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, 2013

PROPERTY AND CASUALTY

2013

23043201320100100

ANNUAL STATEMENT

For the Year Ended December 31, 2013
OF THE CONDITION AND AFFAIRS OF THE

Liberty Mutual Insurance Company

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

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 (Street and Number) , Boston, MA, US 02116 (City or Town, State, Country and Zip Code)

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

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

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

Internet Web Site Address

Statutory Statement Contact James Deegan (Name) 617-357-9500 x45424 (Area Code) (Telephone Number) (Extension)
Statutory.Compliance@LibertyMutual.com (E-Mail Address) 617-574-5955 (Fax Number)

OFFICERS

Chairman of the Board

David Henry Long

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

VICE-PRESIDENTS

Name	Title	Name	Title
Paul Garvin Alexander	EVP and Chief Communications Officer	Luis Bonell #	Executive Vice President
John Eric Brosius	EVP and Corporate Actuary	James Paul Condrin, III	Executive Vice President
John Derek Doyle	Vice President and Comptroller	Melanie Marie Foley	EVP-Chief Human Resources & Admin. Off.
Anthony Alexander Fontanes	EVP and Chief Investment Officer	James Francis Kelleher #	EVP and Chief Legal Officer
Dennis James Langwell	EVP and Chief Financial Officer	James Martin McGlennon	EVP and Chief Information Officer
Christopher Locke Peirce	Executive Vice President	Timothy Michael Sweeney	Executive Vice President

DIRECTORS OR TRUSTEES

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

State of Massachusetts

County of Suffolk ss

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

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

Subscribed and sworn to (or affirmed) before me on this
27th day of January , 2014, by

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

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	13,927,716,758		13,927,716,758	12,582,123,690
2. Stocks (Schedule D):				
2.1 Preferred stocks	207,095,260		207,095,260	252,501,032
2.2 Common stocks	8,823,866,852		8,823,866,852	7,852,352,867
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	533,145,880		533,145,880	503,979,373
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)	250,515,870		250,515,870	255,119,246
4.2 Properties held for the production of income (less $ 0 encumbrances)	786,037		786,037	848,074
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ 305,397,848, Schedule E - Part 1), cash equivalents ($ 23,019,473, Schedule E - Part 2), and short-term investments ($ 789,763,229, Schedule DA)	1,118,180,550		1,118,180,550	903,711,694
6. Contract loans (including $ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	10,246,718,522		10,246,718,522	10,206,558,179
9. Receivables for securities	35,022,063		35,022,063	36,292,594
10. Securities lending reinvested collateral assets (Schedule DL)	338,945,591		338,945,591	
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	35,481,993,383		35,481,993,383	32,593,486,749
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	149,855,386		149,855,386	144,016,763
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,060,664,853	40,959,003	1,019,705,850	1,097,220,494
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 21,460,200 earned but unbilled premiums)	3,529,164,088	3,196,084	3,525,968,004	2,167,769,720
15.3 Accrued retrospective premiums	261,473,956	26,104,879	235,369,077	217,079,539
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	1,127,095,512		1,127,095,512	617,967,989
16.2 Funds held by or deposited with reinsured companies	20,025,367		20,025,367	6,578,873
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	188,381	188,381		356,133
18.1 Current federal and foreign income tax recoverable and interest thereon				229,534,245
18.2 Net deferred tax asset	1,826,015,000	203,936,575	1,622,078,425	1,394,091,056
19. Guaranty funds receivable or on deposit	10,736,889		10,736,889	14,072,546
20. Electronic data processing equipment and software	597,343,360	499,037,873	98,305,487	132,555,744
21. Furniture and equipment, including health care delivery assets ($ 0)	331,188,598	331,188,598		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	488,909,011	2,750	488,906,261	773,970,146
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	715,922,783	20,153,329	695,769,454	816,666,580
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	45,600,576,567	1,124,767,472	44,475,809,095	40,205,366,577
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	45,600,576,567	1,124,767,472	44,475,809,095	40,205,366,577

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	380,876,136		380,876,136	475,142,437
2502. Other assets	165,246,799	20,152,367	145,094,432	105,912,026
2503. Amounts receivable under high deductible policies	97,634,936	962	97,633,974	160,105,062
2598. Summary of remaining write-ins for Line 25 from overflow page	72,164,912		72,164,912	75,507,055
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	715,922,783	20,153,329	695,769,454	816,666,580

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	14,246,684,189	14,144,212,624
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	624,435,364	130,996,752
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	3,058,379,371	2,912,207,583
4.	Commissions payable, contingent commissions and other similar charges	269,333,475	97,757,222
5.	Other expenses (excluding taxes, licenses and fees)	396,150,682	376,526,001
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	141,406,690	176,339,445
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	158,270,114	
7.2	Net deferred tax liability		
8.	Borrowed money $ 150,000,000 and interest thereon $ 547,865	150,547,865	150,547,865
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $ 6,939,343,704 and including warranty reserves of $ 0 and accrued accident and healthexperience rating refunds including $ 0 for medical loss ratio rebate per the Public Health Service Act)	5,940,431,054	4,205,141,671
10.	Advance premium	44,109,881	39,849,345
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	1,226,236	2,455,411
12.	Ceded reinsurance premiums payable (net of ceding commissions)	1,724,740,983	1,024,229,960
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	212,659,311	1,315,062,091
14.	Amounts withheld or retained by company for account of others	587,712,719	444,444,393
15.	Remittances and items not allocated		
16.	Provision for reinsurance (including $ 0 certified) (Schedule F, Part 8)	63,348,980	49,768,998
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding	416,164,643	364,843,487
19.	Payable to parent, subsidiaries and affiliates	141,241,606	50,352,037
20.	Derivatives		8,112,290
21.	Payable for securities	59,630,434	56,754,435
22.	Payable for securities lending	338,945,591	
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	773,993,582	145,298,305
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	29,349,412,770	25,694,899,915
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	29,349,412,770	25,694,899,915
29.	Aggregate write-ins for special surplus funds	55,686,852	604,621,497
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	623,358,904	623,292,623
34.	Gross paid in and contributed surplus	7,274,929,263	7,274,929,263
35.	Unassigned funds (surplus)	7,161,171,306	5,996,373,279
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)	15,126,396,325	14,510,466,662
38.	Totals (Page 2, Line 28, Col. 3)	44,475,809,095	40,205,366,577

	DETAILS OF WRITE-IN LINES		
2501.	Amounts held under uninsured plans	376,828,265	578,452,456
2502.	Other liabilities	364,235,265	435,551,087
2503.	Deposit liability	52,589,112	61,089,112
2598.	Summary of remaining write-ins for Line 25 from overflow page	(19,659,060)	(929,794,350)
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	773,993,582	145,298,305
2901.	Special surplus from retroactive reinsurance	55,686,852	604,621,497
2902.			
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	55,686,852	604,621,497
3201.	Guaranty funds	1,250,000	1,250,000
3202.			
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page		
3299.	Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	1,250,000	1,250,000

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	12,178,725,634	9,098,968,455
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	7,204,816,646	6,601,664,012
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	1,745,581,044	1,618,040,062
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	3,964,974,147	2,892,989,488
5. Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	12,915,371,837	11,112,693,562
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(736,646,203)	(2,013,725,107)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	1,331,811,562	1,717,077,968
10. Net realized capital gains (losses) less capital gains tax of $ 42,109,813 (Exhibit of Capital Gains (Losses))	78,197,075	155,131,998
11. Net investment gain (loss) (Lines 9 + 10)	1,410,008,637	1,872,209,966
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 2,308,521 amount charged off $ 42,464,725)	(40,156,204)	(33,096,750)
13. Finance and service charges not included in premiums	66,936,403	29,589,368
14. Aggregate write-ins for miscellaneous income	(44,868,269)	(47,784,086)
15. Total other income (Lines 12 through 14)	(18,088,070)	(51,291,468)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	655,274,364	(192,806,609)
17. Dividends to policyholders	19,264,431	18,157,361
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)	636,009,933	(210,963,970)
19. Federal and foreign income taxes incurred	128,598,187	(374,546,282)
20. Net income (Line 18 minus Line 19) (to Line 22)	507,411,746	163,582,312
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	14,510,466,662	13,596,435,060
22. Net income (from Line 20)	507,411,746	163,582,312
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of $ (12,468,790)	351,408,096	308,512,139
25. Change in net unrealized foreign exchange capital gain (loss)	(71,343,116)	(9,991,288)
26. Change in net deferred income tax	330,318,276	169,534,773
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(276,739,508)	594,706,311
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(14,852,501)	28,498,435
29. Change in surplus notes	66,281	(172,246,746)
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		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	(199,766,000)	(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	(10,573,611)	(443,455,315)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	615,929,663	914,031,602
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	15,126,396,325	14,510,466,662

DETAILS OF WRITE-IN LINES		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 05 from overflow page		
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)		
1401. Retroactive reinsurance gain/(loss)	335,651	(22,852,307)
1402. Other income/(expense)	(45,203,920)	(24,931,779)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(44,868,269)	(47,784,086)
3701. SSAP 10R incremental change		(434,893,821)
3702. Other changes in surplus	(10,573,611)	(8,561,494)
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(10,573,611)	(443,455,315)

