516,160	1,178,826	2,516,160	3,438,803	3/31/2009
81375BAM4	77,674	7,767	69,907	7,767	7,767	6/30/2009
74958YAA0	8,000,000	7,514,000	486,000	7,514,000	6,853,000	12/31/2010
74958YAA0	1,000,000	939,250	60,750	939,250	856,625	12/31/2010
74958YAA0	7,514,000	7,472,320	41,680	7,472,320	6,930,584	3/31/2011
74958YAA0	939,250	934,040	5,210	934,040	866,323	3/31/2011
74958YAA0	7,402,339	7,340,179	62,160	7,340,179	6,670,452	6/30/2011
74958YAA0	925,292	917,522	7,770	917,522	833,806	6/30/2011
74958YAA0	6,929,478	6,877,101	52,377	6,877,101	6,102,848	12/31/2011
74958YAA0	866,185	859,638	6,547	859,638	762,856	12/31/2011
74958YAA0	6,513,023	6,455,183	57,840	6,455,183	5,962,385	3/31/2012
74958YAA0	814,324	795,254	19,070	795,254	745,298	3/31/2012
74958YAA0	6,113,758	6,079,685	34,073	6,079,685	5,478,874	6/30/2012
74958YAA0	5,899,000	5,893,301	5,699	5,893,301	5,707,414	9/30/2012
74958YAA0	5,615,255	5,605,097	10,158	5,605,097	5,605,097	12/31/2012
76200RAG3	2,906,899	2,778,870	128,029	2,778,870	2,616,360	12/31/2010
76200RAG3	2,778,551	2,777,070	1,481	2,777,070	2,602,947	3/31/2011
76200RAG3	2,777,070	2,776,050	1,020	2,776,050	2,520,252	6/30/2011
76200RAG3	2,690,448	2,682,306	8,142	2,682,306	2,355,177	12/31/2011
76200RAG3	2,484,542	2,464,936	19,606	2,464,936	2,435,695	6/30/2012
12544LAK7	7,815,283	7,617,520	197,763	7,617,520	7,617,520	3/31/2011
12544LAK7	7,616,725	7,537,472	79,253	7,537,472	7,531,640	9/30/2011
12544LAK7	7,182,867	7,097,450	85,417	7,097,450	7,092,915	12/31/2011
12544LAK7	6,863,806	6,730,560	133,246	6,730,560	6,731,621	3/31/2012
12544LAK7	6,429,173	6,361,454	67,719	6,631,454	6,386,744	6/30/2012
74922EAG4	7,108,984	7,024,531	84,453	7,024,531	6,515,132	12/31/2010
74922EAG4	6,830,754	6,718,769	111,985	6,718,769	6,259,561	3/31/2011
74922EAG4	6,405,368	6,357,325	48,043	6,357,325	5,480,842	6/30/2011
74922EAG4	5,964,962	5,846,982	117,981	5,846,982	4,870,240	12/31/2011
74922EAG4	5,621,704	5,538,242	83,463	5,538,242	5,033,191	3/31/2012
94985RAQ5	5,534,232	5,041,552	492,681	5,041,552	5,030,816	6/30/2012
94985RAQ5	27,671,161	25,207,758	2,463,403	25,207,758	25,154,080	6/30/2012
32056FAC6	10,803,140	9,854,933	948,207	9,854,933	9,753,415	6/30/2012
32056FAC6	18,149,275	16,556,287	1,592,988	16,556,287	16,385,737	6/30/2012

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

a. The aggregate amount of unrealized losses:		
	1. Less than 12 Months	\$ (312,115)
	2. 12 Months or Longer	\$ (3,572,083)
b. The aggregate related fair value of securities with unrealized losses:		
	1. Less than 12 Months	\$ 110,718,274
	2. 12 Months or Longer	\$ 54,059,374

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. On December 20, 2012 the Company entered into a \$1,000,000,000 three-year committed repurchase agreement for general corporate purposes, which terminates on December 20, 2015. In connection with the new repurchase agreement the Company terminated its existing \$750,000,000 three-year committed repurchase agreement. The Company's practice is to obtain collateral that approximates 91-95% of the fair value of securities transferred to the counterparty, as of the transaction date. As of December 31, 2012, no borrowings were outstanding under the agreement.
2. The Company has not pledged any of its assets as collateral as of December 31, 2012.
3. Aggregate Amount of Contractually open cash collateral positions:
The Company did not have any open securities lending positions as of December 31, 2012.
4. Securities Lending Transactions Administered by an Affiliated Agent
Not applicable
5. Collateral Reinvestment
Not applicable

F. Real Estate

1. The Company did not recognize any impairments on real estate during the year.
2. The Company has not sold or classified real estate investments as held for sale.
3. The Company has not experienced any changes to a plan of sale for investment in real estate.
4. The Company does not engage in retail land sale operations.
5. The Company does not hold real estate investments with participating mortgage loan features.

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

1. There are twelve years remaining of unexpired tax credits. The required holding period for the LIHTC investment is fifteen years.
2. The Company's LIHTC property is required to meet regulatory benchmarks to comply with the LIHTC program which include the review of tenant files. Oversight of the projects is administered by the State Housing agencies.
3. The carrying value of the Company's investment in LIHTC did not exceed 10% of its admitted assets.
4. The Company did not recognize any impairment loss on its LIHTC investment during the year.
5. The Company did not write-down its LIHTC investment or reclassify the LIHTC during the year due to the forfeiture or ineligibility of tax credits.

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

A. Investments in joint ventures, partnerships and limited liability companies that exceed 10% of its admitted assets

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

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

The Company invests in limited partnerships that are reported in accordance with SSAP No. 48. These limited partnerships are valued by the equity method using traditional private equity valuation measures. Interim poor performance which indicates a probable inability to recover the carrying amount of the assets leads to impairment losses being recognized by management. The Company realized impairment losses of \$55,149,253 during the year.

Note 7 - Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2012.

NOTES TO FINANCIAL STATEMENTS

Note 8 - Derivative Instruments

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

Beginning in July 2012, the Company, as part of its risk management program, diversification, and economic hedging strategies, entered into total return swap agreements with notional amounts totaling \$216,900,000. As of December 31, 2012, the losses on these contracts totaled \$12,722,372. Of this total, one position with notional amounts totaling 71,300,000 matured in December 2012 with realized losses of \$4,610,082. The remaining losses \$8,112,290 are attributable to the unrealized loss on the open positions. The remaining contracts expire at various points during 2013, with the last contract expiring in September 2013.

Note 9 - Income Taxes

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

1.

	12/31/2012		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 2,287,865,350	\$ 241,744,650	\$ 2,529,610,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	2,287,865,350	241,744,650	2,529,610,000
(d) Deferred Tax Assets Nonadmitted	-	89,160,944	89,160,944
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	2,287,865,350	152,583,706	2,440,449,056
(f) Deferred Tax Liabilities	897,708,487	148,649,513	1,046,358,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ 1,390,156,863	\$ 3,934,193	\$ 1,394,091,056

	12/31/2011		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 1,860,780,950	\$ 284,509,050	\$ 2,145,290,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	1,860,780,950	284,509,050	2,145,290,000
(d) Deferred Tax Assets Nonadmitted	176,414,053	195,532,353	371,946,406
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	1,684,366,897	88,976,697	1,773,343,594
(f) Deferred Tax Liabilities	718,200,047	83,440,953	801,641,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ 966,166,850	\$ 5,535,744	\$ 971,702,594

	Change		
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ 427,084,400	\$ (42,764,400)	\$ 384,320,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	427,084,400	(42,764,400)	384,320,000
(d) Deferred Tax Assets Nonadmitted	(176,414,053)	(106,371,409)	(282,785,462)
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	603,498,453	63,607,009	667,105,462
(f) Deferred Tax Liabilities	179,508,440	65,208,560	244,717,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ 423,990,013	\$ (1,601,551)	\$ 422,388,462

NOTES TO FINANCIAL STATEMENTS

2.

	12/31/2012		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ -	\$ -	\$ -
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	1,391,756,912	3,934,193	1,395,691,105
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	1,391,756,912	3,934,193	1,395,691,105
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			1,847,842,365
(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	896,108,438	148,649,513	1,044,757,951
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	\$ 2,287,865,350	\$ 152,583,706	\$ 2,440,449,056

	12/31/2011		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ -	\$ -	\$ -
(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)	966,166,850	5,535,744	971,702,594
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	966,166,850	5,535,744	971,702,594
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			1,662,250,371
(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	718,200,047	83,440,953	801,641,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	\$ 1,684,366,897	\$ 88,976,697	\$ 1,773,343,594

	Change		
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(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)	425,590,062	(1,601,551)	423,988,511
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	425,590,062	(1,601,551)	423,988,511
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			185,591,994
(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	177,908,391	65,208,560	243,116,951
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ 603,498,453	\$ 63,607,009	\$ 667,105,462

NOTES TO FINANCIAL STATEMENTS

3.

	2012	2011
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	413.43%	435.24%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	13,202,031,242	12,700,638,467

4.

	12/31/2012			12/31/2011			Change		
	(1) Ordinary Percent	(2) Capital Percent	(3) (Col 1+2) Total Percent	(4) Ordinary Percent	(5) Capital Percent	(6) (Col 4+5) Total Percent	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital Percent	(9) (Col 7+8) Total Percent
Impact of Tax-Planning Strategies									
(a) Adjusted Gross DTAs (% of Total Adjusted Gross DTAs)	0%	0%	0%	18%	0%	18%	(18)%	0%	(18)%
(b) Net Admitted Adjusted Gross DTAs (% of Total Net Admitted Adjusted Gross DTAs)	0%	0%	0%	40%	0%	40%	(40)%	0%	(40)%

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

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

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

	(1) 12/31/2012	(2) 12/31/2011	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ (399,248,301)	\$ (122,641,363)	\$ (276,606,938)
(b) Foreign	24,702,019	8,777,674	15,924,345
(c) Subtotal	(374,546,282)	(113,863,689)	(260,682,593)
(d) Federal income tax on net capital gains	83,530,282	60,448,689	23,081,593
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	\$ (291,016,000)	\$ (53,415,000)	\$ (237,601,000)
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 330,169,000	\$ 320,477,000	\$ 9,692,000
(2) Unearned premium reserve	340,937,000	313,013,000	27,924,000
(3) Policyholder reserves	-	-	-
(4) Investments	18,754,000	24,560,250	(5,806,250)
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	-	4,935,000	(4,935,000)
(8) Compensation and benefits accrual	214,757,000	200,466,000	14,291,000
(9) Pension accrual	116,506,000	126,871,000	(10,365,000)
(10) Receivables – nonadmitted	265,893,000	222,677,000	43,216,000
(11) Net operating loss carry-forward	619,379,000	295,380,000	323,999,000
(12) Tax credit carry-forward	128,379,000	110,655,000	17,724,000
(13) Other (including items <5% of total ordinary tax assets)	253,091,350	241,746,700	11,344,650
(99) Subtotal	2,287,865,350	1,860,780,950	427,084,400
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	176,414,053	(176,414,053)
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	2,287,865,350	1,684,366,897	603,498,453
(e) Capital			
(1) Investments	192,398,000	197,384,950	(4,986,950)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	49,346,650	87,124,100	(37,777,450)
(99) Subtotal	241,744,650	284,509,050	(42,764,400)

NOTES TO FINANCIAL STATEMENTS

(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	89,160,944	195,532,353	(106,371,409)
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	152,583,706	88,976,697	63,607,009
(i) Admitted deferred tax assets (2d + 2h)	2,440,449,056	1,773,343,594	667,105,462
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	373,502,000	282,744,000	90,758,000
(2) Fixed assets	68,614,000	89,260,000	(20,646,000)
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total capital tax liabilities)	455,592,487	346,196,047	109,396,440
(99) Subtotal	897,708,487	718,200,047	179,508,440
(b) Capital:			
(1) Investments	67,834,000	58,403,953	9,430,047
(2) Real estate	33,500,000	25,037,000	8,463,000
(3) Other (including items <5% of total capital tax liabilities)	47,315,513	-	47,315,513
(99) Subtotal	148,649,513	83,440,953	65,208,560
(c) Deferred tax liabilities (3a99 + 3b99)	1,046,358,000	801,641,000	244,717,000
4. Net deferred tax assets/liabilities (2i – 3c)	\$ 1,394,091,056	\$ 971,702,594	\$ 422,388,462

- D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of net operating losses generated in 2012, excludable dividend income, partnership income, intangible drilling costs, tax exempt interest, depreciation, and unearned premium reserve deductions.
- E. The Company has net operating loss carry-forwards which expire as follows:

Year Generated	Amount	Expiration
2011	\$ 1,285,138,000	2031
2012	\$ 484,518,000	2032

The Company has foreign tax credit carry-forwards which expire as follows:

Year Generated	Amount	Expiration
2010	\$ 6,405,000	2020
2011	\$ 10,587,000	2021
2012	\$ 13,226,000	2022

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

Year Generated	Amount	Expiration
2011	\$ 190,000	2031
2012	\$ 21,733,000	2032

The Company has alternative minimum tax credit carry-forwards of \$76,238,000. 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	Liberty Mutual Insurance Company
America First Insurance Company	Liberty Mutual Personal Insurance Company
America First Lloyd's Insurance Company	Liberty Northwest Insurance Corporation
American Economy Insurance Company	Liberty Personal Insurance Company
American Fire and Casualty Company	Liberty RE (Bermuda) Limited
American States Insurance Company	Liberty Sponsored Insurance (Vermont), Inc.
American States Insurance Company of Texas	Liberty Surplus Insurance Corporation
American States Lloyds Insurance Company	LIH-RE of America Corporation

NOTES TO FINANCIAL STATEMENTS

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

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

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

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

- A. All of the outstanding shares of capital stock of the Company are held by Liberty Mutual 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.

NOTES TO FINANCIAL STATEMENTS

- C. For the year ended December 31, 2012, the Company had the following capital transactions with its parent and subsidiaries:
1. Received capital contributions of \$339,656,981 from its parent, LMGI.
 2. Received return of capital distributions of \$171,459,085
 3. Contributed capital in the amount of \$1,341,129,879
 4. Received dividends in the amount of \$1,204,777,040
- D. At December 31, 2012 the Company reported a net \$1,560,411,076 due from affiliates, consisting of net intercompany receivables, \$723,618,109, loans to Liberty International Netherlands VOF, amounting to \$226,000,000 with maturities ranging from August 23, 2015 to April 18, 2027 and \$8,600,000 of loans under revolving credit agreements (refer to Note 10F). Interest is paid annually. As of December 31, 2012 interest accrued and paid on the loans was \$1,213,109 and \$5,197,821, respectively. The loans are reported on Schedule BA, Other Long Term Invested Assets Owned. The terms of the intercompany receivables, in general, require settlement at least quarterly.
- E. The Company has entered into guarantees with the following affiliates, as described in Note 14A:

America First Insurance Company
 Liberty Corporate Capital Limited
 Liberty Information Technology Limited
 Liberty Insurance Company Limited
 Liberty Insurance Underwriters Inc.
 Liberty Life Assurance Company of Boston
 Liberty Mutual Group Inc.
 Liberty Mutual Insurance Europe
 Liberty Personal Insurance Company
 Liberty Re (Bermuda) Limited
 Liberty Surplus Insurance Company
 Safeco Insurance Company of America
 San Diego Insurance Company
 Companies in the Liberty Mutual Group with custodial accounts with JP Morgan Chase Bank

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

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

There are service agreements between the Company and the following SCA companies -

Berkeley/Columbus II LLC
 Berkeley/Columbus Real Estate LLC
 Bridgefield Casualty Insurance Company
 Bridgefield Employers Insurance Company
 Cascade Disability Management, Inc.
 Employers Insurance Company of Wausau
 Helmsman Insurance Agency LLC
 Helmsman Management Services LLC
 Insurance Company of Illinois
 Liberty Information Technology Limited
 Liberty Insurance Corporation
 Liberty Insurance Underwriters Inc.
 Liberty Life Assurance Company of Boston
 Liberty Lloyd's of Texas Insurance Company
 Liberty Mutual Agency Corporation
 Liberty Mutual Equity LLC
 Liberty Mutual Fire Insurance Company
 Liberty Mutual Group Inc.
 Liberty Mutual Managed Care LLC
 Liberty Mutual Mid-Atlantic Insurance Company
 Liberty Mutual Personal Insurance Company
 Liberty Personal Insurance Company
 Liberty Surplus Insurance Corporation
 LIU Specialty Insurance Agency Inc.
 LM General Insurance Company
 LM Insurance Corporation
 LM Property and Casualty Insurance Company
 Peerless Insurance Company
 San Diego Insurance Company
 The First Liberty Insurance Corporation
 Wausau Business Insurance Company
 Wausau General Insurance Company
 Wausau Signature Agency LLC
 Wausau Underwriters Insurance Company

NOTES TO FINANCIAL STATEMENTS

Under these agreements, the Company may provide the SCA companies with office space, supplies, equipment, telephone and wire services, the use of computers and similar machines and services of personnel employed by the Company and through a management services agreement entered into by the Company and LMGI. Services include but are not limited to the following: claims handling, credit and collections, sales policy production, underwriting and a variety of computer activities.

The Company is a party to a management services agreement with LMGI. Under the agreement, the Company may provide the SCA companies with office space, supplies, equipment, telephone and wire services, the use of computers and similar machines and services of personnel employed by the Company and through a management services agreement entered into by the Company and LMGI. Services include but are not limited to the following: claims handling, credit and collections, sales policy production, underwriting and a variety of computer activities.

Pursuant to an Employee Benefit Plans Cost-Sharing Agreement, the Company has agreed to reimburse LMGI for certain costs related to one or more employee benefit or welfare plans covering current or past employees of the Company or its affiliates which have been transferred to LMGI or which may be transferred to LMGI in the future. The amount of the reimbursement is: (a) the required contributions to the pension plans and (b) with respect to other plans, the benefits incurred on the Company's behalf.

The Company is a party to a claims service agreement with Peerless Insurance Company ("PIC"). Under the agreement, PIC provides workers compensation claims services to the Company under the policies of workers compensation insurance and claims adjusting service agreements issued by any of the companies operating as the Commercial Insurance strategic business unit. The parties agreed to a specific fee schedule applicable to such claims services.

The Company is a party to a claims service agreement with PIC. Under the agreement, the Company provides workers compensation claims services to PIC under the policies of workers compensation insurance issued by any of the companies of Liberty Mutual Agency Corporation. The parties agreed to a specific fee schedule applicable to such claims services.

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

The Company is a party to an investment management agreement with LMGAM. Under the agreement, LMGAM provides services to the Company.

The Company is a party to investment management agreements with Employers Insurance Company of Wausau ("EICOW") with respect to its Canadian Branch, LMIA and Safeco Insurance Foundation ("SIF"). Under these agreements, the Company provides services to EICOW, LMIA and SIF.

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:

<u>Company</u>	<u>Credit Line</u>
American States Insurance Company	\$50,000,000
Bridgefield Employers Insurance Company	\$50,000,000
Colorado Casualty Insurance Company	\$50,000,000
Employers Insurance Company of Wausau	\$150,000,000
General Insurance Company of America	\$50,000,000
Golden Eagle Insurance Corporation	\$50,000,000
Indiana Insurance Company	\$50,000,000
Liberty Compania De Seguros Generales S.A.	\$50,000,000
Liberty Corporate Capital Limited	\$100,000,000
Liberty Insurance Corporation	\$100,000,000
Liberty Insurance Underwriters Inc.	\$50,000,000
Liberty International Holdings, Inc.	\$20,000,000
Liberty Life Assurance Company of Boston	\$150,000,000
Liberty Mutual Fire Insurance Company	\$150,000,000
Liberty Mutual Group Inc.	\$1,150,000,000
Liberty Mutual Mid-Atlantic Insurance Company	\$50,000,000
Liberty Northwest Insurance Corporation	\$50,000,000
Peerless Indemnity Insurance Company	\$100,000,000
Peerless Insurance Company	\$150,000,000
Safeco Insurance Company of America	\$100,000,000
The Netherlands Insurance Company	\$50,000,000
The Ohio Casualty Insurance Company	\$130,000,000

There was \$8,600,000 of outstanding loans as of December 31, 2012.

NOTES TO FINANCIAL STATEMENTS

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

<u>Company</u>	<u>Credit Line</u>
American Economy Insurance Company	\$100,000,000
American States Insurance Company	\$100,000,000
Employers Insurance Company of Wausau	\$150,000,000
General Insurance Company of America	\$50,000,000
Golden Eagle Insurance Corporation	\$50,000,000
Indiana Insurance Company	\$50,000,000
Liberty Insurance Corporation	\$100,000,000
Liberty Mutual Fire Insurance Company ¹	\$450,000,000
Liberty Mutual Group Inc.	\$1,000,000,000
Peerless Insurance Company	\$150,000,000
Safeco Insurance Company of America	\$100,000,000
The Ohio Casualty Insurance Company	\$140,000,000

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

¹ Reference Note 11C for detail on 2012 short term borrowings.

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.

On June 30, 2010, the Company entered into an aggregate stop-loss reinsurance agreement with an affiliate, Peerless Insurance Company ("PIC"). Pursuant to the agreement, the Company will indemnify PIC, on an incurred basis, against adverse development in PIC's legacy run-off liability exposures, which includes any failure to fully realize reinsurance recoverables, whether due to coverage disputes or inability to pay. The agreement provides that, if at any time commencing July 1, 2010, PIC's total legacy run-off liability exposures develop adversely from the amounts established as of June 30, 2010, the Company will pay to PIC an amount equal to such adverse development, up to an aggregate amount of \$500,000,000.

The agreement will terminate upon the earlier of the time that there are no liabilities for PIC's legacy run-off exposures remaining or the second anniversary of the date that the aggregate net payments made by the Company under the agreement equal \$500,000,000 if the parties agree that no reinsurance refunds are likely to become due. The agreement may only be amended or assigned with the written consent of both parties.

- 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 owns 100% of LIH, Inc., a downstream holding company. LIH, Inc. is carried at audited U.S Generally Accepted Accounting Principles ("GAAP") equity, adjusted for statutory basis of accounting in accordance with SSAP No. 97.

At December 31, 2012, the Company's ownership interest in LIH, Inc.'s assets, liabilities and results of operations are as follows:

	Assets	Liabilities	Results of Operations
Total LIH, Inc	\$ 3,789,566,327	\$ -	\$ 708,575,424
Total LMIC unamortized admitted goodwill	\$ 214,465,388	\$ -	\$ -

The Company did not change the valuation method of its subsidiaries, controlled and affiliated entities.

- 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 use CARVM in calculating its investment in its foreign subsidiaries.
- L. The Company utilizes the look-through approach for the valuation of the following downstream non-insurance holding companies:

Carrying Value:

Berkeley Management Corporation	\$16,250,110
LM Captive Holdings LLC	32,037,419
Summit Holding Southeast	111,947,801
Berkeley/Columbus III, LLC	284,280,051
Liberty Mutual Equity LLC	\$ 1,865

NOTES TO FINANCIAL STATEMENTS

The Company has limited the value of its investment in downstream non-insurance holding companies to the value contained in the audited financial statements of the entities owned by these companies, including adjustments required by SSAP No. 97 of SCA entities. All liabilities, commitments, contingencies, guarantees or obligations of the downstream non-insurance holding company, which are required to be recorded as liabilities, commitments, contingencies, guarantees or obligations under applicable accounting guidance, are reflected in the Company's determination of the carrying value of the investment in the downstream non-insurance holding company.

Note 11 - Debt

A. Debt (Including Capital Notes)

The Company maintains a \$1,000,000,000 committed repurchase agreement for general corporate purposes (See Note 5E). There were no outstanding borrowings as of December 31, 2012.

B. The Company is a member of the Federal Home Loan Bank of Boston. On March 23, 2012, the Company borrowed \$127,000,000 under the agreement with a maturity date of March 23, 2032. On April 2, 2012, the Company borrowed \$23,000,000 under the agreement with a maturity date of April 2, 2032. The borrowings are fully collateralized. Interest on the March 23, 2012 borrowing accrues at an annual rate of 4.24%. Interest on the April 2, 2012 borrowing accrues at an annual rate of 4.25%. For December year-to-date, the Company has paid and incurred interest expense of \$4,444,130 and \$4,991,995 respectively.

C. The Company maintains a \$450,000,000 revolving line of credit with Liberty Mutual Fire Insurance Company (see Note 10F). On April 11, 2012 the Company borrowed \$150,000,000 under the agreement with a maturity date of October 11, 2012. Interest on this borrowed money was accrued at an annual interest rate of 1.87%. For December year-to-date 2012, the Company has paid and incurred interest expense of \$850,000. The loan was repaid on September 6, 2012. There were no outstanding borrowings as of December 31, 2012.

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

A. Eligible employees may participate in the Liberty Mutual Retirement Benefit Plan for U.S. Employees, the Supplemental Income at Retirement Plan (SIRP) which has both a defined benefit component and defined contribution component, the Employees' Thrift Incentive Plan (defined contribution savings) and the U.S. postretirement health and life insurance benefit plans sponsored by the Holding Company, Liberty Mutual Group Inc. (LMGI). Accordingly, the plan assets and obligations are not included in the Company's summary of assets and obligations below.

The Company continues to sponsor non-contributory defined benefit and contributory defined contribution pension plans covering substantially all Canadian employees and certain U.S. employees. Also, the Company continues to provide certain health care and life insurance postretirement benefits for Canadian and certain U.S. employees. The pension and postretirement benefits and eligibility are based on age, years of service and the employee's compensation as more fully defined in the plan documents. As of December 31, the Company accrued pension cost in accordance with actuarially determined amounts, with an offset to the incremental asset amortization.

A summary of assets, obligations, and assumptions of the Company sponsored Pension Plans and Postretirement Benefit Plans are as follows as of December 31, 2012 and December 31, 2011.

	<u>Pension Benefits</u>		<u>Other Postretirement Benefits</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
(1) Change in benefit obligation				
a. Benefit obligation at beginning of year	\$135,761,711	\$128,195,582	\$30,173,780	\$20,131,956
b. Service cost	2,031,636	2,139,150	1,341,147	1,936,694
c. Interest cost	7,595,202	7,655,541	1,882,726	1,640,091
d. Contribution by plan participants	-	-	-	-
e. Actuarial gain (loss)	14,737,955	6,449,625	12,094,307	6,801,552
f. Foreign currency exchange rate changes	1,707,878	(1,809,058)	78,813	(87,509)
g. Benefits paid	(6,151,489)	(6,530,744)	(655,018)	(249,004)
h. Plan amendments	-	(338,385)	-	-
i. Business combinations, divestitures, curtailments, settlements and special termination benefits	104,174	-	-	-
j. Benefit obligation at end of year	<u>\$155,787,067</u>	<u>\$135,761,711</u>	<u>\$44,915,755</u>	<u>\$30,173,780</u>
(2) Change in plan assets				
a. Fair value of plan assets at beginning of year	\$58,572,122	\$61,368,513	-	-
b. Actual return on plan assets	4,274,829	(260,810)	-	-
c. Foreign currency exchange rate changes	1,424,491	(1,410,227)	-	-
d. Employer contributions	2,354,210	1,593,034	-	-
e. Plan participants' contributions	-	-	-	-
f. Benefits paid	(2,498,400)	(2,718,388)	-	-
g. Business combinations, divestitures and settlements	-	-	-	-
h. Fair value of plan assets at end of year	<u>\$64,127,252</u>	<u>\$58,572,122</u>	<u>-</u>	<u>-</u>

NOTES TO FINANCIAL STATEMENTS

(3) Funded status				
a. Unamortized prior service cost	\$998,998	\$1,091,234	-	-
b. Unrecognized net gain	40,077,381	27,320,712	29,229,525	17,788,002
c. Remaining net obligation or net asset at initial date of application	1,534,849	1,525,967	111,636	222,938
d. Prepaid assets or accrued liabilities	(49,048,587)	(47,251,676)	(15,574,594)	(12,163,380)
e. Intangible asset	4,824,986	196,700	-	-
(4) Accumulated benefit obligation for vested employees and partially vested employees to the extent vested	\$143,650,386	\$123,231,236	\$44,915,755	\$30,173,780
(5) Benefit obligation for non-vested employees				
a. Projected pension obligation	-	-	-	-
b. Accumulated benefit obligation	-	-	\$24,078,013	\$13,876,279
(6) Components of net periodic benefit cost				
a. Service cost	\$2,031,636	\$2,139,150	\$1,341,147	\$1,936,694
b. Interest cost	7,595,202	7,655,541	1,882,726	1,640,091
c. Expected return on plan assets	(3,327,186)	(4,478,760)	-	-
d. Amortization of unrecognized transition obligation or transition asset	(4,779)	(17,635)	113,100	119,469
e. Amount of recognized gains	1,721,165	1,350,028	667,718	627,331
f. Amount of prior service cost recognized	109,634	217,479	-	-
g. Amount of gain or loss recognized due to a settlement or curtailment	-	-	-	315,511
h. Total net periodic benefit cost	<u>\$8,125,672</u>	<u>\$6,865,803</u>	<u>\$4,004,691</u>	<u>\$4,639,096</u>

(7) \$5,098,516 arising from a change in the additional minimum pension liability recognized is included in unassigned funds.

(8) Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31	<u>2012</u>	<u>2011</u>
a. Weighted-average discount rate	5.78%	6.05%
b. Expected long-term rate of return on plan assets	5.25%	6.75%
c. Rate of compensation increase	3.95%	4.07%

Weighted-average assumptions used to determine projected benefit obligations as of Dec. 31:

d. Weighted-average discount rate	4.68%	5.78%
e. Rate of compensation increase	3.95%	3.95%

(9) The measurement date used to determine the pension and other postretirement measurements is December 31.

(10) For postretirement benefits other than pension, the weighted average healthcare cost trend rate assumed for 2013 is 9.00% graded to 4.50% for 2032.

(11) For postretirement benefits other than pension, assumed healthcare cost rates have a significant effect on the amounts reported for the health care plans. A one-percentage point change in the assumed healthcare cost trends rate would have the following effects:

	1 Percentage Point Increase	1 Percentage Point Decrease
a. Effect on total of service and interest cost components	\$301,896	\$(258,610)
b. Effect on postretirement benefit obligation	\$38,967	\$(29,728)

(12) The Canada Pension Plan weighted-average asset allocation and target allocation for each major category of plan assets is as follows:

	<u>2012</u>	<u>2011</u>	<u>Target Allocation</u>
a. Debt Securities	56%	57%	55% - 80%
b. Equity Securities	39%	36%	20% - 45%
c. Real Estate	0%	0%	N/A
d. Other	5%	7%	0% - 10%
e. Total	<u>100%</u>	<u>100%</u>	

The Company recognizes that, based on historical data, the asset classes most likely to produce the greatest return in excess of inflation over time are also likely to exhibit the most volatility. Conversely, the asset classes likely to be the least volatile are likely to produce the lowest return over time. Therefore, the investment philosophies and strategies must take into account both return and risk objectives.

Based on the following considerations, the Company can tolerate a moderate amount of risk while striving to maximize investment returns:

- i. The Company is responsible for financing any unfunded liabilities emerging because of poor investment returns. Therefore, the Company has a direct exposure to risk. While it is important to avoid excessive volatility in investment returns, the Company can tolerate some volatility risk;

NOTES TO FINANCIAL STATEMENTS

- ii. The Company contributes to the Plan in compliance with regulatory requirements and at a level sufficient to finance the defined benefits. The Company will establish these contributions based on the advice of an actuary. However, periodic increases in pension contributions, to finance unfunded liabilities emerging from poorer than expected investment performance, should not significantly affect the Company's overall cash flow. Therefore, the Company can tolerate some volatility of investment returns; and,
- iii. The Plan is managed on a going concern basis, including management of the assets. In the foreseeable future, it is unlikely that there will be any special liquidity demands on the Plan. Thus, shorter-term fluctuations in security values will not have a significant adverse impact on the financial stability of the Plan. Therefore, the Company can tolerate some volatility of investment returns.

Taking into consideration the investment risk and philosophy of the Plan, the following asset mix has been established.

The expected long-term rate of return is estimated based on many factors including the expected forecast for inflation, risk premiums for each asset class, expected asset allocation, current and future financial market conditions, and diversification and rebalancing strategies.

(13) The following benefit payments, which reflect expected future service, as appropriate are expected to be paid:

Year(s)	Amount
a. 2013	\$7,747,997
b. 2014	8,152,192
c. 2015	8,572,906
d. 2016	8,973,071
e. 2017	9,351,588
f. Thereafter Total	\$54,317,606

(14) The Company does not have any regulatory contribution requirements for 2013, however, the Company currently intends to make voluntary contributions to the defined benefit pension plan of \$1,707,327 in 2013.

B. Defined Contribution Plans

The Company continues to sponsor various defined contribution savings plans for Canadian and certain U.S. employees. The Company's expense charged to operations amounted to approximately \$467,938 and \$459,352 in 2012 and 2011 respectively. The Company's contribution to the defined contribution plans is based on the employee contribution amounts and company performance.