CASH FLOW

		1	2
	Cash from Operations	Current Year	Prior Year
1.	Premiums collected net of reinsurance	13,317,088,234	9,272,450,994
2.	Net investment income	1,460,438,077	1,825,561,306
3.	Miscellaneous income	(1,126,546,502)	104,990,313
4.	Total (Lines 1 through 3)	13,650,979,809	11,203,002,613
5.	Benefit and loss related payments	7,060,743,241	5,380,606,486
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	5,427,473,989	4,240,757,507
8.	Dividends paid to policyholders	20,493,606	20,358,234
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	(216,782,840)	(41,909,690)
10.	Total (Lines 5 through 9)	12,291,927,996	9,599,812,537
11.	Net cash from operations (Line 4 minus Line 10)	1,359,051,813	1,603,190,076
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	4,114,004,145	3,847,579,090
	12.2 Stocks	770,368,419	131,370,403
	12.3 Mortgage loans	45,728,544	37,709,764
	12.4 Real estate		4,276,923
	12.5 Other invested assets	3,684,608,743	1,872,541,175
	12.6 Net gains (or losses) on cash, cash equivalents and short-term investments	29,474	(5,648)
	12.7 Miscellaneous proceeds	(8,630,930)	(17,749,898)
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	8,606,108,395	5,875,721,809
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	5,633,995,510	3,642,199,024
	13.2 Stocks	1,249,853,383	60,588,432
	13.3 Mortgage loans	75,654,116	81,369,045
	13.4 Real estate	14,067,007	4,850,697
	13.5 Other invested assets	4,066,127,435	2,897,629,580
	13.6 Miscellaneous applications	(2,980,562)	(14,420,372)
	13.7 Total investments acquired (Lines 13.1 to 13.6)	11,036,716,889	6,672,216,406
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)	(2,430,608,494)	(796,494,597)
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes	66,281	(177,847,510)
	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	199,766,000	64,766,000
	16.6 Other cash provided (applied)	1,485,725,256	(847,181,960)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	1,286,025,537	(599,590,624)
	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)	214,468,856	207,104,855
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	903,711,694	696,606,839
	19.2 End of year (Line 18 plus Line 19.1)	1,118,180,550	903,711,694

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

20.0001	12.1 - Proceeds from investments sold, matured or repaid - Bonds	1,408,874,006	50,432,047
20.0002	12.2 - Proceeds from investments sold, matured or repaid - Stocks		
20.0003	12.4 - Proceeds from investments sold, matured or repaid - Mortgage loans	2,877,473	2,982,871
20.0004	12.5 - Proceeds from investments sold, matured or repaid - Other invested assets	1,283,130,033	
20.0005	13.1 Cost of Investment Acquired - Bonds	3,631,121,231	573,108,539
20.0006	13.2 Cost of Investment Acquired - Stocks	84,017,719	
20.0007	13.3 Cost of Investment Acquired - Mortgage Loans	51,784,224	2,982,871
20.0008	13.5 Cost of Investment Acquired - Other Invested Assets	11,135,335	
20.0009	16.6 Cash provided (applied) - Other cash provided (applied)		

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	333,486,675	117,410,013	148,155,337	302,741,351
2. Allied lines	213,965,099	53,017,803	92,773,304	174,209,598
3. Farmowners multiple peril	68,826,774	125,574	23,641,413	45,310,935
4. Homeowners multiple peril	2,566,416,108	876,996,847	1,320,344,556	2,123,068,399
5. Commercial multiple peril	1,485,270,358	116,194,158	538,823,321	1,062,641,195
6. Mortgage guaranty				
8. Ocean marine	38,786,065	16,482,868	20,431,782	34,837,151
9. Inland marine	376,290,548	42,134,421	73,985,391	344,439,578
10. Financial guaranty				
11.1 Medical professional liability—occurrence	18,783,841	15,268,439	11,855,836	22,196,444
11.2 Medical professional liability—claims-made	4,666,920	1,141,492	1,947,272	3,861,140
12. Earthquake	51,214,328	18,400,351	23,075,218	46,539,461
13. Group accident and health	517,766			517,766
14. Credit accident and health (group and individual)				
15. Other accident and health	2,686,531	44,262	198,770	2,532,023
16. Workers' compensation	1,632,302,222	145,241,836	66,745,953	1,710,798,105
17.1 Other liability—occurrence	882,794,102	291,546,912	346,425,532	827,915,482
17.2 Other liability—claims-made	193,603,864	125,619,249	115,149,487	204,073,626
17.3 Excess workers' compensation	16,283,038	29,545,341	11,628,341	34,200,038
18.1 Products liability—occurrence	56,624,743	61,977,531	45,883,104	72,719,170
18.2 Products liability—claims-made	6,457,205	990,788	2,475,013	4,972,980
19.1,19.2 Private passenger auto liability	2,816,658,451	1,100,180,966	1,317,293,786	2,599,545,631
19.3,19.4 Commercial auto liability	712,874,378	141,359,139	269,063,746	585,169,771
21. Auto physical damage	1,661,907,326	764,689,110	980,297,390	1,446,299,046
22. Aircraft (all perils)	19,168,135	6,785,260	5,437,689	20,515,706
23. Fidelity	13,001,914	4,073,350	6,578,099	10,497,165
24. Surety	579,878,970	4,095,029	223,292,352	360,681,647
26. Burglary and theft	636,884	145,662	284,297	498,249
27. Boiler and machinery	14,538,430	10,082,949	7,973,110	16,648,269
28. Credit	869,558	704,042	457,242	1,116,358
29. International				
30. Warranty	(683,857)	4,111,339	2,557,737	869,745
31. Reinsurance-nonproportional assumed property	111,092,361	18,361,664	12,296,604	117,157,421
32. Reinsurance-nonproportional assumed liability	10,146,113	3,011,337	1,849,770	11,307,680
33. Reinsurance-nonproportional assumed financial lines	87,202			87,202
34. Aggregate write-ins for other lines of business				
35. TOTALS	13,889,152,052	3,969,737,732	5,670,921,452	12,187,968,332

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	145,588,233	2,567,104			148,155,337
2. Allied lines	92,177,317	595,987			92,773,304
3. Farmowners multiple peril	23,641,413				23,641,413
4. Homeowners multiple peril	1,320,344,556				1,320,344,556
5. Commercial multiple peril	539,991,801	2,484,712	(3,681,354)	28,163	538,823,322
6. Mortgage guaranty					
8. Ocean marine	18,965,370	1,466,412			20,431,782
9. Inland marine	60,066,532	13,918,860			73,985,392
10. Financial guaranty					
11.1 Medical professional liability—occurrence	11,702,958	152,877			11,855,835
11.2 Medical professional liablity—claims-made	1,947,272				1,947,272
12. Earthquake	22,830,982	244,236			23,075,218
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health	198,769				198,769
16. Workers' compensation	333,002,732	885,424	(7,716,327)	(259,425,876)	66,745,953
17.1 Other liability—occurrence	325,465,297	21,214,455	98,176	(352,396)	346,425,532
17.2 Other liability—claims-made	97,111,590	18,203,901	(166,003)		115,149,488
17.3 Excess workers' compensation	11,470,339	158,001			11,628,340
18.1 Products liability—occurrence	27,169,798	17,921,806	(36,843)	828,345	45,883,106
18.2 Products liability—claims-made	2,474,712	301			2,475,013
19.1,19.2 Private passenger auto liability	1,317,269,847	23,939			1,317,293,786
19.3,19.4 Commercial auto liability	266,821,028	1,328,211		914,509	269,063,748
21. Auto physical damage	979,716,638	580,752			980,297,390
22. Aircraft (all perils)	5,437,689				5,437,689
23. Fidelity	4,856,030	1,722,069			6,578,099
24. Surety	157,800,674	65,491,678			223,292,352
26. Burglary and theft	280,796	3,500			284,296
27. Boiler and machinery	7,756,561	216,548			7,973,109
28. Credit	457,242				457,242
29. International					
30. Warranty		2,557,737			2,557,737
31. Reinsurance-nonproportional assumed property	12,296,604				12,296,604
32. Reinsurance-nonproportional assumed liability	1,849,770				1,849,770
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	5,788,692,550	151,738,510	(11,502,351)	(258,007,255)	5,670,921,454
36. Accrued retrospective premiums based on experience					258,007,255
37. Earned but unbilled premiums					11,502,351
38. Balance (Sum of Lines 35 through 37)					5,940,431,060