C. Multi-employer Plans

Not applicable

D. Consolidated/Holding Company Plans

LMGI allocates costs to the Company pursuant to the Employee Benefit Plans Cost-Sharing Agreement disclosed in note 10. The Company has no legal obligation for benefits under these plans subsequent to September 24, 2003 except for the minimum required contributions described in note 14. Accordingly, these plans' assets and obligations are not disclosed in this note. The Liberty Mutual Retirement Benefit Plan and Liberty Mutual SIRP defined-benefit pension costs are allocated to the Company based on the contributions to the plans. The Liberty Mutual postretirement health and life plans, Liberty Mutual Employees' Thrift-Incentive plan and Liberty Mutual SIRP defined-contribution pension costs are allocated to the Company based on Statutory incurred amounts.

The cost-sharing agreement includes an amount for former employees who were transferred to the Peerless Insurance Company (PIC) Pool effective January 1, 2011. These employees participate in the Liberty Mutual Agency Corporation (LMAC) pension plans that were established effective January 1, 2011. With respect to any transferred employee, the Company retains the cost of its benefit plans for years of credited service prior to January 1, 2011. The Company does not allocate defined benefit plan costs to the PIC Pool.

The LMAC pension plans merged into the Liberty Mutual pension plans effective December 31, 2012. As a result of the merger, benefits previously accrued under both plans were combined and effective January 1, 2013, future benefits will now accrue under the Liberty Mutual pension plans.

LMGI allocated \$622,931,358 and \$294,488,983 of defined benefit pension expense to the Company in 2012 and 2011, respectively. LMGI allocated \$113,305,885 and \$130,989,629 of defined contribution pension expense to the Company in 2012 and 2011, respectively. LMGI allocated \$39,096,737 and \$41,455,075 of postretirement expense to the Company in 2012 and 2011, respectively.

Additionally, the Company allocates a portion of the defined contribution pension and postretirement costs to the PIC Pool through a master service agreement.

The Company allocates a portion of the remaining benefit plan costs and liabilities to affiliated entities per the Liberty Mutual Inter-Company Reinsurance Agreement, as described in note 26.

NOTES TO FINANCIAL STATEMENTS

E. Postemployment Benefits and Compensated Absences

The Company has no obligations to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacation. The liability for earned but untaken vacation has been accrued.

F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)

Not Applicable.

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

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

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

- On December 31, 2008, the Company issued 7,468 preferred shares, at an issuance price of \$647,660,000, to its parent, LMGI. Dividends, based on the issuance price, are cumulative and payable on a quarterly basis.
- There are no dividend restrictions.
- The Company paid ordinary dividends to its parent in 2012 of:

	Ordinary	Total Dividends
March	\$ 16,191,500	\$ 16,191,500
June	16,191,500	16,191,500
September	16,191,500	16,191,500
December	16,191,500	16,191,500
Total	\$ 64,766,000	\$ 64,766,000

- The maximum amount of dividends which can be paid by Massachusetts-domiciled insurance companies to shareholders without the prior approval of the Insurance Commissioner is the greater of (a) 10% of surplus or (b) net income, subject to the availability of accumulated undistributed earnings. The maximum dividend payout which may be made without prior approval in 2013 is \$1,451,046,666.
- As of December 31, 2012, the Company has pre-tax restricted surplus of \$604,621,497 resulting from retroactive reinsurance contracts.
- The Company had no advances to surplus.
- The Company does not hold stock for special purposes.
- The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2012.
- The portion of unassigned funds (surplus) represented by cumulative net unrealized losses is \$(3,090,672,463) after applicable deferred taxes of \$29,813,663.

11. Surplus Notes

(1) Date Issued	(2) Interest Rate	(3) Amount of Note(s)	(4) Carrying Value	(5) Interest Paid Current Year	(6) Total Interest Paid	(7) Unapprove d Interest	(8) Date of Maturity
May 18, 1995	8.500%	140,000,000	139,881,502	11,900,000	220,430,972	-	5/15/2025
Oct 21, 1996	7.875%	227,085,000	226,909,962	17,882,944	309,286,857	-	10/15/2026
Oct 15, 1997	7.697%	260,233,000	256,501,160	27,610,151	555,118,795	-	10/15/2097
Total		\$627,318,000	\$623,292,623	\$57,393,095	\$1,084,836,624	\$ -	

The 8.50% surplus debenture listed above was issued pursuant to Rule 144A under the Securities Act of 1993, underwritten by Merrill Lynch & Co., Goldman Sachs & Co. and Salomon Brothers Inc. and is administered by The Bank of New York Mellon as registrar/paying agent. The original amount outstanding was \$150,000,000. In 2009, pursuant to approval from the Massachusetts Division of Insurance, the Company repurchased \$10,000,000 of the outstanding notes. The surplus debenture has the following repayment conditions and restrictions: All interest and maturity payments must be approved by the Massachusetts Division of Insurance.

The 7.875% surplus debenture listed above was issued pursuant to Rule 144A under the Securities Act of 1993, underwritten by CS First Boston, Morgan Stanley & Co. and Salomon Brothers Inc. and is administered by The Bank of New York Mellon as registrar/paying agent. The original amount outstanding was \$250,000,000. In 2009, pursuant to approval from the Massachusetts Division of Insurance, the Company repurchased \$22,915,000 of the outstanding notes. The surplus debenture has the following repayment conditions and restrictions: All interest and maturity payments must be approved by the Massachusetts Division of Insurance.

NOTES TO FINANCIAL STATEMENTS

The 7.697% surplus debenture listed above was issued pursuant to Rule 144A under the Securities Act of 1993, underwritten by CS First Boston, Goldman Sachs & Co. and Merrill Lynch & Co. and is administered by The Bank of New York Mellon as registrar/paying agent. The original amount outstanding was \$500,000,000. In 2009 and 2012, pursuant to approval from the Massachusetts Division of Insurance, the Company repurchased \$64,917,000 and \$174,850,000, respectively, of the outstanding notes. The surplus debenture has the following repayment conditions and restrictions: All interest and maturity payments must be approved by the Massachusetts Division of Insurance.

12. Quasi-reorganization (dollar impact)

Not applicable

13. Quasi-reorganization (effective date)

Not applicable

Note 14 - Contingencies

A. Contingent Commitments

1. The Company has made no commitments or contingent commitments on behalf of affiliates.
2. The Company has made guarantees on behalf of its affiliates as follows:

1	2	3	4	5
Nature and circumstances of guarantee and key attributes, including date and duration of the agreement	Liability recognition of the guarantee	Ultimate financial statement impact if action under the guarantee is required	Maximum potential amount of future payments (undiscounted)	Current status of payment or performance risk of the guarantee
The Company guarantees, jointly and severally with Liberty Mutual Fire Insurance Company, \$25,000,000 of the medium term notes payable that are obligations of its parent, LMGI. The notes were issued on June 1, 1993 and mature on May 31, 2013.	No liability at inception of the guarantee	Dividend to Stockholder	\$ 25,000,000	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees the performance of Parent, LMGI, under a \$750,000,000 commercial paper program. The guarantee is effective from October 17, 2011 - October 17, 2016. The amount outstanding as of December 31, 2012 was \$0.	No liability at inception of the guarantee	Dividend to Stockholder	\$ -	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company is contingently liable for the performance of Liberty Corporate Capital Limited's obligations under standby letters of credit in the aggregate amount of \$203,087,500 that have been collateralized. The guarantee is effective from November 22, 2012 - November 22, 2013. As of December 31, 2012, there have been no drawings under the standby letters of credit.	Wholly-owned subsidiary	Increase in investment in SCA	\$ 203,087,500	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees to cover any overdraft of funds, not exceeding \$500,000,000, in the custodial accounts of any Liberty Mutual Group company with JPMorgan Chase Bank. This guarantee was executed on February 19, 2003 and shall continue until terminated.	No liability at inception of the guarantee	Increase in investment in SCA/ Dividend to Stockholder	\$ -	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees that, if America First Insurance Company should suffer any reduction to its capital or surplus as a direct result of a default of an obligor under any "qualifying Louisiana investment" as defined in Louisiana Revised Statutes 22.1068, the Company shall pay America First Insurance Company a sufficient amount to reimburse it for such reduction, not exceeding \$5,000,000. As of December 31, 2012, \$9,377,843 in "qualifying Louisiana investment" was held. This guarantee shall remain effective until the Company no longer holds "qualifying Louisiana investments".	Wholly-owned subsidiary	Increase in investment in SCA	\$ 5,000,000	Guaranteed affiliate is in compliance with the terms of guaranteed contract.

NOTES TO FINANCIAL STATEMENTS

The Company guarantees that, if Liberty Personal Insurance Company should suffer any reduction to its capital or surplus as a direct result of a default of an obligor under any "qualifying Louisiana investment" as defined in Louisiana Revised Statutes 22.1068, the Company shall pay Liberty Personal Insurance Company a sufficient amount to reimburse it for such reduction, not exceeding \$7,000,000. As of December 31, 2012, \$6,598,011 in "qualifying Louisiana investment" was held. This guarantee shall remain effective until the Company no longer holds "qualifying Louisiana investments".	Wholly-owned subsidiary	Increase in investment in SCA	\$ 6,598,011	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees the future non-cancellable lease obligations of Liberty Information Technology Ltd. in the amount of \$5,164,876. This guarantee was executed on March 13, 2007 and expires on July 12, 2022.	No liability at inception of the guarantee	Dividend to Stockholder	\$ 5,164,876	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees the future non-cancellable lease obligations of Liberty Insurance Underwriters Inc. in the amount of \$2,545,278. This guarantee was executed on October 1, 2002 and expires on September 30, 2013.	Wholly-owned subsidiary	Increase in investment in SCA	\$ 2,545,278	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees obligations of Liberty Life Assurance Company of Boston on policies and contracts issued and is obligated to provide additional capital to that company necessary at any time to raise its Best's Capital Adequacy Ratio to at least 150%. This guarantee was executed in February of 1998 and shall continue until terminated.	Guarantee is considered unlimited	Increase in investment in SCA	\$ -	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees obligations of Liberty Mutual Insurance Europe ("LMIE") Limited on policies and contracts issued until such time as LMIE can achieve a Standard & Poor's rating as specified in the guarantee. This guarantee was executed April 13, 2006 and shall continue until terminated.	Wholly-owned subsidiary; Guarantee is considered unlimited	Increase in investment in SCA	\$ -	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees obligations of Liberty Re (Bermuda) Limited under certain reinsurance policies issued. The guarantee was executed on December 23, 1999 and shall continue until there are no longer outstanding obligations under reinsurance policies.	Wholly-owned subsidiary	Increase in investment in SCA	\$ 253,166,012	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees obligations of San Diego Insurance Company ("SDIC") under a reinsurance agreement with Golden Eagle Insurance Company (in liquidation) and the California Insurance Commissioner, providing reinsurance of \$190,000,000 in excess of SDIC's existing obligations under an August 21, 1997 agreement, and further guarantees obligations of SDIC under an Aggregate Excess of Loss Reinsurance Agreement dated as of November 30, 2006. These agreements shall continue until there are no longer outstanding liabilities under the reinsurance agreements.	Wholly-owned subsidiary	Increase in investment in SCA	\$ 62,462,977	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees the performance of Safeco Insurance Company of America under a Master Lease Agreement with RBS Asset Finance, Inc. The amount of this obligation as of December 31, 2012 was \$6,440,003. The effective date of this guarantee is December 30, 2008 and shall continue for the duration of the Master Lease Agreements through December 31, 2013.	Wholly-owned subsidiary	Increase in investment in SCA	\$ 6,440,003	Guaranteed affiliate is in compliance with the terms of guaranteed contract.

NOTES TO FINANCIAL STATEMENTS

The Company unconditionally guarantees that in order for Liberty Surplus Insurance Company (LSI) to operate as an insurance company in the state of Maine, LSI will maintain capital and surplus levels each in the amount of \$500,000. This guarantee was executed on October 14, 1998 and shall continue until terminated.	Wholly-owned subsidiary	Increase in investment in SCA	\$ 1,000,000	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees obligations of Liberty Insurance Company Limited for tax liabilities and other indebtedness prior to and arising from the conversion to a limited liability subsidiary. The amount of these obligations as of December 31, 2012 was \$58,901.	Wholly-owned subsidiary	Increase in investment in SCA	\$ 58,901	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
Total:			\$ 570,523,558	

3. Aggregate compilation of guarantee obligations:

a. Maximum potential of future payments of all guarantees (undiscounted) the guarantor could be required to make under guarantees.	\$ 570,523,558
b. Current Liability Recognized in F/S:	
1. Noncontingent Liabilities	\$ -
2. Contingent Liabilities	\$ -
c. Ultimate Financial Statement Impact if action under the guarantee is required.	
1. Investments in SCA	\$ 540,358,682
2. Joint Venture	\$ -
3. Dividends to Stockholders (capital contribution)	\$ 30,164,876
4. Expense	\$ -
5. Other	\$ -

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 \$114,626,810 that is offset by future premium tax credits of \$10,646,909. Current assessments are expected to be paid out in the next two years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2013. During 2012 there were no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.

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

a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$ 13,795,303
b. Decreases current year:	
Premium tax offset applied	3,250,783
c. Increases current year:	
Premium tax offset increase	102,389
d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	<u>\$ 10,646,909</u>

C. Gain Contingencies

Not applicable

D. Claims related extra contractual obligations 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	\$4,987,867

NOTES TO FINANCIAL STATEMENTS

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

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

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

(f) Per Claim [X]

(g) Per Claimant []

E. Product Warranties

The Company does not write product warranty business.

F. All Other Contingencies

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

The Company has been in coverage litigation with Kentile Floors, Inc., a former manufacturer of floor tile products, some of which contained asbestos since 2008. In November 1992, Kentile filed a voluntary petition for bankruptcy relief under Chapter 11 (Reorganization) of the Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York, and Metex Manufacturing Corporation ("Metex") emerged from the Chapter 11 Bankruptcy proceeding as the "Reorganized Debtor." On November 9, 2012, Metex filed for bankruptcy protection under Chapter 11 in the U.S. Bankruptcy Court for the Southern District of New York, staying all coverage litigation with Liberty Mutual Insurance Company as well as all other insurance carriers.

Prior to the most recent bankruptcy filing Metex reached agreement with each of Kentile's insurance carriers. The bankruptcy court will need to approve the Settlement Agreements before they can become effective. Management believes that the ultimate liability, if any, to Metex will not be resolved for at least one year, and possibly longer. In the opinion of management, the outcome of these pending matters is difficult to predict and an adverse outcome could have a material adverse effect on the Company's business, financial condition, and results of operations.

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

Note 15 - Leases

A. Lessee Leasing Arrangements

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

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

Year Ending December 31,	<u>Operating Leases</u>
2013	\$ 82,925,051
2014	79,085,367
2015	50,742,834
2016	47,568,716
2017	25,886,861
2018 & thereafter	225,307,124
Total	<u>\$ 511,515,953</u>

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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.

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

C. Wash Sales

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

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

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20 - Fair Value Measurements

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

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

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

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

- Level 1 — Valuations based on unadjusted observable quoted market prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 — Valuations based on directly or indirectly observable inputs (other than Level 1 prices) at the measurement date, such as quoted prices in active markets or prices in markets that are not active for similar assets or liabilities or other inputs that are observable.
- Level 3 — Valuations based on inputs that are unobservable and reflect the Company's own assumptions about the assumptions that market participants might use.

NOTES TO FINANCIAL STATEMENTS

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

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	\$ -	\$99,419,993	\$197,127	\$99,617,120
Residential Mortgage-Backed Securities	-	46,571,692	71,935	\$46,643,627
Total Bonds	\$ -	\$145,991,685	\$269,062	\$146,260,747
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	\$ -	\$227,470,532	\$14,976,000	\$242,446,532
Total Preferred Stocks	\$ -	\$227,470,532	\$14,976,000	\$242,446,532
Common Stocks				
Industrial and Miscellaneous	\$231,635,524	\$ -	\$16,299,900	\$247,935,424
Total Common Stocks	\$231,635,524	\$ -	\$16,299,900	\$247,935,424
Total assets at fair value	\$231,635,524	\$373,462,217	\$31,544,962	\$636,642,703
Liabilities at fair value				
Derivative Liabilities	-	\$8,112,290	-	\$8,112,290
Total liabilities at fair value	\$ -	\$8,112,290	\$ -	\$8,112,290

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

2. Rollforward of Level 3 Items

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

1	2	3	4	5	6	7	8	9	10	11
	Balance at 12/31/2011	Transfe rs into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31/2012
Bonds	\$3,317,694	\$ -	(\$3,000,009)	-	(\$98)	\$72,033	\$ -	(\$120,558)	\$ -	\$269,062
Preferred Stock	13,975,251	-	(475,000)	-	-	1,475,750	-	(1)	-	\$14,976,000
Common Stock	10,584,900	-	-	-	-	5,715,000	-	-	-	\$16,299,900
Total	\$27,877,845	\$ -	(\$3,475,009)	\$ -	(\$98)	\$7,262,783	\$ -	(\$120,559)	\$ -	\$31,544,962

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.