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	24,107,742	719,860,785	53,246,942	408,407,765	55,321,029	333,486,675
2. Allied lines	22,582,835	504,337,924	25,446,939	253,118,571	85,284,028	213,965,099
3. Farmowners multiple peril		141,353,367		69,676,648	2,849,945	68,826,774
4. Homeowners multiple peril	60,968,088	6,187,656,896	9,588,947	3,123,973,766	567,824,058	2,566,416,107
5. Commercial multiple peril	86,649,364	3,206,604,639	25,444,914	1,598,547,199	234,881,360	1,485,270,358
6. Mortgage guaranty						
8. Ocean marine	78,236,782	19,319,706	35,117,553	53,706,643	40,181,333	38,786,065
9. Inland marine	2,194,741,629	673,518,539	14,086,449	409,382,680	2,096,673,389	376,290,548
10. Financial guaranty						
11.1 Medical professional liability--occurrence		49,098,138	(196)	28,631,778	1,682,323	18,783,841
11.2 Medical professional liability--claims-made		10,300,516	4,244,146	5,403,167	4,474,575	4,666,920
12. Earthquake	45,227	118,972,889	6,950,142	63,410,893	11,343,036	51,214,329
13. Group accident and health	1,033,641	2,100	(209)	517,766		517,766
14. Credit accident and health (group and individual)						
15. Other accident and health	68,717	1,138,696	4,529,086	2,922,359	127,609	2,686,531
16. Workers' compensation	115,229,935	3,771,191,822	131,552,414	1,729,362,794	656,309,156	1,632,302,221
17.1 Other liability—occurrence	360,001,554	1,920,521,165	200,094,493	1,096,628,542	501,194,568	882,794,102
17.2 Other liability—claims-made	168,763,122	396,791,315	61,681,995	297,429,992	136,202,575	193,603,865
17.3 Excess workers' compensation	10,008,834	58,532,260	1,534,947	37,020,281	16,772,722	16,283,038
18.1 Products liability—occurrence	18,276,932	148,570,045	1,769,528	97,194,542	14,797,220	56,624,743
18.2 Products liability—claims-made	489,190	6,441,197	7,083,163	7,096,249	460,096	6,457,205
19.1,19.2 Private passenger auto liability	387,713,671	5,951,987,765	203,056,303	3,528,578,150	197,521,139	2,816,658,450
19.3,19.4 Commercial auto liability	40,517,018	1,514,171,312	17,211,787	805,105,867	53,919,872	712,874,378
21. Auto physical damage	308,914,966	4,415,043,861	175,542,420	3,139,182,712	98,411,208	1,661,907,327
22. Aircraft (all perils)	51,017,268	564,780	4,532,854	23,950,137	12,996,631	19,168,134
23. Fidelity	19,845,234	15,680,896	1,431,155	16,688,760	7,266,612	13,001,913
24. Surety	558,109,576	306,892,062	19,123,381	279,053,614	25,192,434	579,878,971
26. Burglary and theft	61,489	1,339,295	2,090	730,851	35,139	636,884
27. Boiler and machinery		36,322,360	140,001	21,049,244	874,687	14,538,430
28. Credit		2,443,607	(250,394)	1,323,655		869,558
29. International						
30. Warranty		1,284,045		1,967,902		(683,857)
31. Reinsurance-nonproportional assumed property	X X X	148,384,029	86,551,596	124,776,867	(933,603)	111,092,361
32. Reinsurance-nonproportional assumed liability	X X X	1,405,819	20,828,680	12,088,385		10,146,114
33. Reinsurance-nonproportional assumed financial lines	X X X		4,958,348	87,202	4,783,944	87,202
34. Aggregate write-ins for other lines of business						
35. TOTALS	4,507,382,814	30,329,731,830	1,115,499,474	17,237,014,981	4,826,447,085	13,889,152,052

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 $ 93,766,206

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $ 75,363,513

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	8,385,707	343,058,540	126,242,005	225,202,242	116,045,281	195,275,054	145,972,469	48.217
2. Allied lines	8,368,042	377,003,158	269,660,299	115,710,901	51,460,713	63,337,396	103,834,218	59.603
3. Farmowners multiple peril		25,703,438	12,852,488	12,850,950	8,820,275		21,671,225	47.828
4. Homeowners multiple peril	22,657,586	1,991,808,085	1,053,840,072	960,625,599	424,465,730	336,941,551	1,048,149,778	49.370
5. Commercial multiple peril	75,147,947	(749,430,965)	(397,249,701)	(277,033,317)	1,068,860,749	274,171,625	517,655,807	48.714
6. Mortgage guaranty								
8. Ocean marine	28,797,310	10,812,292	10,978,940	28,630,662	34,326,810	48,426,427	14,531,045	41.711
9. Inland marine	1,321,555,385	338,550,372	1,440,421,576	219,684,181	54,781,621	65,702,646	208,763,156	60.610
10. Financial guaranty								
11.1 Medical professional liability—occurrence		(1,980,699)	(10,618,050)	8,637,351	30,611,729	30,077,375	9,171,705	41.321
11.2 Medical professional liability—claims-made		5,904,467	4,169,915	1,734,552	3,564,434	3,341,894	1,957,092	50.687
12. Earthquake		2,077,668	425,848	1,651,820	1,045,311	1,900,310	796,821	1.712
13. Group accident and health	484,772	311,329	(56,639)	852,740	1,468,656	1,750,264	571,132	110.307
14. Credit accident and health (group and individual)								
15. Other accident and health	56,317	(84,407,815)	(62,774,722)	(21,576,776)	10,171,707	1,314,180	(12,719,249)	(502.335)
16. Workers' compensation	234,994,569	(671,673,828)	(2,765,016,586)	2,328,337,327	6,883,390,663	7,947,718,371	1,264,009,619	73.884
17.1 Other liability—occurrence	268,862,469	(309,834,747)	(516,211,967)	475,239,689	1,723,966,584	1,617,991,376	581,214,897	70.202
17.2 Other liability—claims-made	83,374,364	86,156,566	(2,554,476)	172,085,406	307,269,766	398,962,045	80,393,127	39.394
17.3 Excess workers' compensation	1,128,663	37,147,464	(106,657,896)	144,934,023	276,790,054	399,126,260	22,597,817	66.075
18.1 Products liability—occurrence	10,910,294	49,490,786	(62,756,726)	123,157,806	224,032,345	297,733,678	49,456,473	68.010
18.2 Products liability—claims-made		488,479	(6,539,052)	7,027,531	16,840,444	21,033,904	2,834,071	56.989
19.1,19.2 Private passenger auto liability	287,227,473	1,624,584,402	471,194,558	1,440,617,317	1,825,761,408	1,505,026,178	1,761,352,547	67.756
19.3,19.4 Commercial auto liability	31,301,285	(195,315,363)	(201,141,607)	37,127,529	722,032,089	407,958,732	351,200,886	60.017
21. Auto physical damage	170,991,139	1,982,144,594	1,390,706,309	762,429,424	39,626,323	(16,813,431)	818,869,178	56.618
22. Aircraft (all perils)	28,180,152	(2,414,881)	3,403,874	22,361,397	25,051,246	34,697,065	12,715,578	61.980
23. Fidelity	748,823	2,149,316	(4,372,859)	7,270,998	14,518,865	20,067,629	1,722,234	16.407
24. Surety	101,421,874	131,660,940	173,484,322	59,598,492	67,357,622	1,088,572	125,867,542	34.897
26. Burglary and theft	(3,466)	695,502	279,203	412,833	107,509	207,126	313,216	62.863
27. Boiler and machinery		9,334,036	1,886,285	7,447,751	5,058,263	7,953,505	4,552,509	27.345
28. Credit		1,947	(160,671)	162,618	1,989,967	501,233	1,651,352	147.923
29. International								
30. Warranty			(91,309)	91,309	658,431	283,134	466,606	53.649
31. Reinsurance-nonproportional assumed property	X X X	88,880,468	(16,655,721)	105,536,189	121,483,797	189,532,023	37,487,963	31.998
32. Reinsurance-nonproportional assumed liability	X X X	16,715,542	(85,069,482)	101,785,024	182,984,481	285,371,518	(602,013)	(5.324)
33. Reinsurance-nonproportional assumed financial lines	X X X	1,465,018	(237,084)	1,702,102	2,141,319	3,534,986	308,435	353.702
34. Aggregate write-ins for other lines of business								
35. TOTALS	2,684,590,705	5,111,086,111	721,381,146	7,074,295,670	14,246,684,192	14,144,212,626	7,176,767,236	58.884