NOTES TO FINANCIAL STATEMENTS

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

Type of Financial Instrument	Aggregate Fair Value	Liabilities	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Derivative Liabilities	\$8,112,290	\$8,112,290	\$ -	\$8,112,290	\$ -	\$ -
Total	\$8,112,290	\$8,112,290	\$ -	\$8,112,290	\$ -	\$ -

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	\$903,711,694	\$903,711,694	\$903,711,694	\$ -	\$ -	\$ -
Bonds	13,387,258,470	12,582,123,690	345,959,359	13,005,409,926	35,889,185	-
Preferred Stock	253,700,290	252,501,032	-	238,724,281	14,976,009	-
Common Stock	247,935,424	247,935,425	231,635,524	-	16,299,900	-
Securities Lending	-	-	-	-	-	-
Mortgage Loans	567,450,645	503,979,373	-	-	567,450,645	-
Surplus Notes	52,628,193	46,236,070	-	52,628,193	-	-
Total	\$15,412,684,716	\$14,536,487,284	\$1,481,306,577	\$13,296,762,400	\$634,615,739	-

D. Reasons Not Practical to Estimate Fair Value

Not applicable

Note 21 - Other Items

A. Extraordinary Items

The Company has no extraordinary items to report.

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

1) Florida Special Disability Trust Fund

- a) The amount of credit taken by the Company in determination of its loss reserves was \$0 in 2012 and 2011.
- b) The Company received payments from the Special Disability Trust Fund of \$1,907,204 in 2012 and \$2,621,656 in 2011.
- c) The amount the Company was assessed by the Special Disability Trust Fund was \$ 107,320 in 2012 and \$103,924 in 2011.

- 2) Assets in the amount of \$2,150,776,468 and \$2,101,378,082 as of December 31, 2012 and 2011, respectively, were on deposit with government authorities or trustees as required by law. Assets valued at \$270,489,631 and \$474,128,393 at December 31, 2012 and 2011, respectively, were maintained as compensating balances of pledged as collateral for bank loans and other financing arrangements.

3) Interrogatory 6.1

In 2012, as the lead company in the inter-company pool, the Company purchased Workers' Compensation Catastrophe excess of loss reinsurance with limits of \$400m part of \$500m xs \$700m, for multiple insureds at multiple locations, or \$400m part of \$500m xs \$200m (excluding CA EQ) for a single insured at a single location. The Workers Compensation Catastrophe excess of loss program covers Liberty Mutual Insurance Company's direct and assumed from affiliates workers' compensation business.

Interrogatory 6.2

The Company employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property exposures, we utilize RMS's RiskLink v11.0 and AIR's Clasic/2 v13 software. For workers' compensation, Liberty Mutual utilizes RiskLink v11.0 from RMS.

Interrogatory 6.3

In 2012, as the lead company in the inter-company pool, the Company purchased traditional Prop Cat excess of loss reinsurance, with limits of \$300M xs \$1,200M (Northeast only), \$540m part of \$800m xs \$1,300m, and \$325m part of \$500m xs \$2,100m (excluding CA), all covering its direct and assumed from affiliates property business. The traditional Prop Cat excess of loss reinsurance is supplemented by two multi-year property catastrophe reinsurance agreements with Mystic Re III Ltd., which provide a total of \$275 million of reinsurance coverage. The Mystic Re III Ltd. reinsurance agreements provide coverage based on actual reported losses by the company and its affiliates. Additionally, the Company has purchased \$520M part of \$650M of coverage based upon various combinations of terms and conditions. The Company also has a 30% QS treaty in place, covering its direct and assumed from affiliates HO business, for the Liberty Mutual Group's direct distribution channel US HO portfolio. This 30% HO QS treaty covers catastrophe losses up to \$1.75B for Wind and \$400M for EQ.

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

NOTES TO FINANCIAL STATEMENTS

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable and Non-transferable Tax Credit

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

<u>Description of State Transferable and Non-transferable Tax Credits</u>	<u>State</u>	<u>Carrying Value</u>	<u>Unused Amount</u>
Insurance Reinvestment Fund Credit	CT	339,120	339,120
Film Credit	CT	396,000	396,000
Total		735,120	735,120

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

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

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

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

(4) State Tax Credits Admitted and Nonadmitted

	<u>Total Admitted</u>	<u>Total Nonadmitted</u>
Transferable	-	-
Non-transferable	735,120	-

G. Subprime-Mortgage-Related Risk Exposure

- 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.
- The Company does not have any direct exposure through investments in subprime mortgage loans.
- The Company has direct exposure through their investment in residential mortgage-backed securities.

<u>Actual Cost</u>	<u>Book Adjusted Carrying Value</u>	<u>Fair Value</u>	<u>Other-Than-Temporary Impairments Recognized</u>
\$13,603,145	\$14,613,527	\$17,271,321	\$1,518,373

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

Note 22 - Events Subsequent

- A. The Company evaluated subsequent events through February 20, 2013, the date the annual statement was available to be issued.

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

NOTES TO FINANCIAL STATEMENTS

Note 23 - Reinsurance

A. Unsecured Reinsurance Recoverable

Excluding amounts arising pursuant to the Intercompany Reinsurance Agreements, the following are the unsecured reinsurance recoverables or ceded unearned premium of an individual reinsurer which exceed 3% of policyholder's surplus.

Reinsurer	NAIC No.	Federal ID No.	Recoverable Amount
National Workers Compensation Reinsurance Pool		AA-9992118	\$1,160,568,000
Swiss Re Group:			
North American Elite Insurance Company	29700	13-3440360	
North American Specialty Insurance Company	29874	02-0311919	
Swiss Reinsurance America Corporation	25364	13-1675535	
Swiss Reinsurance Australia Ltd.		AA-1934100	
Swiss Reinsurance Company		AA-1460146	
Swiss Reinsurance Europe SA		AA-1370021	
Swiss Reinsurance Life and Health America Inc.	82627	06-0839705	
Westport Insurance Corporation	39845	48-0921045	
Total Swiss Re Group			956,559,000
Total			\$2,117,127,000

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

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

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$5,612,978,229	\$314,949,565	\$1,843,899,121	\$ 99,875,385	\$3,769,079,108	\$ 215,074,180
b. All Other	143,886,953	33,087,361	1,056,500,059	252,774,099	(912,613,106)	(219,686,738)
c. TOTAL	\$5,756,865,182	\$348,036,926	\$2,900,399,180	\$352,649,484	\$2,856,466,002	\$ (4,612,558)
d. Direct Unearned Premium Reserve	\$1,348,675,670					

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

	Direct	Assumed	Ceded	Net
a. Contingent Commission	\$2,418,073	\$25,501,138	\$(2,958,665)	\$ 30,877,876
b. Sliding Scale Adjustments	-	-	-	-
c. Other Profit Commission Arrangements	-	-	83,025,000	(83,025,000)
d. TOTAL	\$2,418,073	\$25,501,138	\$ 80,066,335	\$(52,147,124)

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

D. Uncollectible Reinsurance

During the current year, the Company wrote off reinsurance balances of \$3,054,324. This amount is shown below by Income Statement classification and by reinsurer.

a. Losses incurred	\$2,879,422
b. Loss adjustment expenses incurred	175,086
c. Premiums earned	
d. Other	\$ (184)
e. <u>Company</u>	<u>Amount</u>
Excess And Casualty Reinsurance Association	\$1,941,134
Mentor Insurance Co. (UK) LTD	779,028
Bermuda Fire And Marine Insurance	268,217
Manor Insurance (Australia) LTD	66,129
Other	\$ (184)

NOTES TO FINANCIAL STATEMENTS

E. Commutation of Ceded Reinsurance

The Company commuted several ceded reinsurance treaties in the current year with the reinsurers listed below. The net effect of all commutations was a decrease in Net Income of \$20,604,580. This amount is shown below by Income Statement classification and by reinsurer.

a. Losses incurred	\$18,226,604
b. Loss adjustment expenses incurred	2,824,127
c. Premiums earned	408,301
d. Other	\$ 37,850
e. <u>Company</u>	<u>Amount</u>
Canada Life Assurance Co	\$ 9,974,590
Reliastar Life Insurance Co	5,600,849
Stuart Insurance Group Limited - Affiliate	884,741
INSCO LTD	385,291
Glacier Reinsurance AG	322,610
Arlington Insurance Co - Affiliate	67,757
LM Insurance Corp - Affiliate	0
ST James Ins Co LTD - Affiliate	(37,000,000)
Continental Casualty Co	(761,933)
Tokio Marine & Fire	(65,089)
All Other	\$ (13,396)

F. Retroactive Reinsurance

The Company has external assumed and ceded retroactive contracts that transferred liabilities for losses that had already occurred. The impact of the Inter-Company Reinsurance Agreement, as described in Note 26, is also shown.

	<u>Reported Company</u>	
	As:	
	<u>Assumed</u>	<u>Ceded</u>
a. Reserves Transferred:		
1. Initial Reserves	\$ (3,321,058)	\$1,053,059,716
2. Adjustments – Prior Year (s)	3,230,853	(163,604,475)
3. Adjustments – Current Year	225,206	(42,550,890)
4. Current Total	\$ 135,001	\$ 846,904,351
b. Consideration Paid or Received:		
1. Initial Consideration	\$117,638,288	\$ 431,293,727
2. Adjustments – Prior Year (s)	(317,797)	50,287,207
3. Adjustments – Current Year	10,102	520,474
4. Current Total	\$117,330,593	\$ 482,101,408
c. Paid Losses Reimbursed or Recovered:		
1. Prior Year (s)	\$(17,872,762)	\$ 172,121,001
2. Current Year	37,925,479	58,359,639
3. Current Total	\$ 20,052,717	\$ 230,480,640
d. Special Surplus from the Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	\$137,961,104	\$(631,393,413)
2. Adjustments – Prior Year (s)	(2,677,646)	51,398,105
3. Adjustments – Current Year	(38,140,583)	(15,288,275)
4. Current Year Restricted Surplus	250,002	(604,371,495)
5. Cumulative Total Transferred to Unassigned Funds	\$ 96,892,873	\$ 9,087,912
e. All cedents and reinsurers involved in all transactions included in summary totals above:		
<u>Company</u>	<u>Assumed Amount</u>	<u>Ceded Amount</u>
Wetereau Insurance Co Ltd, AA-3191047	\$ 386,687	
Employers Insurance Company of Wausau, 21458	(251,686)	
North American Specialty Insurance Company, 29874		\$ 629,615,894
National Indemnity Insurance Company, 20087		193,722,006
Partner Re Co LTD, AA-3190686		193,722,006
Federal Insurance Company, 20281		89,159,025
Munich Reinsurance America Inc., 10227		32,408,331
Swiss Reinsurance America Corporation, 25364		4,834,324
American National Insurance Company, 60739		1,346,319
Everest Reinsurance Company, 26921		1,326,019
North European Financial Re, AA-0000000		604,686
Other		401,136
Arlington Insurance Company, 98-0405213		379,199
Liberty Mutual Fire Insurance Company, 23035		(148,012,529)
Employers Insurance Company of Wausau, 21458		(91,790,715)

NOTES TO FINANCIAL STATEMENTS

Liberty Insurance Corporation, 42404		(45,895,358)
Wausau Business Insurance Company, 26069		(4,589,536)
Wausau Underwriters Insurance Company, 26042		(4,589,536)
LM Insurance Corporation, 33600		(2,294,768)
LM General Insurance Company, 36447		(1,147,384)
Liberty International Underwriters Inc., 19917		(1,147,384)
The First Liberty Insurance Corporation, 33588		(1,147,384)
Total	\$ 135,001	\$ 846,904,351

f. List total Paid Loss/LAE amounts recoverable and amounts more than 90 days overdue, and collateral held as respects amounts recoverable from unauthorized reinsurers:

1. Authorized Reinsurers

Company	Total Paid/Loss/LAE Recoverable	Amounts Over 90 Days Overdue
Everest Reinsurance Company, 26921	\$171,804	\$154
	-	-
Total	\$171,804	\$154

2. Unauthorized Reinsurers

There are no Paid Loss/LAE 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.

G. Reinsurance Accounted for as a Deposit

At December 31, 2012, the deposit receivable balance for reinsurance contracts accounted for under the deposit method was \$8,809,388.

At December 31, 2012, the deposit liability balance for reinsurance contracts accounted for under the deposit method was \$61,089,112.

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

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

I. Certified Reinsurers Downgraded or Status Subject to Revocation

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

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

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

The Company is not a Certified Reinsurer.

J. Effective January 1, 2012, all of the reinsurance of two affiliates, Liberty Surplus Insurance Corporation and Liberty Insurance Underwriters, Inc., was assigned to the Company. As of December 31, 2012, all unaffiliated reinsurance of these two affiliates is reflected in the Company's Schedule F. There was no impact to surplus as a result of the assignment.

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

NOTES TO FINANCIAL STATEMENTS

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

a.	Total accrued retro premium	\$241,134,332
b.	Unsecured amount	
c.	Less: Nonadmitted amount (10%)	24,054,793
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	
e.	Admitted amount (a) - (c) - (d)	\$217,079,539

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

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

Note 26 - Intercompany Pooling Arrangements

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

		NAIC Company Number	Pooling Percentage	Line of Business
Lead Company:	Liberty Mutual Insurance Company ("LMIC")	23043	73.80%	All Lines
Affiliated Pool Companies:	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	12.90%	All Lines
	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
	Liberty Insurance Corporation ("LIC")	42404	4.00%	All Lines
	Wausau Business Insurance Company ("WBIC")	26069	0.40%	All Lines
	Wausau Underwriters Insurance Company ("WUIC")	26042	0.40%	All Lines
	LM Insurance Corporation ("LMC")	33600	0.20%	All Lines
	The First Liberty Insurance Corporation ("FST")	33588	0.10%	All Lines
	LM General Insurance Company ("LMGIC")	36447	0.10%	All Lines
	Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.10%	All Lines
	Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.00%	All Lines
	Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.00%	All Lines
	Liberty Personal Insurance Company ("LPIC")	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation ("LSI")	10725	0.00%	All Lines
	Insurance Company of Illinois ("ICIL")	26700	0.00%	All Lines
	Wausau General Insurance Company ("WGIC")	26425	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.00%	Personal Lines Only
			100.00%	
100% Quota Share Affiliated Companies:	Bridgefield Employers Insurance Company ("BEIC")	10701	0.00%	All Lines
	Bridgefield Casualty Insurance Company ("BCIC")	10335	0.00%	All Lines
	Liberty County Mutual Insurance Company ("LCMIC")	19544	0.00%	All Lines
	LM Property and Casualty Insurance Company ("LMPAC")	32352	0.00%	All Lines

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

- (a) Except for WBIC, WGIC and WUIC, each Affiliated Pool Company cedes its underwriting activity to the Lead Company. WBIC, WGIC and WUIC cede 100% of its direct underwriting activity to EICOW.
- (b) After recording the assumed affiliate transactions noted above, the Lead Company records 100% of its external assumed and ceded reinsurance activity.
- (c) The Lead Company's remaining underwriting activity, after processing all internal and external reinsurance, is retroceded to the pool members in accordance with each company's pool participation percentage, as noted above.
- (d) There were no members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements.