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

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

	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire	1,261,900	278,944,894	204,696,648	75,510,146	19,712,028	68,258,556	47,435,449	116,045,281	9,604,629
2. Allied lines	12,951,602	82,882,440	61,435,741	34,398,301	5,185,106	36,353,743	24,476,437	51,460,713	8,009,405
3. Farmowners multiple peril		16,466,842	8,233,421	8,233,421		1,172,272	585,418	8,820,275	3,010,111
4. Homeowners multiple peril	8,490,939	584,398,330	334,089,799	258,799,470	1,650,789	380,907,393	216,891,922	424,465,730	101,493,471
5. Commercial multiple peril	77,964,329	1,284,779,976	727,132,684	635,611,621	24,783,436	891,001,374	482,535,682	1,068,860,749	426,644,032
6. Mortgage guaranty									
8. Ocean marine	70,566,818	18,678,294	68,305,534	20,939,578	29,925,624	12,830,098	29,368,490	34,326,810	5,264,614
9. Inland marine	63,773,992	29,062,031	70,905,008	21,931,015	193,287,729	33,776,359	194,213,482	54,781,621	7,335,363
10. Financial guaranty									
11.1 Medical professional liablity—occurrence	327,357	3,232,985	1,997,277	1,563,065	290,530	64,418,545	35,660,411	30,611,729	1,813,074
11.2 Medical professional liablity—claims-made		2,484,421	1,888,098	596,323		6,917,334	3,949,223	3,564,434	1,207,435
12. Earthquake		993,804	496,902	496,902	20,012	2,231,230	1,702,833	1,045,311	473,363
13. Group accident and health	2,265,697	1,233,748	2,338,392	1,161,053	512,939	102,267	307,603	(a) 1,468,656	88,645
14. Credit accident and health (group and individual)									
15. Other accident and health		47,873,510	43,301,343	4,572,167	181,738	11,313,475	5,895,673	(a) 10,171,707	2,601,514
16. Workers' compensation	985,807,792	7,770,441,178	5,232,834,208	3,523,414,762	621,674,001	7,786,055,146	5,047,753,246	6,883,390,663	968,597,437
17.1 Other liability—occurrence	459,092,182	1,171,693,827	982,205,777	648,580,232	557,547,564	2,488,580,301	1,970,741,513	1,723,966,584	554,730,242
17.2 Other liability—claims-made	123,475,125	143,384,527	203,778,898	63,080,754	307,381,450	477,304,908	540,497,346	307,269,766	91,343,488
17.3 Excess workers' compensation	26,349,632	256,579,239	171,917,041	111,011,830	54,632,571	375,592,737	264,447,084	276,790,054	27,027,720
18.1 Products liability—occurrence	30,285,606	94,767,217	72,505,213	52,547,610	168,214,527	198,647,826	195,377,618	224,032,345	130,093,210
18.2 Products liability—claims-made		786,974	415,275	371,699	12,949,467	20,818,768	17,299,490	16,840,444	9,037,169
19.1,19.2 Private passenger auto liability	163,359,604	2,565,085,678	1,526,383,431	1,202,061,851	123,146,783	1,174,271,085	673,718,311	1,825,761,408	466,160,267
19.3,19.4 Commercial auto liability	52,071,228	887,420,351	493,376,275	446,115,304	62,395,328	561,981,895	348,460,438	722,032,089	126,668,370
21. Auto physical damage	2,060,010	15,224,605	12,298,038	4,986,577	5,009,584	74,159,803	44,529,641	39,626,323	38,914,437
22. Aircraft (all perils)	48,183,909	9,417,062	46,094,897	11,506,074	11,495,071	21,241,904	19,191,803	25,051,246	8,820,787
23. Fidelity	8,247,368	1,168,064	7,003,042	2,412,390	33,759,767	239,561	21,892,853	14,518,865	2,289,580
24. Surety	33,794,579	(32,855,346)	1,969,577	(1,030,344)	121,971,613	21,355,475	74,939,122	67,357,622	51,847,529
26. Burglary and theft	10,951	96,866	53,909	53,908	219,818	(23,503)	142,714	107,509	132,643
27. Boiler and machinery		7,432,702	4,041,352	3,391,350	(1,855)	3,266,642	1,597,874	5,058,263	471,887
28. Credit		9	4	5		3,979,924	1,989,962	1,989,967	
29. International									
30. Warranty					3,805,429	1,689,260	4,836,258	658,431	306,236
31. Reinsurance-nonproportional assumed property	X X X	105,884,654	52,968,204	52,916,450	X X X	137,234,813	68,667,466	121,483,797	1,372,653
32. Reinsurance-nonproportional assumed liability	X X X	93,370,102	46,685,051	46,685,051	X X X	274,527,548	138,228,118	182,984,481	13,004,540
33. Reinsurance-nonproportional assumed financial lines	X X X	4,262,493	2,131,247	2,131,246	X X X	914,200	904,127	2,141,319	15,527
34. Aggregate write-ins for other lines of business									
35. TOTALS	2,170,340,620	15,445,191,477	10,381,482,286	7,234,049,811	2,359,751,049	15,131,120,939	10,478,237,607	14,246,684,192	3,058,379,378

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	386,996,331			386,996,331
1.2 Reinsurance assumed	1,429,472,956			1,429,472,956
1.3 Reinsurance ceded	963,284,809			963,284,809
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	853,184,478			853,184,478
2. Commission and brokerage:				
2.1 Direct, excluding contingent		217,938,790		217,938,790
2.2 Reinsurance assumed, excluding contingent		2,487,431,353		2,487,431,353
2.3 Reinsurance ceded, excluding contingent		2,028,486,060		2,028,486,060
2.4 Contingent—direct		76,211,071		76,211,071
2.5 Contingent—reinsurance assumed		323,100,517		323,100,517
2.6 Contingent—reinsurance ceded		204,384,303		204,384,303
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)		871,811,368		871,811,368
3. Allowances to manager and agents		141,695,546		141,695,546
4. Advertising	5,492,011	206,100,654	23,930	211,616,595
5. Boards, bureaus and associations	2,516,162	22,102,144	1,094	24,619,400
6. Surveys and underwriting reports	57,045	51,425,773	141,964	51,624,782
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	548,227,142	1,079,309,620	23,893,941	1,651,430,703
8.2 Payroll taxes	23,082,354	95,481,195	102,756	118,666,305
9. Employee relations and welfare	110,642,308	438,407,103	1,148,268	550,197,679
10. Insurance	24,704,976	5,854,422	280,003	30,839,401
11. Directors' fees	250	5,765	1	6,016
12. Travel and travel items	37,626,419	80,179,890	869,381	118,675,690
13. Rent and rent items	27,055,516	109,892,334	303,327	137,251,177
14. Equipment	12,691,741	52,986,554	866,493	66,544,788
15. Cost or depreciation of EDP equipment and software	18,679,652	71,962,524	860,996	91,503,172
16. Printing and stationery	4,415,367	16,116,040	86,816	20,618,223
17. Postage, telephone and telegraph, exchange and express	17,036,785	63,731,881	1,150,488	81,919,154
18. Legal and auditing	3,004,702	15,669,122	4,185,909	22,859,733
19. Totals (Lines 3 to 18)	835,232,430	2,450,920,567	33,915,367	3,320,068,364
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 2,512,218		351,803,134		351,803,134
20.2 Insurance department licenses and fees		28,352,239		28,352,239
20.3 Gross guaranty association assessments		3,466,698		3,466,698
20.4 All other (excluding federal and foreign income and real estate)		28,086,135		28,086,135
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		411,708,206		411,708,206
21. Real estate expenses			25,050,394	25,050,394
22. Real estate taxes			4,214,992	4,214,992
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	57,164,136	230,534,016	9,641,340	297,339,492
25. Total expenses incurred	1,745,581,044	3,964,974,157	72,822,093	(a) 5,783,377,294
26. Less unpaid expenses—current year	3,058,379,371	804,111,400	2,779,447	3,865,270,218
27. Add unpaid expenses—prior year	2,912,207,583	648,284,394	2,338,274	3,562,830,251
28. Amounts receivable relating to uninsured plans, prior year		356,133		356,133
29. Amounts receivable relating to uninsured plans, current year		(61,758)		(61,758)
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	1,599,409,256	3,808,729,260	72,380,920	5,480,519,436

DETAILS OF WRITE-IN LINES				
2401. Other expenses	57,164,136	230,534,016	9,641,340	297,339,492
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)	57,164,136	230,534,016	9,641,340	297,339,492

(a) Includes management fees of $ 1,774,391,720 to affiliates and $ 143,538,972 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year		2 Earned During Year
1. U.S. Government bonds	(a)	38,986,100		41,205,748
1.1 Bonds exempt from U.S. tax	(a)	155,510,051		157,532,666
1.2 Other bonds (unaffiliated)	(a)	365,776,441		365,959,170
1.3 Bonds of affiliates	(a)	7,075,303		5,923,754
2.1 Preferred stocks (unaffiliated)	(b)	12,658,541		12,651,126
2.11 Preferred stocks of affiliates	(b)			
2.2 Common stocks (unaffiliated)		7,506,458		7,552,481
2.21 Common stocks of affiliates		487,943,805		492,348,769
3. Mortgage loans	(c)	33,402,467		33,454,227
4. Real estate	(d)	54,029,532		54,029,532
5. Contract loans				
6. Cash, cash equivalents and short-term investments	(e)	5,645,431		5,431,135
7. Derivative instruments	(f)	224,716		144,638
8. Other invested assets		297,631,052		297,631,052
9. Aggregate write-ins for investment income		442,410		442,410
10. Total gross investment income		1,466,832,307		1,474,306,708
11. Investment expenses			(g)	72,822,093
12. Investment taxes, licenses and fees, excluding federal income taxes			(g)	
13. Interest expense			(h)	56,330,024
14. Depreciation on real estate and other invested assets			(i)	13,343,029
15. Aggregate write-ins for deductions from investment income				
16. Total deductions (Lines 11 through 15)				142,495,146
17. Net investment income (Line 10 minus Line 16)				1,331,811,562

DETAILS OF WRITE-IN LINES		
0901. Miscellaneous Income/(Expense)	442,410	442,410
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)	442,410	442,410
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 $ 23,750,468 accrual of discount less $ 59,537,176 amortization of premium and less $ 21,349,688 paid for accrued interest on purchases.
(b) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued dividends on purchases.
(c) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 33,517 paid for accrued interest on purchases.
(d) Includes $ 52,556,859 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.
(e) Includes $ 43,869 accrual of discount less $ 910,243 amortization of premium and less $ 564,054 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 $ 49,813,078 interest on surplus notes and $ 0 interest on capital notes.
(i) Includes $ 13,343,029 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	3,928,248		3,928,248		
1.1 Bonds exempt from U.S. tax	10,186,408		10,186,408	(102,245)	
1.2 Other bonds (unaffiliated)	18,964,860	(35,851,403)	(16,886,543)	2,763,083	(138,500,540)
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)	2,597,770		2,597,770	(21,778,981)	
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	68,253,268	(1,214,352)	67,038,916	16,056,839	2,726,928
2.21 Common stocks of affiliates				379,981,778	
3. Mortgage loans	(3,967,419)		(3,967,419)	3,208,355	
4. Real estate	(5,401,156)		(5,401,156)		
5. Contract loans					
6. Cash, cash equivalents and short-term investments	29,474		29,474		(275,353)
7. Derivative instruments	(10,874,061)		(10,874,061)	8,112,290	
8. Other invested assets	98,208,152	(22,879,519)	75,328,633	(59,519,106)	7,256,504
9. Aggregate write-ins for capital gains (losses)	149,043	(1,822,424)	(1,673,381)		
10. Total capital gains (losses)	182,074,587	(61,767,698)	120,306,889	328,722,013	(128,792,461)

DETAILS OF WRITE-IN LINES					
0901. OTHER INCOME	149,043		149,043		
0902. SOFTWARE IMPAIRMENT		(1,822,424)	(1,822,424)		
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)	149,043	(1,822,424)	(1,673,381)		

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	40,959,003	28,063,586	(12,895,417)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	3,196,084	1,976,404	(1,219,680)
15.3 Accrued retrospective premiums	26,104,879	24,054,793	(2,050,086)
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	188,381	175,477	(12,904)
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	203,936,575	89,160,944	(114,775,631)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	499,037,873	481,828,518	(17,209,355)
21. Furniture and equipment, including health care delivery assets	331,188,598	187,217,095	(143,971,503)
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates	2,750	41,024	38,274
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets	20,153,329	36,337,506	16,184,177
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,124,767,472	848,855,347	(275,912,125)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	1,124,767,472	848,855,347	(275,912,125)

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	20,152,367	36,337,287	16,184,920
2502. Amounts receivable under high deductible policies	962	219	(743)
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	20,153,329	36,337,506	16,184,177

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").

The Company does not have any prescribed or permitted accounting practices.

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

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

C. Accounting Policies

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

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

1. Short term investments are carried at cost, adjusted where appropriate for amortization of premium or discount, or fair value as specified by the Purposes and Procedures Manual of the NAIC Securities Valuation Office (SVO Manual).

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

3. Common stocks are carried at fair value, except that investments in stocks of subsidiaries, controlled and affiliated ("SCA") companies are carried according to Note 1C(7).

4. Preferred stocks are carried at cost or fair value as specified by the SVO Manual. Preferred stocks of SCA companies are carried according to Note 1C(7).

5. Mortgage loans are carried at unpaid principal balances, less impairments as specified by the SVO Manual.

6. Mortgage backed/asset backed securities are carried at amortized cost or fair value based on guidance in the SVO Manual. Prepayment assumptions for mortgage backed/asset backed securities are updated monthly. The retrospective adjustment method is used to value all mortgage backed/asset backed securities.

7. Investments in SCA companies are carried in accordance with SSAP No. 97, *Investments in Subsidiary, Controlled, and Affiliated Entities, A Replacement of SSAP No. 88,* and the SVO Manual.

8. Investments in joint ventures, partnerships, and limited liability companies are carried in accordance with SSAP No. 48, *Joint Ventures, Partnerships and Limited Liability Companies,* and the SVO Manual.

9. Derivative Securities, refer to Note 8.

10. Investment income is anticipated as a factor in the premium deficiency calculation, in accordance with SSAP No. 53*, Property Casualty Contracts - Premiums*. Refer to Note 30.

11. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods, for making such estimates and for establishing the resulting liability, are continually reviewed and follow current standards of practice. Any adjustments to the liability are reflected in the period that they are determined.

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

13. The Company has no pharmaceutical rebate receivables.

Note 2 - Accounting Changes and Correction of Errors

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

NOTES TO FINANCIAL STATEMENTS

recognizing the surplus impact of adopting SSAP No. 92, SSAP No. 102 and Ref #2013-02. The cumulative effect of adopting SSAP No. 92, SSAP No. 102 and Ref #2013-02 is reported in the capital and surplus account and is not considered material.

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

On August 24, 2007, the Company and three affiliates (Liberty Mutual 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 shares of Ohio Casualty Corporation, a non-insurance holding company, which is the upstream parent of four property casualty insurance companies. The Company directly acquired a 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, 2013; 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"), a non-insurance holding company, 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, 2013; goodwill is being amortized over ten years.

B. Statutory Mergers

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

C. Impairment Loss

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

Note 4 - Discontinued Operations

The Company has no discontinued operations.

Note 5 - Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

1. The maximum and minimum lending rates for mortgage loans during 2013 were:

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

2. The maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages was: 77 %

	2013	2012
3. Taxes, assessments and any amounts advanced and not included in the mortgage loan total	$ 44,176	$ 61,122

4. Age Analysis of Mortgage Loans

	Farm	Residential Insured	Residential All Other	Commercial Insured	Commercial All Other	Mezzanine	Total
a. Current Year							
1. Recorded Investment (All)							
(a) Current	$ -	$ -	$ -	$ -	$531,401,495	$ -	$531,401,495
(b) 30-59 Days Past Due	-	-	-	-	553,667	-	553,667
(c) 60-89 Days Past Due	-	-	-	-	45,248	-	45,248
(d) 90-179 Days Past Due	-	-	-	-	784,252	-	784,252
(e) 180+ Days Past Due	-	-	-	-	2,422,346	-	2,422,346
2. Accruing Interest 90-179 Days Past Due							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Interest Accrued	-	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Interest Accrued	-	-	-	-	-	-	-
4. Interest Reduced							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$ 21,434,234	$ -	$ 21,434,234
(b) Number of Loans	-	-	-	-	104	-	104
(c) Percent Reduced	-%	-%	-%	-%	1.417%	- %	1.417%
b. Prior Year							
1. Recorded Investment (All)							
(a) Current	$ -	$ -	$ -	$ -	$496,303,053	$ -	$496,303,053
(b) 30-59 Days Past Due	-	-	-	-	7,523,397	-	7,523,397
(c) 60-89 Days Past Due	-	-	-	-	714,890	-	714,890
(d) 90-179 Days Past Due	-	-	-	-	1,500,940	-	1,500,940
(e) 180+ Days Past Due	-	-	-	-	3,219,005	-	3,219,005
2. Accruing Interest 90-179 Days Past Due							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Interest Accrued	-	-	-	-	-	-	-
3. Accruing Interest 180+ Days Past Due							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(b) Interest Accrued	-	-	-	-	-	-	-
4. Interest Reduced							
(a) Recorded Investment	$ -	$ -	$ -	$ -	$19,773,037	$ -	$19,773,037
(b) Number of Loans	-	-	-	-	66	-	66
(c) Percent Reduced	-%	-%	-%	-%	1.221%	-%	1.221%

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

		Residential		Commercial			
	Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. Current Year							
1. With Allowance for Credit Losses	$-	$-	$-	$-	$ 4,798,017	$-	$ 4,798,017
2. No Allowance for Credit Losses	-	-	-	-	3,172,427	-	3,172,427
b. Prior Year							
1. With Allowance for Credit Losses	$-	$-	$-	$-	$ 6,022,948	$-	$ 6,022,948
2. No Allowance for Credit Losses	-	-	-	-	2,915,089	-	2,915,089

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

		Residential		Commercial			
	Farm	Insured	All Other	Insured	All Other	Mezzanine	Total
a. Current Year							
1. Average Recorded Investment	$-	$-	$-	$-	$8,631,200	$-	$8,631,200
2. Interest Income Recognized	-	-	-	-	379,441	-	379,441
3. Recorded Investments on Nonaccrual Status	-	-	-	-	2,236,458	-	2,236,458
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	351,948	-	351,948

NOTES TO FINANCIAL STATEMENTS

b. Prior Year

1. Average Recorded Investment	$-	$-	$-	$-	$8,952,595	$-	$8,952,595
2. Interest Income Recognized	-	-	-	-	525,681	-	525,681
3. Recorded Investments on Nonaccrual Status	-	-	-	-	3,859,737	-	3,859,737
4. Amount of Interest Income Recognized Using a Cash-Basis Method of Accounting	-	-	-	-	439,200	-	439,200

	2013	2012
7. Allowance for credit losses:		
a. Balance at beginning of period	$5,265,887	$5,166,166
b. Additions charged to operations	963,044	2,381,215
c. Direct write-downs charged against the allowances	4,171,398	2,281,494
d. Recoveries of amounts previously charged off	-	-
e. Balance at end of period	$2,057,533	$5,265,887

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

B. Debt Restructuring

	2013	2012
1. The total recorded investment in restructured loans, as of year end	$7,400,422	$10,033,567
2. The realized capital losses related to these loans	$-	$-
3. Total contractual commitments to extend credit to debtors owing receivables whose terms have been modified in troubled debt restructurings	$-	$-

4. The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continues to perform under its original or restructured contractual terms. Interest income on non-performing loans is generally recognized on a cash basis.