NOTES TO FINANCIAL STATEMENTS

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

Affiliate:	Amount:
Liberty Mutual Fire Insurance Company	\$ 57,620,257
Liberty Insurance Corporation	17,866,746
LM Insurance Corporation	893,337
LM General Insurance Company	446,669
Liberty Insurance Underwriters Inc.	446,669
The First Liberty Insurance Corporation	446,669
Employers Insurance Company of Wasau	45,670,265
Wasau Underwriters Insurance Company	1,786,675
Wasau Business Insurance Company	1,786,675

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

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

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

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

		NAIC Company <u>Number</u>	Pooling <u>Percentage</u>	Line of <u>Business</u>
Lead				
Company:	Liberty Mutual Insurance Company ("LMIC")	23043	50.0%	All Lines
Affiliated				
Pool	Peerless Insurance Company ("PIC")	24198	20.0%	All Lines
Companies:	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	6.0%	All Lines
	American Economy Insurance Company ("AEIC")	19690	0.0%	All Lines
	America First Insurance Company ("AFIC")	12696	0.0%	All Lines
	America Fire and Casualty Company ("AFCIC")	24066	0.0%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.0%	All Lines
	American States Insurance Company ("ASIC")	19704	0.0%	All Lines
	American States Insurance Company of Texas ("ASICT")	19712	0.0%	All Lines
	American States Lloyd's Insurance Company ("ASLCO")	31933	0.0%	All Lines
	American States Preferred Insurance Company ("ASPCO")	37214	0.0%	All Lines
	Colorado Casualty Insurance Company ("CCIC")	41785	0.0%	All Lines
	Consolidated Insurance Company ("CIC")	22640	0.0%	All Lines
	Excelsior Insurance Company ("EIC")	11045	0.0%	All Lines
	First National Insurance Company of America ("FNICA")	24724	0.0%	All Lines
	The First Liberty Insurance Corporation ("FST")	33588	0.0%	All Lines
	General Insurance Company of America ("GICA")	24732	0.0%	All Lines
	Golden Eagle Insurance Corporation ("GEIC")	10836	0.0%	All Lines
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.0%	All Lines
	Insurance Company of Illinois ("ICIL")	26700	0.0%	All Lines
	Indiana Insurance Company ("IIC")	22659	0.0%	All Lines
	Liberty Insurance Corporation ("LIC")	42404	0.0%	All Lines

NOTES TO FINANCIAL STATEMENTS

Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.0%	All Lines
Liberty County Mutual Insurance Company ("LCMIC")	19544	0.0%	All Lines
LM General Insurance Company ("LMGIC")	36447	0.0%	All Lines
Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.0%	All Lines
LM Insurance Corporation ("LMC")	33600	0.0%	All Lines
Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.0%	All Lines
Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.0%	All Lines
Liberty Northwest Insurance Corporation ("LNW")	41939	0.0%	All Lines
Liberty Personal Insurance Company (LPIC)	11746	0.0%	All Lines
Liberty Surplus Insurance Corporation ("LSI")	10725	0.0%	All Lines
Mid-American Fire & Casualty Company ("MAFCC")	23507	0.0%	All Lines
Montgomery Mutual Insurance Company ("MMIC")	14613	0.0%	All Lines
The Midwestern Indemnity Company ("MWIC")	23515	0.0%	All Lines
National Insurance Association ("NIA")	27944	0.0%	All Lines
The Netherlands Insurance Company ("NIC")	24171	0.0%	All Lines
North Pacific Insurance Company ("NPIC")	23892	0.0%	All Lines
Ohio Security Insurance Company ("OSIC")	24082	0.0%	All Lines
Oregon Automobile Insurance Company ("OAIC")	23922	0.0%	All Lines
Peerless Indemnity Insurance Company ("PIIC")	18333	0.0%	All Lines
Safeco Insurance Company of Illinois ("SICIL")	39012	0.0%	All Lines
Safeco Insurance Company of Indiana ("SICIN")	11215	0.0%	All Lines
Safeco Insurance Company of Oregon ("SICOR")	11071	0.0%	All Lines
Safeco Lloyds Insurance Company ("SLICO")	11070	0.0%	All Lines
Safeco National Insurance Company ("SNIC")	24759	0.0%	All Lines
Safeco Surplus Lines Insurance Company ("SSLIC")	11100	0.0%	All Lines
Wausau Business Insurance Company ("WBIC")	26069	0.0%	All Lines
Wausau General Insurance Company ("WGIC")	26425	0.0%	All Lines
Wausau Underwriters Insurance Company ("WUIC")	26042	0.0%	All Lines
West American Insurance Company ("WAIC")	44393	0.0%	All Lines
		100.00%	
100% Quota Share Affiliated Companies:			
Bridgefield Employers Insurance Company ("BEIC")	10701	0.0%	All Lines
Bridgefield Casualty Insurance Company ("BCIC")	10335	0.0%	All Lines
LM Property and Casualty Insurance Company ("LMPAC")	32352	0.0%	All Lines

Note 27 - Structured Settlements

- A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of \$374,465,933 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 \$374,465,933 as of December 31, 2012.
- 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	\$ 218,351,833

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 - Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	\$ -
2. Date of the most recent evaluation of this liability	12/31/2012
3. Was anticipated investment income utilized in the calculation?	Yes

NOTES TO FINANCIAL STATEMENTS

Note 31 - High Dollar Deductible Policies

As of December 31, 2012, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was \$ 4,119,496,542 and the amount billed and recoverable on paid claims was \$ 160,105,281.

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	481,542,593	505,468,227
5. Commercial Multiple Peril	-	-
6. Medical Professional Liability – occurrence	-	-
7. Medical Professional Liability – claims-made	-	-
8. Special Liability	-	-
9. Other Liability - occurrence	4,539,020	-
10. Other Liability – claims-made	-	-
11. Special Property	-	-
12. Auto Physical Damage	-	-
13. Fidelity, Surety	-	-
14. Other (including Credit, Accident & Health)	-	-
15. International	-	-
16. Reinsurance Nonproportional Assumed Property	-	-
17. Reinsurance Nonproportional Assumed Liability	-	-
18. Reinsurance Nonproportional Assumed Financial Lines	-	-
19. Products Liability – occurrence	-	-
20. Products Liability – claims-made	-	-
21. Financial Guaranty/Mortgage Guaranty	-	-
22. Warranty	-	-
23. Total	486,081,614	505,468,227

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

B. Nontabular Discount:

Not applicable

Note 33 - Asbestos/Environmental Reserves

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

Factors Contributing to Uncertainty in Establishing Adequate Reserves

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

NOTES TO FINANCIAL STATEMENTS

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

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

In the third quarter of 2011, the Company completed ground-up asbestos and environmental reserve studies. The studies were completed by a multi-disciplined team of internal claims, legal, reinsurance and actuarial personnel, and they included all major segments of the Company's direct, assumed, and ceded asbestos and environmental claims. As part of the internal reviews, potential exposures of certain policyholders were individually evaluated using the Company's proprietary stochastic model, which is consistent with published actuarial papers on asbestos reserving. Among the factors reviewed in depth by the team of specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, types of injury, state jurisdictions, legal defenses, and reinsurance potential. The remaining policyholders (those with less potential exposure) were evaluated using aggregate methods that utilized information and experience specific to these insureds. The studies resulted in an increase to reserves. Between comprehensive studies, the Company monitors asbestos and environmental activity to determine whether or not any adjustment to reserves is warranted.

Uncertainty Regarding Reserving Methodologies

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

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

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

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

Asbestos:

	2008	2009	2010	2011	2012
Direct Basis					
Beginning Reserves	1,241,542,584	1,153,620,848	1,366,367,178	1,005,297,030	1,093,960,936
Incurred losses and LAE	105,271,386	405,374,369	56,726,755	318,840,973	179,794,332
Calendar year payments	193,193,123	192,628,040	417,796,903	230,177,067	190,569,470
Ending Reserves	<u>1,153,620,848</u>	<u>1,366,367,178</u>	<u>1,005,297,030</u>	<u>1,093,960,936</u>	<u>1,083,185,798</u>
Assumed Reinsurance Basis					
Beginning Reserves	522,689,694	494,856,994	354,192,587	352,489,195	346,604,896
Incurred losses and LAE	(5,587,874)	(112,734,606)	35,974,940	14,646,982	308,514
Calendar year payments	22,244,826	27,929,800	37,678,332	20,531,281	30,344,926
Ending Reserves	<u>494,856,994</u>	<u>354,192,587</u>	<u>352,489,195</u>	<u>346,604,896</u>	<u>316,568,484</u>
Net of Ceded Reinsurance Basis					
Beginning Reserves	588,433,144	486,605,296	654,510,112	425,784,448	561,115,491
Incurred losses and LAE	10,512,116	291,917,137	(79,093,052)	242,446,684	114,813,864
Calendar year payments	112,339,964	124,012,320	149,632,613	107,115,641	162,845,118
Ending Reserves	<u>486,605,296</u>	<u>654,510,112</u>	<u>425,784,448</u>	<u>561,115,491</u>	<u>513,084,237</u>

NOTES TO FINANCIAL STATEMENTS

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

Direct Basis	562,687,444
Assumed Reinsurance Basis	242,945,407
Net of Ceded Reinsurance Basis	277,583,711

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

Direct Basis	490,168,216
Assumed Reinsurance Basis	19,253,377
Net of Ceded Reinsurance Basis	211,808,365

Environmental:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Direct Basis					
Beginning Reserves	332,744,645	275,452,573	226,225,659	216,641,589	218,954,254
Incurred losses and LAE	5,045,839	20,777,364	29,107,651	45,746,733	45,718,505
Calendar year payments	62,337,911	70,004,279	38,691,722	43,434,068	37,965,865
Ending Reserves	<u>275,452,573</u>	<u>226,225,659</u>	<u>216,641,589</u>	<u>218,954,254</u>	<u>226,706,894</u>

Assumed Reinsurance Basis

Beginning Reserves	30,151,139	30,066,767	38,930,631	30,056,019	30,950,183
Incurred losses and LAE	2,649,635	12,683,719	(407,656)	6,956,474	6,492,034
Calendar year payments	2,734,007	3,819,855	8,466,957	6,062,310	2,164,337
Ending Reserves	<u>30,066,767</u>	<u>38,930,631</u>	<u>30,056,019</u>	<u>30,950,183</u>	<u>35,277,880</u>

Net of Ceded Reinsurance Basis

Beginning Reserves	268,363,305	229,951,291	194,607,565	170,579,378	157,249,910
Incurred losses and LAE	(9,743)	(2,092)	(2,091,675)	10,331,371	(23,484,861)
Calendar year payments	38,402,271	35,341,633	21,936,513	23,660,839	(7,213,329)
Ending Reserves	<u>229,951,291</u>	<u>194,607,565</u>	<u>170,579,378</u>	<u>157,249,910</u>	<u>140,978,378</u>

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

Direct Basis	148,340,856
Assumed Reinsurance Basis	24,519,752
Net of Ceded Reinsurance Basis	81,698,632

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

Direct Basis	111,941,900
Assumed Reinsurance Basis	6,655,609
Net of Ceded Reinsurance Basis	49,481,192

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 - Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A
- 1.3 State Regulating? _____ Massachusetts _____
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. _____ 12/31/2009 _____
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. _____ 12/31/2009 _____
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). _____ 06/17/2011 _____
- 3.4 By what department or departments?
 Massachusetts Division of Insurance

- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes No N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No
- 4.12 renewals? Yes No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes No
- 4.22 renewals? Yes No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

.....

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

7.2 If yes,

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

1 Nationality	2 Type of Entity
.....

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

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

.....

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

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

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

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

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

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

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

.....

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

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

.....

GENERAL INTERROGATORIES

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

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

.....

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

William Finn
 175 Berkeley Street, Boston, MA 02116
 Officer of Liberty Mutual Group Inc.

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

12.11 Name of real estate holding company	Various
12.12 Number of parcels involved	7
12.13 Total book/adjusted carrying value	\$ 732,582,627

12.2 If yes, provide explanation:

Liberty Mutual Insurance Company directly owns 100% of Liberty Real Estate Holdings, LLC, 92% of St. James/ Arlington Real Estate LP, and 100% of Berkeley/ Columbus III, LLC.

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

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

.....

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

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

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

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

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

Yes No

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

.....

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

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

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

.....

GENERAL INTERROGATORIES

14.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]

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

.....

.....

.....

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

Yes [X] No []

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
41200555	FirstMerit Bank, N.A.	Failure to pay and expiring	444,670
53200983	South Carolina Bank and Tr	Failure to pay and expiring	500,000
55003298	EagleBank	Failure to pay and expiring	320,000
61100606	Synovus Bank	Failure to pay and expiring	1,298,715
64202255	Citizens National Bank	Failure to pay and expiring	75,000
65306189	First Commercial Bank	Failure to pay and expiring	460,000
81006162	Enterprise Bank	Failure to pay and expiring	775,000
81015218	Citizens National Bank of Gr	Failure to pay and expiring	425,000
81516872	First Commercial Bank	Failure to pay and expiring	130,000
82900319	First National Bank of Fort S	Failure to pay and expiring	735,000
82907008	Chambers Bank	Failure to pay and expiring	325,000
83001314	Republic Bank & Trust Com	Failure to pay and expiring	250,000
83901621	Citizens Union Bank	Failure to pay and expiring	475,000
101005483	Metcalf Bank	Failure to pay and expiring	189,000
101110488	Stanley Bank	Failure to pay and expiring	300,000
103103105	Citizens State Bank	Failure to pay and expiring	2,283,000
103112112	Citizens Security Bank	Failure to pay and expiring	132,710
103112523	NBanC Bank	Failure to pay and expiring	250,000
103912668	The F&M Bank & Trust Com	Failure to pay and expiring	1,400,000
103912723	ONB Bank & Trust Compan	Failure to pay and expiring	100,000
104000016	First National Bank of Omah	Failure to pay and expiring	325,546
104002894	Mutual of Omaha Bank	Failure to pay and expiring	1,537,485
111017979	Texas Capital Bank N.A.	Failure to pay and expiring	75,000
211170347	Farmington Savings Bank	Failure to pay and expiring	125,000
211274531	Machias Savings Bank	Failure to pay and expiring	200,000
211770200	Lake Sunapee Bank	Failure to pay and expiring	61,500
231372248	Essa Bank & Trust	Failure to pay and expiring	158,292
291070001	TCF National Bank	Failure to pay and expiring	100,000
11202392	Katahdin Trust Company	Failure to pay and expiring	20,000
11301390	Century Bank	Failure to pay and expiring	10,000
11402024	Centrix Bank	Failure to pay and expiring	10,000
21213944	North Jersey Community Ba	Failure to pay and expiring	500,000
53112097	Southern Community Bank	Failure to pay and expiring	20,000
63100688	Capital City Bank	Failure to pay and expiring	10,000
64201612	Citizens National Bank	Failure to pay and expiring	1,500,000
66016054	Banco Sabadell S.A.	Failure to pay and expiring	15,500,000
71909363	Standard Bank and Trust C	Failure to pay and expiring	494,995
75904953	State Bank of Cross Plains	Failure to pay and expiring	100,000
81006162	Enterprise Bank & Trust	Failure to pay and expiring	450,000
82900872	Arvest Bank	Failure to pay and expiring	75,000
83002533	Central Bank of Jefferson C	Failure to pay and expiring	596,819
101001351	Valley View State Bank	Failure to pay and expiring	2,000,000
101104546	First Community Bank	Failure to pay and expiring	225,000
211272766	Mechanics Savings Bank	Failure to pay and expiring	200,000
211274531	Machias Savings Bank	Failure to pay and expiring	30,000
243074385	Dollar Bank, A Federal Savi	Failure to pay and expiring	32,851
255072045	Cecil Bank	Failure to pay and expiring	70,000

GENERAL INTERROGATORIES

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate thereof? Yes 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 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 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

- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | |
|---|----------------------------------|
| 20.11 To directors or other officers | \$ <u> </u> 0 |
| 20.12 To stockholders not officers | \$ <u> </u> 0 |
| 20.13 Trustees, supreme or grand (Fraternal only) | \$ <u> </u> 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 | \$ <u> </u> 0 |
| 20.22 To stockholders not officers | \$ <u> </u> 0 |
| 20.23 Trustees, supreme or grand (Fraternal only) | \$ <u> </u> 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

- 21.2 If yes, state the amount thereof at December 31 of the current year:
- | | |
|----------------------------|----------------------------------|
| 21.21 Rented from others | \$ <u> </u> 0 |
| 21.22 Borrowed from others | \$ <u> </u> 0 |
| 21.23 Leased from others | \$ <u> </u> 0 |
| 21.24 Other | \$ <u> </u> 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

- 22.2 If answer is yes:
- | | |
|--|----------------------------------|
| 22.21 Amount paid as losses or risk adjustment | \$ <u> </u> 0 |
| 22.22 Amount paid as expenses | \$ <u> </u> 0 |
| 22.23 Other amounts paid | \$ <u> </u> 0 |

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

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

INVESTMENT

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

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

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

GENERAL INTERROGATORIES

- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes No N/A
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ _____ 0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ _____ 0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes No N/A
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes No N/A
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes No N/A
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- | | | |
|--------|---|------------|
| 24.101 | Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$ _____ 0 |
| 24.102 | Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$ _____ 0 |
| 24.103 | Total payable for securities lending reported on the liability page | \$ _____ 0 |
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes No
- 25.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--|--|------------------------|
| | 25.21 Subject to repurchase agreements | \$ _____ 0 |
| | 25.22 Subject to reverse repurchase agreements | \$ _____ 0 |
| | 25.23 Subject to dollar repurchase agreements | \$ _____ 0 |
| | 25.24 Subject to reverse dollar repurchase agreements | \$ _____ 0 |
| | 25.25 Pledged as collateral | \$ _____ 255,235,193 |
| | 25.26 Placed under option agreements | \$ _____ 0 |
| | 25.27 Letter stock or securities restricted as to sale | \$ _____ 0 |
| | 25.28 On deposit with state or other regulatory body | \$ _____ 2,150,776,468 |
| | 25.29 Other | \$ _____ 0 |
- 25.3 For category (25.27) provide the following:
- | 1
Nature of Restriction | 2
Description | 3
Amount |
|----------------------------|------------------|-------------|
| | | 0 |
| | | 0 |
| | | 0 |
- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement. Yes No N/A
- 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
- 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 No

GENERAL INTERROGATORIES

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005
Royal Trust	77 King Street West, Toronto, Ontario M5W 1 P9
JP Morgan Chase	259 George Street, Sydney, Australia
Bank of New York	601 Travis Street, Houston, TX 77002
Bank of Itau	Av. Engenheiro Armondo de Arruda Pereira, 707 Torre Eudoro Villela

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
N/A	Liberty Mutual Investment Advisors, LLC	175 Berkeley Street, Boston, MA 02116
N/A	Liberty Mutual Group Asset Management	175 Berkeley Street, Boston, MA 02116
N/A	Stancorp Mortgage Investors	1100 SW Sixth Avenue, Portland, OR 97204
2528	Lazard Asset Management	30 Rockefeller Plaza, New York, NY 10112
106054	Matthews International Capital	Four Embarcadero Center, Suite 550, San Francisco

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 [X] No []

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
530158-10-4	LIBERTY ALL-STAR EQUITY FUND	13,117,500
		0
		0
29.2999 TOTAL		13,117,500

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
LIBERTY ALL-STAR EQUITY F	APPLE INC	438,780	09/30/2012
LIBERTY ALL-STAR EQUITY F	JPMORGAN CHASE & CO	314,426	09/30/2012
LIBERTY ALL-STAR EQUITY F	QUALCOMM INC	280,452	09/30/2012
LIBERTY ALL-STAR EQUITY F	GOOGLE INC	270,352	09/30/2012
LIBERTY ALL-STAR EQUITY F	SCHLUMBERGER LTD	212,110	09/30/2012

GENERAL INTERROGATORIES

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	13,228,900,608	14,034,041,432	805,140,824
30.2 Preferred stocks	252,501,032	253,700,290	1,199,258
30.3 Totals	13,481,401,640	14,287,741,722	806,340,082

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

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

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

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

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

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 41,495,602

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

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

34.1 Amount of payments for legal expenses, if any? \$ 62,881,276

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

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

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 1,914,121

GENERAL INTERROGATORIES

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

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

.....

.....

.....

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ 0

1.62 Total incurred claims \$ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned \$ 9,913

1.65 Total incurred claims \$ 16,243

1.66 Number of covered lives 2

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ 0

1.72 Total incurred claims \$ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned \$ 0

1.75 Total incurred claims \$ 0

1.76 Number of covered lives 0

2. Health Test:

	1		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ 993,493		\$ 879,901	
2.2 Premium Denominator	\$ 9,098,968,455		\$ 8,052,929,355	
2.3 Premium Ratio (2.1/2.2)	<u>0.00</u>		<u>0.00</u>	
2.4 Reserve Numerator	\$ 3,338,416		\$ 3,482,457	
2.5 Reserve Denominator	\$ 21,392,558,629		\$ 19,705,014,934	
2.6 Reserve Ratio (2.4/2.5)	<u>0.00</u>		<u>0.00</u>	

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

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

3.21 Participating policies \$ 5,035,390,777

3.22 Non-participating policies \$ 13,643,136

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? 6 %

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

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

5.5 If yes, give full information

.....

.....

.....

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

- 6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
See Note 21C3
.....
.....
- 6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
See Note 21C3
.....
.....
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes No
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss
.....
.....
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes No
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. _____ 8
- 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
- 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
- 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
- 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
- 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
(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
(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 No

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

11.2 If yes, give full information

.....

.....

.....

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

12.11 Unpaid losses		\$	165,806,456
12.12 Unpaid underwriting expenses (including loss adjustment expenses)		\$	57,879,971

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? \$ 155,546,494

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

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

12.41 From			4.00 %
12.42 To			7.00 %

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

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

12.61 Letters of Credit		\$	5,013,565,438
12.62 Collateral and other funds		\$	1,089,369,037

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 80,383,199

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

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

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

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

.....

.....

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

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

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

N/A

.....

.....

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

15.2 If yes, give full information

.....

.....

.....

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

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

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

* Disclose type of coverage: _____

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

Yes [] No [X]

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

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

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

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

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

Yes [] No [X]

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

\$ 0

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

Yes [] No [X]

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

\$ 0

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2012	2011	2010	2009	2008
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	9,570,048,192	8,440,586,916	7,811,166,537	7,350,611,697	8,291,530,017
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	5,272,964,092	4,720,304,564	4,283,779,613	4,023,060,901	3,910,844,891
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	3,502,989,922	3,054,051,471	2,787,083,291	2,586,681,366	2,478,118,345
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	558,713,698	481,480,667	387,766,682	301,210,178	322,142,882
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	321,635,057	267,257,237	267,951,359	252,071,002	231,309,561
6. Total (Line 35)	19,226,350,961	16,963,680,855	15,537,747,482	14,513,635,144	15,233,945,696
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)	5,830,786,711	5,278,159,626	5,038,587,646	4,775,384,668	5,371,214,386
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,780,070,993	1,482,946,563	1,201,652,397	1,413,992,505	1,391,535,427
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,768,427,980	1,483,287,709	1,296,251,507	1,075,222,311	1,308,087,389
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	20,514,155	9,831,546	9,081,555	10,287,080	(120,136,762)
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	235,569,607	195,030,554	195,221,987	188,746,161	175,564,030
12. Total (Line 35)	9,635,369,446	8,449,255,998	7,740,795,092	7,463,632,725	8,126,264,470
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(2,013,725,107)	(1,419,659,287)	(617,703,484)	(826,358,042)	(488,217,515)
14. Net investment gain (loss) (Line 11)	1,872,209,966	984,456,960	3,509,407,938	672,252,047	2,149,358,826
15. Total other income (Line 15)	(51,291,468)	(184,872,637)	(78,355,317)	(89,138,385)	(119,025,659)
16. Dividends to policyholders (Line 17)	18,157,361	30,021,529	46,455,510	17,353,693	20,334,167
17. Federal and foreign income taxes incurred (Line 19)	(374,546,282)	(113,863,689)	(154,849,787)	(195,500,454)	21,106,616
18. Net income (Line 20)	163,582,312	(536,232,804)	2,921,743,414	(65,097,619)	1,500,674,869
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	40,205,366,577	37,394,843,149	36,701,548,343	34,830,436,535	32,549,788,186
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	1,097,220,494	984,568,304	857,311,095	978,532,523	1,071,899,224
20.2 Deferred and not yet due (Line 15.2)	2,167,769,720	1,904,360,845	1,691,459,111	1,519,460,073	1,594,927,150
20.3 Accrued retrospective premiums (Line 15.3)	217,079,539	302,340,492	422,707,343	329,800,811	363,694,097
21. Total liabilities excluding protected cell business (Page 3, Line 26)	25,694,899,915	23,798,408,089	22,938,257,314	22,338,883,620	22,215,055,768
22. Losses (Page 3, Line 1)	14,144,212,624	13,102,230,732	12,871,308,239	12,580,697,955	12,604,675,356
23. Loss adjustment expenses (Page 3, Line 3)	2,912,207,583	2,715,673,770	2,579,498,004	2,545,218,983	2,466,475,556
24. Unearned premiums (Page 3, Line 9)	4,205,141,671	3,762,485,913	3,502,531,059	3,293,042,806	3,320,119,872
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)	14,510,466,662	13,596,435,060	13,763,291,029	12,491,552,915	10,334,732,418
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	1,603,190,076	(230,212,254)	2,825,321,578	(312,002,367)	1,113,329,475
Risk-Based Capital Analysis					
28. Total adjusted capital	14,596,122,298	13,672,341,061	13,830,183,486	12,552,124,874	10,391,501,558
29. Authorized control level risk-based capital	3,193,275,294	2,918,044,739	2,747,324,003	2,618,115,850	2,587,950,002
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)	38.6	41.0	43.7	39.7	41.2
31. Stocks (Lines 2.1 & 2.2)	24.9	26.5	27.8	34.4	31.0
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	1.5	1.5	1.6	1.8	2.0
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.8	0.9	0.9	1.2	1.6
34. Cash, cash equivalents and short-term investments (Line 5)	2.8	2.2	2.6	2.9	5.0
35. Contract loans (Line 6)					
36. Derivatives (Line 7)				X X X	X X X
37. Other invested assets (Line 8)	31.3	27.1	22.4	20.0	19.1
38. Receivables for securities (Line 9)	0.1	0.1	0.0	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)		0.8	1.0	X X X	X X X
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)				575,664,787	575,796,109
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	7,604,417,443	7,786,217,349	7,869,339,677	8,951,056,491	7,587,331,257
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	8,095,277,837	6,477,740,507	5,067,800,289	4,529,501,289	3,714,886,153
48. Total of above Lines 42 to 47	15,699,695,280	14,263,957,856	12,937,139,966	14,056,222,567	11,878,013,519
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)	108.2				

FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2012	2011	2010	2009	2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	308,512,139	568,633,094	(1,964,736,596)	1,687,848,478	(4,579,004,881)
52. Dividends to stockholders (Line 35)	(64,766,000)	(64,766,000)	(139,766,000)	(224,766,000)	(10,720,080)
53. Change in surplus as regards policyholders for the year (Line 38)	914,031,602	(166,855,969)	1,271,738,114	2,156,820,497	(1,488,567,536)
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)	5,292,467,045	5,717,494,744	4,890,767,560	4,967,019,851	5,804,105,124
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,077,088,308	2,598,174,850	2,367,809,103	2,386,273,364	2,191,390,193
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,745,991,474	1,756,255,006	1,508,411,697	1,540,349,458	1,546,971,075
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	67,140,085	44,871,695	59,216,290	28,695,233	39,835,273
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	120,250,172	110,369,162	196,614,015	77,015,730	89,075,678
59. Total (Line 35)	10,302,937,084	10,227,165,457	9,022,818,665	8,999,353,636	9,671,377,343
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)	3,481,248,497	3,570,542,239	3,067,915,421	3,197,314,229	3,679,681,000
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,079,420,145	866,238,394	733,431,603	928,330,931	823,680,710
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	914,556,854	904,161,885	759,646,261	799,153,724	1,002,908,551
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,600,064	4,450,188	10,109,803	2,783,668	82,941,407
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	88,469,643	81,029,609	146,865,481	60,918,495	67,000,499
65. Total (Line 35)	5,565,295,203	5,426,422,315	4,717,968,569	4,988,501,047	5,656,212,167
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	72.6	70.3	65.1	65.8	67.8
68. Loss expenses incurred (Line 3)	17.8	19.8	17.9	19.5	15.8
69. Other underwriting expenses incurred (Line 4)	31.8	27.6	25.1	25.8	22.2
70. Net underwriting gain (loss) (Line 8)	(22.1)	(17.6)	(8.1)	(11.1)	(5.8)
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	30.6	28.5	25.8	27.0	24.5
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	90.3	90.1	83.0	85.3	83.5
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	66.4	62.1	56.2	59.7	78.6
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	448,858	386,372	(87,869)	180,986	(252,832)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100.0)	3.3	2.8	(0.7)	1.8	(2.1)
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)	714,913	192,022	(81,491)	(37,539)	180,446
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)	5.2	1.5	(0.8)	(0.3)	1.8

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

Yes [] No [X]

If no, please explain:

Not applicable.

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES**SCHEDULE P – PART 1 – SUMMARY**

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X	546,593	170,427	162,588	69,799	3,153	4,877	2,630	467,231	X X X
2. 2003	9,178,767	2,227,242	6,951,525	4,908,004	1,100,718	423,159	58,021	661,382	10,016	283,870	4,823,790	X X X
3. 2004	9,582,595	2,516,316	7,066,279	4,817,458	1,246,577	391,291	77,698	675,637	34,714	279,361	4,525,397	X X X
4. 2005	9,866,477	2,328,959	7,537,518	5,754,827	1,752,446	411,423	87,385	677,365	48,003	274,337	4,955,781	X X X
5. 2006	10,709,175	2,442,626	8,266,549	4,941,161	966,912	415,464	61,979	724,994	50,980	280,431	5,001,748	X X X
6. 2007	11,236,933	2,657,641	8,579,292	5,541,800	1,266,301	438,688	68,336	747,967	62,364	341,207	5,331,454	X X X
7. 2008	11,815,900	3,187,450	8,628,450	6,477,058	1,531,286	468,415	65,475	831,525	53,227	308,974	6,127,010	X X X
8. 2009	11,212,873	3,499,623	7,713,250	5,499,166	1,463,208	356,894	52,189	788,051	10,895	287,268	5,117,819	X X X
9. 2010	11,332,522	3,689,982	7,642,540	5,442,937	1,672,730	297,578	42,755	794,568	5,381	292,275	4,814,217	X X X
10. 2011	12,241,582	4,188,650	8,052,932	5,212,710	1,896,456	200,137	51,278	796,004	6,038	300,133	4,255,079	X X X
11. 2012	13,641,811	4,542,849	9,098,962	4,025,516	1,582,777	84,086	15,664	657,316	3,016	173,891	3,165,461	X X X
12. Totals	X X X	X X X	X X X	53,167,230	14,649,838	3,649,723	650,579	7,357,962	289,511	2,824,377	48,584,987	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded			
1. Prior	3,604,335	1,281,256	1,409,532	1,038,772	240,208	197,795	688,446	307,466	154,051	440	24,520	3,270,843	X X X
2. 2003	186,952	81,708	307,517	126,559	4,887	1,809	33,910	7,842	12,332	135	4,418	327,545	X X X
3. 2004	191,200	69,867	347,075	103,800	5,686	2,356	70,892	6,968	11,450	67	5,914	443,245	X X X
4. 2005	223,615	85,156	340,437	159,791	7,520	2,385	56,838	9,875	12,595	17	6,726	383,781	X X X
5. 2006	271,572	74,866	446,833	129,768	10,318	4,645	63,359	13,506	12,423	107	10,025	581,613	X X X
6. 2007	383,548	85,978	490,507	126,696	18,729	7,006	98,783	15,874	7,025	273	14,792	762,765	X X X
7. 2008	566,803	114,273	583,687	171,107	29,105	6,708	192,064	32,610	30,292	1,345	21,772	1,075,908	X X X
8. 2009	603,990	100,205	742,763	178,363	33,736	7,239	223,355	32,730	39,358	1,065	23,987	1,323,600	X X X
9. 2010	850,791	160,969	983,998	193,705	40,591	8,211	240,931	42,292	56,180	1,758	35,363	1,765,556	X X X
10. 2011	1,094,188	177,346	1,558,462	319,559	56,350	15,434	393,933	57,820	116,205	2,670	51,559	2,646,309	X X X
11. 2012	1,560,169	279,221	3,245,519	790,313	42,287	8,560	475,568	59,534	297,081	7,736	163,342	4,475,260	X X X
12. Totals	9,537,163	2,510,845	10,456,330	3,338,433	489,417	262,148	2,538,079	586,517	748,992	15,613	362,418	17,056,425	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	2,693,839	577,004
2. 2003	6,538,143	1,386,808	5,151,335	71,231	62,266	74,104			73.800	286,202	41,343
3. 2004	6,510,689	1,542,047	4,968,642	67,943	61,282	70,315			73.800	364,608	78,637
4. 2005	7,484,620	2,145,058	5,339,562	75,859	92,104	70,840			73.800	319,105	64,676
5. 2006	6,886,124	1,302,763	5,583,361	64,301	53,335	67,542			73.800	513,771	67,842
6. 2007	7,727,047	1,632,828	6,094,219	68,765	61,439	71,034			73.800	661,381	101,384
7. 2008	9,178,949	1,976,031	7,202,918	77,683	61,994	83,479			73.800	865,110	210,798
8. 2009	8,287,313	1,845,894	6,441,419	73,909	52,746	83,511			73.800	1,068,185	255,415
9. 2010	8,707,574	2,127,801	6,579,773	76,837	57,664	86,094			73.800	1,480,115	285,441
10. 2011	9,427,989	2,526,601	6,901,388	77,016	60,320	85,700			73.800	2,155,745	490,564
11. 2012	10,387,542	2,746,821	7,640,721	76,145	60,465	83,974			73.800	3,736,154	739,106
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	14,144,215	2,912,210