C. Reverse Mortgages

The company has no reverse mortgages.

D. Loan Backed Securities

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

2. All Loan Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2013 as of December 31, 2013: None

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

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other-than-temporary impairment	Amortized cost after other-than-temporary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Report
30605AAX1	306,953	292,374	14,579	292,374	391,589	3/31/2013
74958YAA0	4,612,327	4,550,760	61,567	4,550,760	4,434,549	12/31/2013
74958YAA0	572,923	568,913	4,010	568,913	554,319	12/31/2013
76200RAG3	1,866,904	1,822,522	44,382	1,822,522	1,816,492	12/31/2013

4. All impaired Loan Backed Securities for which an other-than-temporary impairment has not been recognized in earnings as a realized loss as of December 31, 2013:

a. The aggregate amount of unrealized losses:

1. Less than 12 Months $ 30,621,442
2. 12 Months or Longer $ 12,602,775

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

1. Less than 12 Months $ 1,238,982,424
2. 12 Months or Longer $ 217,785,687

NOTES TO FINANCIAL STATEMENTS

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

E. Repurchase Agreements and Securities Lending

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, 2013, no borrowings were outstanding under the agreement.

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

3. Aggregate Amount of Contractually open cash collateral positions:

a. Aggregate Amount Cash Collateral Received

	Fair Value
1. Repurchase Agreement	
(a) Open	$ -
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	-
(g) Securities Received	-
(h) Total Collateral Received	$ -
2. Securities Lending	
(a) Open	$ 338,945,591
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	338,945,591
(g) Securities Received	96,181,865
(h) Total Collateral Received	$ 435,127,456
3. Dollar Repurchase Agreement	
(a) Open	$ -
(b) 30 Days or Less	-
(c) 31 to 60 Days	-
(d) 61 to 90 Days	-
(e) Greater Than 90 Days	-
(f) Sub-Total	-
(g) Securities Received	-
(h) Total Collateral Received	$ -

b. The aggregate fair value of all securities acquired from the sale, trade or use of the accepted collateral (reinvested collateral) $ 338,945,591

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

4. Securities Lending Transactions Administered by an Affiliated Agent

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

NOTES TO FINANCIAL STATEMENTS

5. Collateral Reinvestment

a. Aggregate Amount Cash Collateral Reinvested

	Amortized Cost	Fair Value
1. Repurchase Agreement		
(a) Open	$ -	$ -
(b) 30 Days or Less	-	-
(c) 31 to 60 Days	-	-
(d) 61 to 90 Days	-	-
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	-	-
(l) Securities Received	-	-
(m) Total Collateral Reinvested	$ -	$ -
2. Securities Lending		
(a) Open	$ -	$ -
(b) 30 Days or Less	135,944,749	135,922,489
(c) 31 to 60 Days	114,354,433	114,354,432
(d) 61 to 90 Days	88,668,670	88,668,670
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	338,967,852	338,945,591
(l) Securities Received	-	-
(m) Total Collateral Reinvested	$ 338,967,852	$ 338,945,591
3. Dollar Repurchase Agreement		
(a) Open	$ -	$ -
(b) 30 Days or Less	-	-
(c) 31 to 60 Days	-	-
(d) 61 to 90 Days	-	-
(e) 91 to 120 Days	-	-
(f) 121 to 180 Days	-	-
(g) 181 to 365 Days	-	-
(h) 1 to 2 Years	-	-
(i) 2 to 3 Years	-	-
(j) Greater Than 3 Years	-	-
(k) Sub-Total	-	-
(l) Securities Received	-	-
(m) Total Collateral Reinvested	$ -	$ -

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

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

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

F. Real Estate

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.

NOTES TO FINANCIAL STATEMENTS

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

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

2. The Company's LIHTC property is required to meet regulatory benchmarks to comply with the LIHTC program which include the review of tenant files. Oversight of the projects is administered by the State Housing agencies.

3. The carrying value of the Company's investment in LIHTC did not exceed 10% of its admitted assets.

4. The Company did not recognize any impairment loss on its LIHTC investment during the year.

5. The Company did not write-down its LIHTC investment or reclassify the LIHTC during the year due to the forfeiture or ineligibility of tax credits.

H. Restricted Assets

1. Restricted Assets (Including Pledged)

	Gross Restricted								Percentage	
	Current Year									
	1	2	3	4	5	6	7	8	9	10
Restricted Asset Category	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase / (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	$ -	-	-	-	$-	$-	$-	$-	0%	0%
b. Collateral held under security lending agreements	$338,945,591	-	-	-	$338,945,591	$-	$338,945,591	$338,945,591	1%	1%
c. Subject to repurchase agreements	$ -	-	-	-	$-	$-	$-	$-	0%	0%
d. Subject to reverse repurchase agreements	$ -	-	-	-	$-	$-	$-	$-	0%	0%
e. Subjects to dollar repurchase agreements	$ -	-	-	-	$-	$-	$-	$-	0%	0%
f. Subject to dollar reverse repurchase agreements	$ -	-	-	-	$-	$-	$-	$-	0%	0%
g. Placed under option contracts	$ -	-	-	-	$-	$-	$-	$-	0%	0%
h. Letter stock or securities restricted as to sale	$16,299,600	-	-	-	$16,299,600	$16,299,600	$-	$-	0%	0%
i. On deposit with states	$1,431,326,875	-	-	-	$1,431,326,875	$1,433,737,476	$(2,410,601)	$1,431,326,875	3%	3%
j. On deposit with other regulatory bodies	$776,392,203	-	-	-	$776,392,203	$972,274,186	$(195,881,983)	$776,392,203	2%	2%
k. Pledged as collateral not captured in other categories	$505,536,196	-	-	-	$505,536,196	$430,146,903	$75,389,293	$505,536,196	1%	1%
l. Other restricted assets	$ -	-	-	-	$ -	$-	$-	$ -	0%	0%
m. Total Restricted Assets	$3,068,500,465	$-	$-	$-	$3,068,500,465	$2,852,458,165	$216,042,300	$3,068,500,465	7%	7%

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

NOTES TO FINANCIAL STATEMENTS

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

	Gross Restricted								Percentage	
	Current Year									
	1	2	3	4	5	6	7	8	9	10
Description of Asset	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase / (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
FHLB Boston - Borrowing	$165,390,450	-	-	-	$165,390,450	$173,817,497	$(8,427,047)	$165,390,450	0%	0%
Lloyds Syndicate LOC	$339,595,746	-	-	-	$339,595,746	$255,235,192	$84,360,554	$339,595,746	1%	1%
Chubb & Sons LOC	$550,000	-	-	-	$550,000	$1,094,214	$(544,214)	$550,000	0%	0%
Total	$505,536,196	-	-	-	$505,536,196	$430,146,903	$75,389,293	$505,536,196	1%	1%

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

   Not Applicable

Note 6 - Joint Ventures, Partnerships 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 $22,879,519 during the year.

Note 7 - Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

   No amounts were excluded as of December 31, 2013.

Note 8 - Derivative Instruments

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

Beginning in July 2012, the Company, as part of its risk management program, diversification, and economic hedging strategies, entered into total return swap agreements with net notional amounts totaling 198,633,333. In December 2012, one position with notional amounts totaling 71,300,000 matured, the loss associated with this matured position was $4,610,082. The remaining contracts expired at various points during 2013, with the last contract expiring in September 2013. The Company reported a realized loss of $10,874,061 in 2013.

NOTES TO FINANCIAL STATEMENTS

Note 9 - Income Taxes

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

1.

	12/31/2013		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
(a) Gross Deferred Tax Assets	$ 2,500,253,700	$ 319,863,600	$ 2,820,117,300
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	2,500,253,700	319,863,600	2,820,117,300
(d) Deferred Tax Assets Nonadmitted	-	203,936,575	203,936,575
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	2,500,253,700	115,927,025	2,616,180,725
(f) Deferred Tax Liabilities	937,735,227	56,367,073	994,102,300
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 1,562,518,473	$ 59,559,952	$ 1,622,078,425

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

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
(a) Gross Deferred Tax Assets	$ 212,388,350	$ 78,118,950	$ 290,507,300
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	212,388,350	78,118,950	290,507,300
(d) Deferred Tax Assets Nonadmitted	-	114,775,631	114,775,631
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	212,388,350	(36,656,681)	175,731,669
(f) Deferred Tax Liabilities	40,026,740	(92,282,440)	(52,255,700)
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	$ 172,361,610	$ 55,625,759	$ 227,987,369

2.