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	One Year	Two Year
1. Prior	9,125,671	9,866,353	10,734,117	11,243,526	11,788,273	11,787,822	12,098,554	12,079,040	12,394,518	12,504,713	110,195	425,673
2. 2003	4,788,143	4,302,761	4,180,630	4,422,967	4,489,386	4,486,796	4,513,650	4,515,277	4,509,693	4,513,958	4,265	(1,319)
3. 2004	X X X	4,806,753	4,461,643	4,339,454	4,363,650	4,353,938	4,346,426	4,370,752	4,359,064	4,357,168	(1,896)	(13,584)
4. 2005	X X X	X X X	5,231,472	4,977,968	4,847,570	4,775,849	4,775,313	4,759,982	4,754,577	4,744,064	(10,513)	(15,918)
5. 2006	X X X	X X X	X X X	5,346,570	5,107,755	5,007,592	4,986,712	4,943,661	4,928,067	4,946,922	18,855	3,261
6. 2007	X X X	X X X	X X X	X X X	5,713,755	5,577,969	5,435,912	5,422,444	5,393,697	5,446,756	53,059	24,312
7. 2008	X X X	X X X	X X X	X X X	X X X	6,525,093	6,470,660	6,342,424	6,398,339	6,464,857	66,518	122,433
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	5,621,447	5,727,247	5,702,747	5,677,959	(24,788)	(49,288)
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	5,587,180	5,693,681	5,806,523	112,842	219,343
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	5,940,868	6,061,189	120,321	X X X
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	6,737,481	X X X	X X X
12. Totals											448,858	714,913

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
1. Prior	000	2,359,366	3,845,285	4,986,260	5,897,066	6,672,915	7,295,330	7,934,712	8,430,458	8,899,413	X X X	X X X
2. 2003	1,807,924	2,759,496	3,232,732	3,572,383	3,804,356	3,946,212	4,046,001	4,106,673	4,149,715	4,172,424	X X X	X X X
3. 2004	X X X	1,651,136	2,550,197	2,980,946	3,325,892	3,554,632	3,697,350	3,784,865	3,839,531	3,884,474	X X X	X X X
4. 2005	X X X	X X X	1,904,309	2,928,194	3,444,366	3,788,888	4,022,656	4,170,775	4,255,893	4,326,419	X X X	X X X
5. 2006	X X X	X X X	X X X	1,859,101	2,864,594	3,431,699	3,816,441	4,067,544	4,224,975	4,327,734	X X X	X X X
6. 2007	X X X	X X X	X X X	X X X	1,910,998	3,074,473	3,703,228	4,137,855	4,438,258	4,645,851	X X X	X X X
7. 2008	X X X	X X X	X X X	X X X	X X X	2,336,479	3,737,639	4,468,476	4,989,815	5,348,712	X X X	X X X
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	1,997,342	3,194,916	3,865,057	4,340,663	X X X	X X X
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,047,479	3,327,431	4,025,030	X X X	X X X
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,343,302	3,465,113	X X X	X X X
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,511,161	X X X	X X X

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Prior	2,192,400	1,549,049	1,631,816	1,594,230	1,661,105	1,337,083	1,464,068	963,464	1,084,152	875,185
2. 2003	1,998,026	821,330	375,598	432,489	400,515	331,235	298,338	260,262	236,472	219,936
3. 2004	X X X	2,205,212	1,230,406	820,303	635,081	515,105	430,465	394,984	362,112	331,645
4. 2005	X X X	X X X	2,361,585	1,282,325	851,310	597,305	466,167	363,663	320,943	260,600
5. 2006	X X X	X X X	X X X	2,461,397	1,445,313	970,560	715,956	542,347	446,646	401,342
6. 2007	X X X	X X X	X X X	X X X	2,628,147	1,602,937	1,047,823	760,189	566,710	477,308
7. 2008	X X X	X X X	X X X	X X X	X X X	2,749,349	1,672,669	1,111,071	824,542	627,914
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	2,495,898	1,621,318	1,119,598	794,710
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,426,831	1,469,528	1,044,964
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,402,631	1,632,296
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,909,026

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.	Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	L	50,877,292	49,980,916	(232)	35,158,584	32,182,056	53,475,884	2,254
2. Alaska	AK	L	13,214,366	11,043,714	2	2,839,837	121,230	4,699,603	346
3. Arizona	AZ	L	81,649,479	80,245,683	(36)	41,859,415	42,050,084	29,757,759	14,935
4. Arkansas	AR	L	25,078,179	24,702,805	29	13,070,885	32,647,238	40,349,088	981
5. California	CA	L	409,437,126	380,715,179	610	208,354,379	209,205,694	166,720,885	87,448
6. Colorado	CO	L	67,043,201	64,039,281	(47)	30,572,621	30,067,373	27,023,576	10,143
7. Connecticut	CT	L	46,354,454	45,492,134	130	35,349,988	23,618,545	76,330,818	71,327
8. Delaware	DE	L	15,852,892	15,494,170	22	6,029,108	5,999,864	20,384,258	4,646
9. District of Columbia	DC	L	48,852,626	49,251,484	(80)	5,799,302	24,723,273	47,206,849	1,340
10. Florida	FL	L	304,881,200	317,259,442	42,378	208,271,911	215,370,917	241,180,944	156,119
11. Georgia	GA	L	106,321,083	106,122,468	139	63,465,850	63,013,638	55,190,939	17,790
12. Hawaii	HI	L	21,342,339	20,819,347		8,250,462	7,684,015	8,176,939	7,145
13. Idaho	ID	L	17,063,314	16,232,427	53	6,841,742	4,468,581	6,737,289	1,351
14. Illinois	IL	L	135,259,555	133,696,061	(791)	62,877,499	39,531,493	163,101,002	21,312
15. Indiana	IN	L	51,974,165	50,198,037	1,394	24,170,328	31,068,560	46,099,047	5,934
16. Iowa	IA	L	21,709,802	21,698,099	3	12,687,279	9,675,456	17,905,761	1,207
17. Kansas	KS	L	31,528,208	30,230,185	315	13,544,688	16,246,094	24,122,920	1,506
18. Kentucky	KY	L	21,875,707	20,343,339	(3)	16,462,837	13,836,487	69,101,912	6,513
19. Louisiana	LA	L	71,718,070	71,914,230	(1)	44,828,914	52,053,373	97,181,259	13,082
20. Maine	ME	L	9,176,333	9,999,861		7,549,076	4,606,388	17,461,255	10,117
21. Maryland	MD	L	56,388,401	56,446,556	2,669	52,482,830	49,360,669	51,714,221	15,397
22. Massachusetts	MA	L	630,782,120	608,476,465	74,596	365,710,053	357,085,111	378,670,117	5,916,561
23. Michigan	MI	L	78,757,465	78,098,414	52,878	43,837,968	30,696,171	92,880,530	6,364
24. Minnesota	MN	L	53,920,363	53,638,235	(95)	32,123,161	28,902,005	61,110,873	11,453
25. Mississippi	MS	L	17,738,044	16,733,818	20	8,213,402	244,404	30,919,514	563
26. Missouri	MO	L	41,965,503	40,447,292	505	24,618,867	25,565,301	39,860,867	6,696
27. Montana	MT	L	20,709,610	20,954,946	2	8,327,089	13,246,460	12,142,326	263
28. Nebraska	NE	L	26,804,382	26,845,131	1	12,532,791	14,674,663	16,101,402	1,472
29. Nevada	NV	L	32,456,193	32,503,101		15,225,234	19,394,554	13,286,642	8,067
30. New Hampshire	NH	L	13,988,114	13,695,927	1,712	10,007,722	(266,087)	40,702,250	16,635
31. New Jersey	NJ	L	111,583,159	107,377,428	648	92,648,236	60,366,040	195,267,811	178,364
32. New Mexico	NM	L	26,459,916	26,252,779	(258)	15,220,800	16,339,827	14,104,198	2,323
33. New York	NY	L	362,638,366	384,662,644	(121,663)	253,089,865	272,320,514	531,227,718	302,868
34. North Carolina	NC	L	210,819,591	208,287,741	292	121,999,493	129,617,217	127,404,070	545,527
35. North Dakota	ND	L	11,556,909	11,389,907	98	5,213,568	(6,130,845)	3,742,803	105
36. Ohio	OH	L	119,741,920	120,423,568	134	52,051,506	61,942,932	92,785,997	18,109
37. Oklahoma	OK	L	34,202,424	34,091,432	19	17,831,669	24,971,489	46,935,085	4,614
38. Oregon	OR	L	36,182,603	34,921,102	587	14,281,794	15,496,643	20,937,930	6,524
39. Pennsylvania	PA	L	145,636,224	142,700,373	11,492	82,271,702	45,031,793	179,875,663	52,854
40. Rhode Island	RI	L	12,712,701	12,519,826		9,449,406	7,419,874	24,675,361	7,226
41. South Carolina	SC	L	57,578,690	57,147,075	38	29,619,490	31,667,424	45,829,196	4,571
42. South Dakota	SD	L	7,385,384	7,539,731		3,753,126	3,629,426	1,773,991	124
43. Tennessee	TN	L	338,218,830	336,577,911	11	171,629,532	225,814,462	184,978,005	9,329
44. Texas	TX	L	304,025,759	304,700,458	2,371,435	165,640,436	142,532,206	358,710,474	45,754
45. Utah	UT	L	22,391,062	23,622,813	1	12,929,535	9,715,844	7,838,096	2,792
46. Vermont	VT	L	4,116,950	4,071,973	956	3,610,563	(5,945,124)	10,249,370	2,324
47. Virginia	VA	L	92,085,956	90,070,944	3,620	51,692,161	46,514,482	57,232,796	27,007
48. Washington	WA	L	74,556,985	68,796,207	1	30,012,755	32,256,926	14,900,249	9,283
49. West Virginia	WV	L	12,994,355	13,447,279		3,345,880	2,929,072	15,932,212	1,286
50. Wisconsin	WI	L	32,734,726	33,194,601	13,567	35,147,408	189,232	86,719,517	14,654
51. Wyoming	WY	L	13,874,370	13,013,833		14,313,555	13,530,923	2,462,391	175
52. American Samoa	AS	N							
53. Guam	GU	N	54,274	(6,381)					3
54. Puerto Rico	PR	L	16,616,373	15,954,104		3,342,917	4,884,679	22,639,267	
55. U.S. Virgin Islands	VI	L	294,432	278,065	39	372,953	95,638	613,771	
56. Northern Mariana Islands	MP	L							
57. Canada	CAN	L	216,774,608	213,909,751		103,592,080	120,625,895	362,177,166	
58. Aggregate Other Alien	OT	X X X	259,077,757	249,356,827		53,170,300	111,881,022	535,394,811	
59. Totals	(a) 54		5,049,033,910	4,981,620,738	2,457,190	2,767,294,552	2,764,771,201	4,894,004,677	7,654,783

DETAILS OF WRITE-INS									
58001. AUSTRALIA	X X X		250,938,540	240,768,762		49,852,898	108,366,924	494,883,948	
58002. Other Alien	X X X		1,842,378	1,198,412		1,106,050	853,784	27,042,723	
58003. TRINIDAD & TOBAGO	X X X		952,979	1,037,100			343,441	556,022	
58998. Summary of remaining write-ins for Line 58 from overflow page	X X X		5,343,860	6,352,553		2,211,352	2,316,873	12,912,118	
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X		259,077,757	249,356,827		53,170,300	111,881,022	535,394,811	

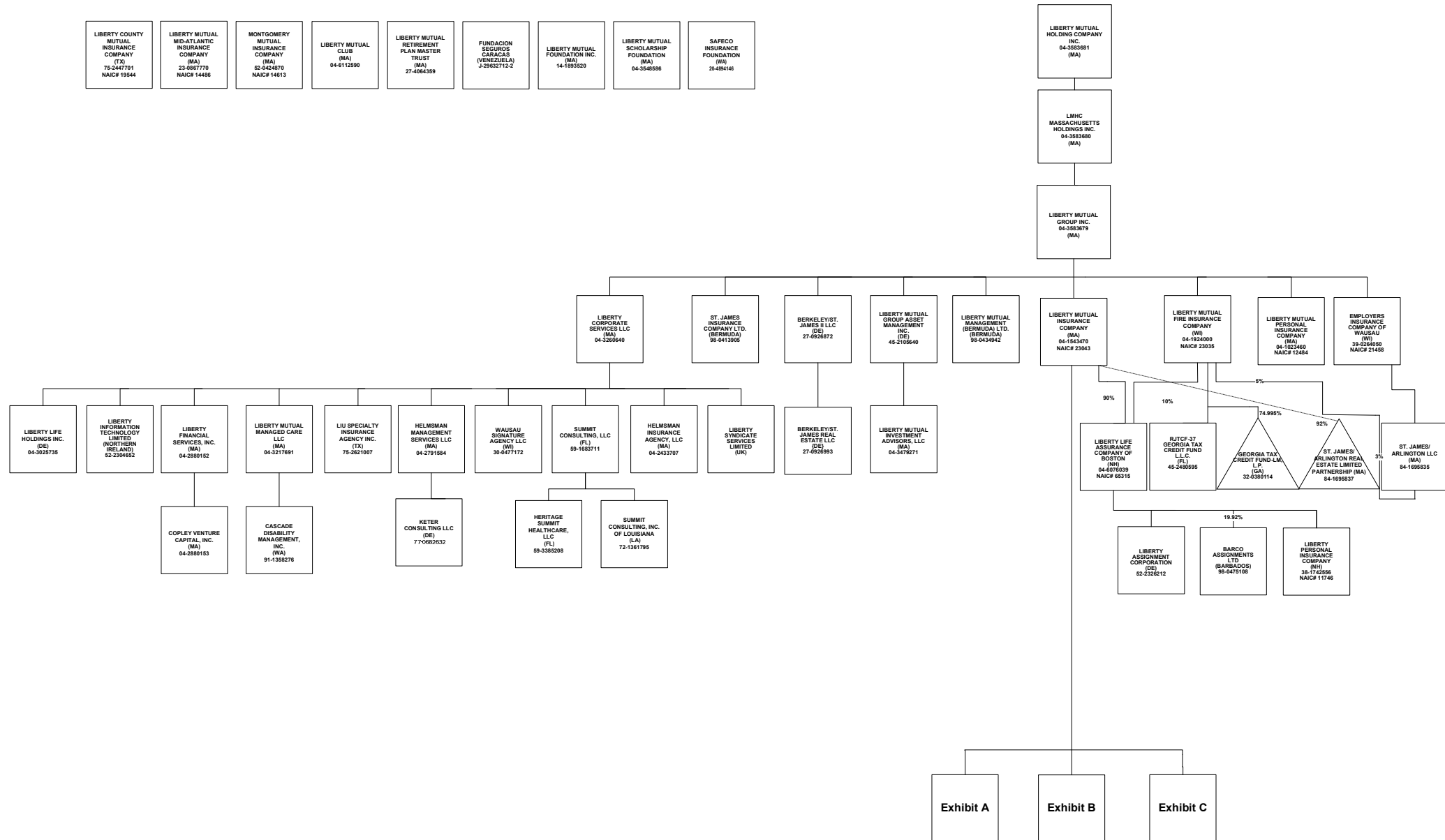
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