	12/31/2013		
	(1) Ordinary	(2) Capital	(3) (Col 1+2) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	$ 41,729,325	$ 59,559,952	$ 101,289,277
(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)	1,666,700,541	-	1,666,700,541
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	1,666,700,541	-	1,666,700,541
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			1,918,587,144
(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	791,823,834	56,367,073	848,190,907
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	$ 2,500,253,700	$ 115,927,025	$ 2,616,180,725

NOTES TO FINANCIAL STATEMENTS

	12/31/2012		
	(4) Ordinary	(5) Capital	(6) (Col 4+5) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	$ -	$ -	$ -
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation (The Lesser of 2(b)1 and 2(b)2 Below)	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

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	$ 41,729,325	$ 59,559,952	$ 101,289,277
(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)	274,943,629	(3,934,193)	271,009,436
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	274,943,629	(3,934,193)	271,009,436
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			70,744,779
(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	(104,284,604)	(92,282,440)	(196,567,044)
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	$ 212,388,350	$ (36,656,681)	$ 175,731,669

3.

	2013	2012
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	423.25%	413.43%
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.	13,581,811,074	13,202,031,242

4.

	12/31/2013		12/31/2012		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col 1-3) Ordinary	(6) (Col 2-4) Capital
Impact of Tax-Planning Strategies						
(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.						
1. Adjusted Gross DTAs amount from Note 9A1 (c)	$ 2,500,253,700	$ 319,863,600	$ 2,287,865,350	$ 241,744,650	$ 212,388,350	$ 78,118,950
2. Percentage of adjusted gross DTAs by tax character to the impact of tax planning strategies.	0%	0%	0%	0%	0%	0%

NOTES TO FINANCIAL STATEMENTS

3. Net Admitted Adjusted Gross DTAs amount from Note 9A1 (e)	$ 2,500,253,700	$ 115,927,025	$ 2,287,865,350	$ 152,583,706	$ 212,388,350	$ (36,656,681)
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies.	0%	0%	0%	0%	0%	0%

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

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

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

	(1) 12/31/2013	(2) 12/31/2012	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	$ 104,626,584	$ (399,248,301)	$ 503,874,885
(b) Foreign	23,971,603	24,702,019	(730,416)
(c) Subtotal	128,598,187	(374,546,282)	503,144,469
(d) Federal income tax on net capital gains	42,109,813	83,530,282	(41,420,469)
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	$ 170,708,000	$ (291,016,000)	$ 461,724,000
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	$ 336,133,000	$ 330,169,000	$ 5,964,000
(2) Unearned premium reserve	444,512,000	340,937,000	103,575,000
(3) Policyholder reserves	-	-	-
(4) Investments	17,711,000	18,754,000	(1,043,000)
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	13,081,000	-	13,081,000
(8) Compensation and benefits accrual	229,307,000	214,757,000	14,550,000
(9) Pension accrual	131,565,000	116,506,000	15,059,000
(10) Receivables – nonadmitted	322,291,000	265,893,000	56,398,000
(11) Net operating loss carry-forward	589,562,000	619,379,000	(29,817,000)
(12) Tax credit carry-forward	171,723,000	128,379,000	43,344,000
(13) Other (including items <5% of total ordinary tax assets)	244,368,700	253,091,350	(8,722,650)
(99) Subtotal	2,500,253,700	2,287,865,350	212,388,350
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	2,500,253,700	2,287,865,350	212,388,350
(e) Capital			
(1) Investments	223,950,000	192,398,000	31,552,000
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	95,913,600	49,346,650	46,566,950
(99) Subtotal	319,863,600	241,744,650	78,118,950
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	203,936,575	89,160,944	114,775,631
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	115,927,025	152,583,706	(36,656,681)
(i) Admitted deferred tax assets (2d + 2h)	2,616,180,725	2,440,449,056	175,731,669
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	500,866,000	373,502,000	127,364,000
(2) Fixed assets	41,810,000	68,614,000	(26,804,000)
(3) Deferred and uncollected premium	-	-	-

NOTES TO FINANCIAL STATEMENTS

(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total capital tax liabilities)	395,059,227	455,592,487	(60,533,260)
(99) Subtotal	937,735,227	897,708,487	40,026,740
(b) Capital:			
(1) Investments	56,367,073	67,834,000	(11,466,927)
(2) Real estate	-	33,500,000	(33,500,000)
(3) Other (including items <5% of total capital tax liabilities)	-	47,315,513	(47,315,513)
(99) Subtotal	56,367,073	148,649,513	(92,282,440)
(c) Deferred tax liabilities (3a99 + 3b99)	994,102,300	1,046,358,000	(52,255,700)
4. Net deferred tax assets/liabilities (2i – 3c)	$ 1,622,078,425	$ 1,394,091,056	$ 227,987,369

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of excludable dividend income, tax exempt interest, utilization of prior year net operating losses, intangible drilling costs, unearned premium reserve deductions, depreciation, permanent impairments, partnership losses, and compensation expenses.

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

Year Generated	Amount	Expiration
2011	$ 1,002,484,000	2031
2012	$ 681,978,000	2032

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

Year Generated	Amount	Expiration
2009	$ 6,404,000	2019
2011	$ 10,587,000	2021
2012	$ 6,990,000	2022
2013	$ 18,334,000	2023

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

Year Generated	Amount	Expiration
2009	$ 1,000	2029
2010	$ 27,000	2030
2011	$ 2,420,000	2031
2012	$ 22,894,000	2032
2013	$ 27,826,000	2033

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 is $116,541,000 from the current year and none from the preceding year.

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

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

AMBCO Capital Corporation
America First Insurance Company
America First Lloyd’s Insurance Company
American Economy Insurance Company
American Fire and Casualty Company
American States Insurance Company
American States Insurance Company of Texas
American States Lloyds Insurance Company
American States Preferred Insurance Company
Barrier Ridge LLC
Berkeley Holding Company Associates, Inc.
Berkeley Management Corporation
Bridgefield Casualty Insurance Company
Bridgefield Employers Insurance Company
Capitol Court Corporation
Cascade Disability Management, Inc.
Colorado Casualty Insurance Company
Commercial Aviation Insurance, Inc.
Liberty Mutual Insurance Company
Liberty Mutual Personal Insurance Company
Liberty Northwest Insurance Corporation
Liberty Personal Insurance Company
Liberty RE (Bermuda) Limited
Liberty Sponsored Insurance (Vermont), Inc.
Liberty Surplus Insurance Corporation
LIH-RE of America Corporation
LIU Specialty Insurance Agency Inc.
LM General Insurance Company
LM Insurance Corporation
LM Property and Casualty Insurance Company
LMHC Massachusetts Holdings Inc.
LRE Properties, Inc.
Mid-American Fire & Casualty Company
North Pacific Insurance Company
Ocasco Budget, Inc.
OCI Printing, Inc.

NOTES TO FINANCIAL STATEMENTS

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
Indiana Insurance Company	Safeco Insurance Company of Oregon
Insurance Company of Illinois	Safeco Lloyds Insurance Company
LEXCO Limited	Safeco National Insurance Company
Liberty-USA Corporation	Safeco Properties, Inc.
Liberty Assignment Corporation	Safeco Surplus Lines Insurance Company
Liberty Energy Canada, Inc.	San Diego Insurance Company
Liberty Financial Services, Inc.	SCIT, Inc.
Liberty Hospitality Group, Inc.	St. James Insurance Company Ltd.
Liberty Insurance Corporation	Summit Consulting, Inc. 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 Association
Liberty Life Assurance Company of Boston	The Netherlands Insurance Company
Liberty Life Holdings Inc.	The Ohio Casualty Insurance Company
Liberty Lloyds of Texas Insurance Company	Wausau Business Insurance Company
Liberty Management Services, Inc.	Wausau General Insurance Company
Liberty Mexico Holdings Inc.	Wausau Underwriters Insurance Company
Liberty Mutual Agency Corporation	West American Insurance Company
Liberty Mutual Fire Insurance Company	Winmar Company, Inc.
Liberty Mutual Group Asset Management Inc.	Winmar of the Desert, Inc.
Liberty Mutual Group Inc.	Winmar Oregon, Inc.
Liberty Mutual Holding Company Inc.	Winmar-Metro, Inc.

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

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

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

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

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

C. For the year ended December 31, 2013, the Company had the following capital transactions with its parent and subsidiaries:

1. Received return of capital distributions of $628,579,592

2. Contributed capital in the amount of $3,104,262,629

3. Received dividends in the amount of $803,478,495

D. At December 31, 2013 the Company reported a net $573,664,654 due from affiliates, consisting of net intercompany receivables, $347,664,655 and loans to Liberty International Netherlands VOF, amounting to $226,000,000 with maturities ranging from August 23, 2015 to April 18, 2027. Interest is paid annually. As of December 31, 2013 interest accrued and paid on the loans was $64,317 and $7,075,304, respectively. The loans, reported on Schedule BA, Other Long Term Invested Assets Owned. The terms of the intercompany arrangements, in general, require settlement at least quarterly.