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

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

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART

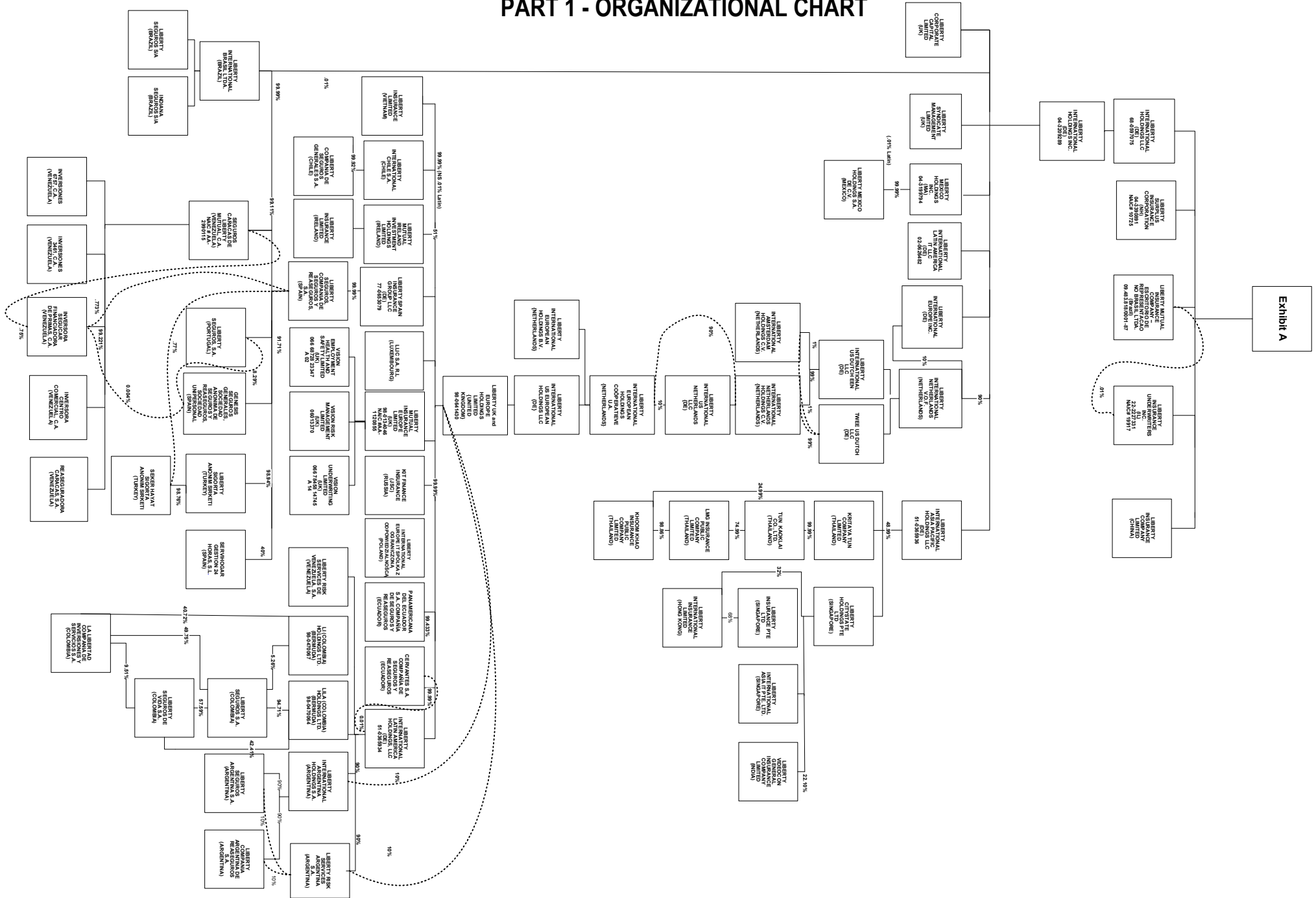
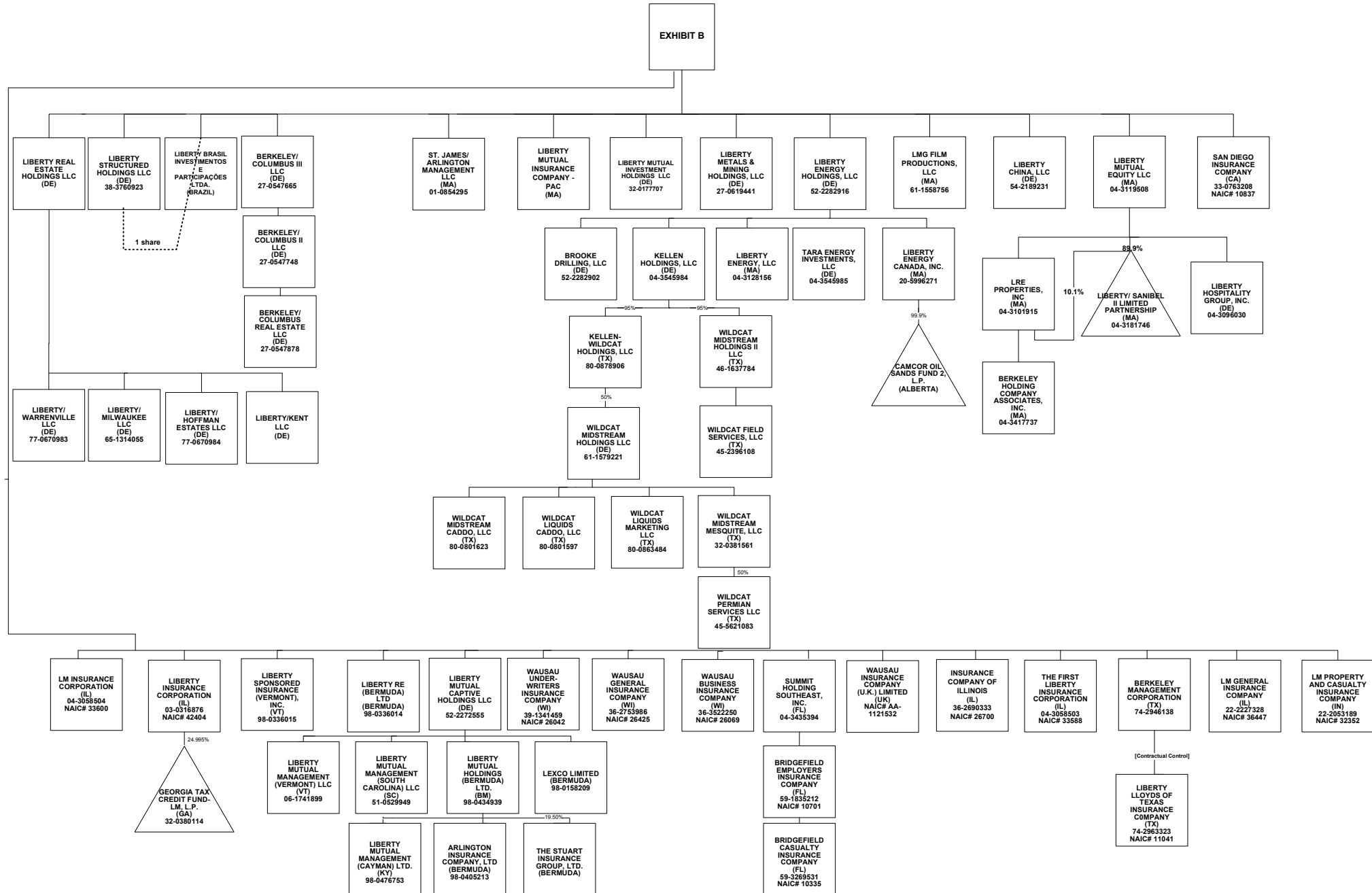


Exhibit A

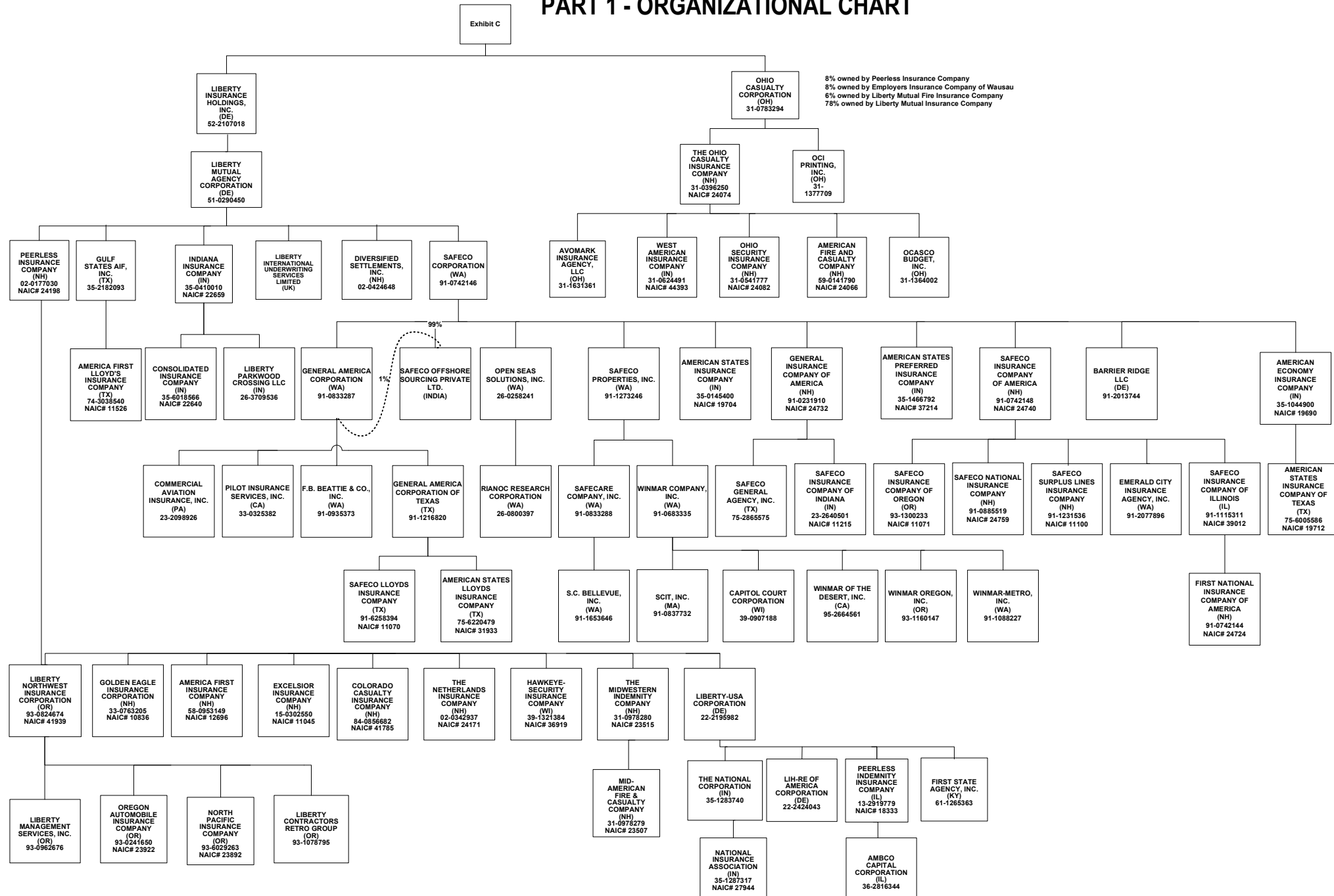
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS				
2504. Equities and deposits in pools and associations	75,507,055		75,507,055	54,936,285
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	75,507,055		75,507,055	54,936,285

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

	1	2
	Current Year	Prior Year
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES		
2504. Retroactive reinsurance reserves	(929,794,350)	(972,564,271)
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	(929,794,350)	(972,564,271)

OVERFLOW PAGE FOR WRITE-INS

Page 95 - Continuation

REMAINING WRITE-INS AGGREGATED AT LINE 58 FOR OTHER ALIEN	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
58004. BERMUDA	X X X	648,041	688,244			(1,284,858)	854,431		
58005. NETHERLANDS	X X X	551,541	507,110		1,044,627	54,200	1,706,646		
58006. GERMANY	X X X	540,065	571,324			129,391	175,042		
58007. SINGAPORE	X X X	518,380	585,340			183,918	534,096		
58008. CHILE	X X X	399,827	281,711			113,183	211,232		
58009. BRAZIL	X X X	323,910	472,407			(1,972,511)	(1,854,794)		
58010. FRANCE	X X X	281,958	292,468			63,752	62,714		
58011. ECUADOR	X X X	233,360	438,050			(766,656)	(199,977)		
58012. CAYMAN ISLANDS	X X X	218,351	462,933			(192,824)	492,122		
58013. SAUDI ARABIA	X X X	217,557	300,824			102,961	74,829		
58014. GEORGIA	X X X	204,959	114,877			(14,304)	52,549		
58015. GUINEA	X X X	182,400	210,131			70,077	48,931		
58016. QATAR	X X X	154,440	179,187			45,540	28,852		
58017. JAMAICA	X X X	149,491	148,471		16,483	1,541,001	1,646,621		
58018. MEXICO	X X X	135,945	43,083			(111,042)	16,453		
58019. ISRAEL	X X X	102,397	164,901			(157,370)	255,822		
58020. ITALY	X X X	98,073	91,808			19,218	13,822		
58021. UK	X X X	88,419	63,676		535,720	(158,999)	(6,541,087)		
58022. COLOMBIA	X X X	76,072	104,358		38,396	423,089	324,076		
58023. THAILAND	X X X	70,272	66,666			30,059	27,105		
58024. BELGIUM	X X X	66,334	68,707		25,574	27,503	101,682		
58025. TURKEY	X X X	62,150	56,992			22,996	52,221		
58026. LUXEMBOURG	X X X	58,500	53,051			(12,654)	71,173		
58027. MONGOLIA	X X X	50,025	(8,739)			670	67,605		
58028. SPAIN	X X X	44,812	51,016			39,907	41,277		
58029. JAPAN	X X X	44,150	38,362			722,978	4,569,091		
58030. SOUTH AFRICA	X X X	40,019	36,631			3,740	2,333		
58031. EUROPE	X X X	33,388	20,307			(4,754)	6,088		
58032. BONAIRE	X X X	30,726	15,573			2,345	2,345		
58033. NEW ZEALAND	X X X	29,918	7,862			3,234	(18,329)		
58034. GUAM	X X X	28,867	26,769			(138,203)	15,671		
58035. ARUBA	X X X	26,327	23,830			55,776	66,578		
58036. MALAYSIA	X X X	22,287	(4,347)			7,680	27,760		
58037. BAHAMAS	X X X	12,885	180,636		23,448	2,750,775	2,730,657		
58038. CHINA	X X X	12,126	13,505			5,268	3,120		
58039. BARBADOS	X X X	11,959	11,889			(12,078)	(5,190)		
58040. SWITZERLAND	X X X	11,625	23,013			(6,358)	42,592		
58041. VIETNAM	X X X	8,100	6,267			1,156	1,157		
58042. BRITISH VIRGIN ISLANDS	X X X	7,554	522		(220)	(39,710)	17,948		
58043. POLAND	X X X	6,665	5,064			37,341	89,165		
58044. NETHERLAND ANTILLES	X X X	5,998	5,291			(66,150)	26,520		
58045. GUATEMALA	X X X	4,800	279,041			54,167	169,584		
58046. SOUTH KOREA	X X X	4,584	6,011			2,795	2,517		
58047. INDONESIA	X X X	2,202	843			83,887	228,730		
58048. INDIA	X X X	1,214	1,086			3,723	169,358		
58049. IRELAND	X X X	373	19,218			(80,409)	51,746		
58050. SLOVAKIA	X X X	364	356			55	39		
58051. BELARUS	X X X	356	119			(25)	(25)		
58052. AUSTRIA	X X X	207	(2,788)			2,196	6,959		
58053. BELIZE	X X X					(4,432)			
58054. BOLIVIA	X X X		260			(27,982)	(27,977)		
58055. COSTA RICA	X X X					(75,928)	6,121		
58056. CYPRUS	X X X					(318)	3,603		
58057. CZECH REPUBLIC	X X X		14			1	1,059		
58058. DENMARK	X X X					1,056			
58059. EGYPT	X X X		188			(200)	(231)		
58060. EL SALVADOR	X X X					(46,161)	(53,629)		
58061. GREECE	X X X					(33,430)	8,502		
58062. GRENADA	X X X					(5,533)			
58063. GUERNSEY	X X X					(5,350)			
58064. HONG KONG	X X X		(1,955)			(25,062)	(80,879)		
58065. ICELAND	X X X					(138,782)			
58066. KENYA	X X X					3,325			
58067. KUWAIT	X X X					5,934			
58068. NICARAGUA	X X X					(35,791)			
58069. NIGERIA	X X X					174			
58070. NORWAY	X X X					(90)			
58071. PHILIPPINES	X X X		5,639			7,406	6,091		
58072. PORTUGAL	X X X		974			402	195		
58073. RUSSIA	X X X		66			(1,938)	(1,493)		
58074. SCOTLAND	X X X					3,978			

OVERFLOW PAGE FOR WRITE-INS

Page 95 - Continuation

REMAINING WRITE-INS AGGREGATED AT LINE 58 FOR OTHER ALIEN	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
	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)
58075. ST LUCIA	X X X					(3,086)			
58076. SURINAM	X X X					(1,584)			
58077. TAIWAN	X X X		75			17,009	16,999		
58078. TURKS & CAICOS	X X X					(8,551)			
58079. URUGUAY	X X X					(4,529)			
58080. WALES	X X X					(15,416)			
58081. ENGLAND	X X X	(140)	(813)			(1,010,042)	1,617		
58082. DOMINICAN REPUBLIC	X X X	(12,427)	(40,529)			6,426	246,819		
58083. PERU	X X X	(35,696)	(29,332)			(491,095)	(342,203)		
58084. PANAMA	X X X	(47,536)	(1,559)			(194,307)	3,368,402		
58085. ARGENTINA	X X X	(82,648)	(92,987)		527,324	2,972,339	3,451,351		
58086. HONDURAS	X X X	(147,250)	(147,250)			(32,680)	(32,701)		
58087. VENEZUELA	X X X	(154,416)	(63,894)			(124,566)	(129,385)		
58097. Total (Lines 58004 through 58096) (Page 95, Line 58998)	X X X	5,343,860	6,352,553		2,211,352	2,316,873	12,912,118		

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

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

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

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