NOTES TO FINANCIAL STATEMENTS

During March, LMIC sold a portion of it's membership units of Liberty Mutual Investment Holdings LLC ("LMIH") to Employers Insurance Company of Wausau ("EICOW") for $1,305,439. The sale resulted in a gain of $23. Contemporaneous with the sale, LMIC purchased membership units of LMIH from Liberty Insurance Corporation ("LIC") and Liberty Life Assurance Company of Boston ("LLAC") for $53,698,030 and $15,970,011, respectively.

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 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
Safeco Insurance Company of Oregon
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).

The Company is party to service agreements with 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.
Helmsman Insurance Agency LLC
Helmsman Management Services LLC
Liberty Information Technology Limited
Liberty Life Assurance Company of Boston
Liberty Lloyd’s of Texas Insurance Company
Liberty Mutual Agency Corporation
Liberty Mutual Equity LLC
Liberty Mutual Group Inc.
Liberty Mutual Managed Care LLC
LIU Specialty Insurance Agency Inc.
LM Property and Casualty Insurance Company
San Diego Insurance Company
Wausau Signature Agency LLC

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 an investment management agreement with Liberty Mutual Investment Advisors LLC (“LMIA”). The Company is a party to an investment management agreement 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 investment management agreements with LMIA and Safeco Insurance Foundation (“SIF”). Under these agreements, the Company provides services to LMIA and SIF.

The Company is a 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:

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Company	Credit Line
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 $30,000,000 of outstanding loans as of December 31, 2013.

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

Company	Credit Line
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, 2013.

[1]Reference Note 11C for detail on 2013 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.

The Company is a party to management service agreements (the "Agreements") with the following SCA companies –

America First Insurance Company
America First Lloyds' Insurance Company
American Economy Insurance Company
American Fire and Casualty Company
American States Insurance Company
American States Insurance Company of Texas
American States Lloyds Insurance Company
American States Preferred Insurance Company
Colorado Casualty Insurance Company
Consolidated Insurance Company
Employers Insurance Company of Wausau
Excelsior Insurance Company
First National Insurance Company of America
General Insurance Company of America
Golden Eagle Insurance Corporation
Hawkeye-Security Insurance Company
Indiana Insurance Company
Insurance Company of Illinois
Liberty Insurance Corporation
Liberty Insurance Underwriters Inc.
Liberty Mutual Fire Insurance Company
Liberty Mutual Mid-Atlantic Insurance Company
Liberty Mutual Personal Insurance Company

NOTES TO FINANCIAL STATEMENTS

Liberty Northwest Insurance Corporation
Liberty Personal Insurance Company
Liberty Surplus Insurance Corporation
LM General Insurance Company
LM Insurance Corporation
Mid-American Fire & Casualty Company
Montgomery Mutual Insurance Company
National Insurance Association
North Pacific Insurance Company
Ohio Security Insurance Company
Oregon Automobile Insurance Company
Peerless Indemnity Insurance Company
Peerless Insurance Company
Safeco Insurance Company of America
Safeco Insurance Company of Illinois
Safeco Insurance Company of Indiana
Safeco Insurance Company of Oregon
Safeco Lloyds Insurance Company
Safeco National Insurance Company
Safeco Surplus Lines Insurance Company
The First Liberty Insurance Corporation
The Midwestern Indemnity Company
The Netherlands Insurance Company
The Ohio Casualty Insurance Company
Wausau Business Insurance Company
Wausau General Insurance Company
Wausau Underwriters Insurance Company
West American Insurance Company

Under these Agreements, the Company may provide these subsidiaries 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 LMGI. Services provided include, but are not limited to, risk underwriting, claims processing, claims adjustments, policyholder services, contract management and administration. The Company is reimbursed for the cost of all services which it provides under these Agreements.

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. Liberty Mutual Insurance Company (LMIC) owns 100.00% of Liberty Insurance Holdings, Inc (“LIH, Inc.”), a downstream holding company. LIH, Inc. is carried at audited U.S Generally Accepted Accounting Principals (“GAAP”) equity, adjusted for statutory basis of accounting in accordance with SSAP No 97.

At December 31, 2013, 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.	$4,900,935,114	-	$697
Total LMIC unamortized admitted goodwill	$185,645,851	-	-

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	$19,643,425
LM Captive Holdings LLC	31,680,031
Summit Holding Southeast	125,209,442
Berkeley/Columbus III, LLC	386,275,649
Liberty Mutual Equity LLC	$ (5,363)

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, 2013.

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 $6,450,665.

		Current Year	Prior Year
(2)	FHLB stock purchased/owned as part of the agreement	$16,299,600	$16,299,600
(3)	Collateral pledged to the FHLB	$165,390,332	$173,817,497
(4)	Borrowing capacity currently available	$1,850,000,000	$1,850,000,000
(5)	Agreement assets and liabilities	N/A	N/A
	General Account:		
	a. Assets		
	b. Liabilities		
	Separate Account:		
	c. Assets		
	d. Liabilities		

* Borrowing capacity is based on LMHC Board authorized amount

C. The Company maintains a $150,000,000 revolving line of credit with Peerless Insurance Company ("PIC"), a $150,000,000 revolving line of credit with Employers Insurance Company of Wausau ("EICOW"), a $100,000,000 revolving line of credit with American Economy Insurance Company ("AEIC"), and a $50,000,000 revolving line of credit with General Insurance Company of America ("GICA") (see Note 10F). On March 15, 2013 the Company borrowed $100,000,000 under the agreement with PIC with a maturity date of September 15, 2013. Interest on this borrowed money was accrued at an annual interest rate of 1.68%. The loan was repaid on July 29, 2013. On April 23, 2013 the Company borrowed $50,000,000 under the agreement with AEIC with a maturity date of October 23, 2013. Interest on this borrowed money was accrued at an annual interest rate of 1.68%. The loan was repaid on August 28, 2013. On April 29, 2013 the Company borrowed $50,000,000 under the agreement with GICA with a maturity date of July 29, 2013. Interest on this borrowed money was accrued at an annual interest rate of 1.67%. The loan was repaid on July 29, 2013. On April 29, 2013 the Company borrowed $40,000,000 under the agreement with EICOW with a maturity date of June 29, 2013. Interest on this borrowed money as accrued at an annual interest rate of 2.74%. On June 28, 2013 the Company extended this borrowing until August 29, 2013. The loan was repaid on August 27, 2013. For December year-to-date 2013, the Company has incurred and paid interest expense of $2,043,221. There were no outstanding borrowings as of December 31, 2013.

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

A. Defined Benefit Plan

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 savings 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 pension and contributory defined contribution savings 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, 2013 and December 31, 2012.

NOTES TO FINANCIAL STATEMENTS

(1) Change in Benefit Obligation

a. Pension Benefits

	Overfunded		Underfunded	
	2013	2012	2013	2012
1. Benefit obligation at beginning of year	$ -	$ -	$ 155,787,067	$ 135,761,711
2. Service cost	-	-	2,594,092	2,031,636
3. Interest cost	-	-	7,302,104	7,595,202
4. Contribution by plan participants	-	-	-	-
5. Actuarial gain (loss)	-	-	(2,222,277)	14,737,955
6. Foreign currency exchange rate changes	-	-	(4,823,969)	1,707,878
7. Benefits paid	-	-	(7,336,416)	(6,151,489)
8. Plan amendments	-	-	78,460	-
9. Business combinations, divestitures, curtailments, settlements and special termination benefits	-	-	-	104,174
10. Benefit obligation at end of year	$ -	$ -	$ 151,379,061	$ 155,787,067

b. Postretirement Benefits

	Overfunded		Underfunded	
	2013	2012	2013	2012
1. Benefit obligation at beginning of year	$ -	$ -	$ 44,915,755	$ 30,173,780
2. Service cost	-	-	4,866,216	1,341,147
3. Interest cost	-	-	9,081,551	1,882,726
4. Contribution by plan participants	-	-	-	-
5. Actuarial gain (loss)	-	-	(17,347,451)	12,094,307
6. Foreign currency exchange rate changes	-	-	(394,106)	78,813
7. Benefits paid	-	-	(5,784,140)	(655,018)
8. Plan amendments	-	-	142,798,823	-
9. Business combinations, divestitures, curtailments, settlements and special termination benefits	-	-	-	-
10. Benefit obligation at end of year	$ -	$ -	$ 178,136,648	$ 44,915,755

c. Postemployment & Compensated Absence Benefits

	Overfunded		Underfunded	
	2013	2012	2013	2012
1. Benefit obligation at beginning of year	N/A	N/A	N/A	N/A
2. Service cost	N/A	N/A	N/A	N/A
3. Interest cost	N/A	N/A	N/A	N/A
4. Contribution by plan participants	N/A	N/A	N/A	N/A
5. Actuarial (gain) loss	N/A	N/A	N/A	N/A
6. Foreign currency exchange rate changes	N/A	N/A	N/A	N/A
7. Benefits paid	N/A	N/A	N/A	N/A
8. Plan amendments	N/A	N/A	N/A	N/A
9. Business combinations, divestitures, curtailments, settlements and special termination benefits	N/A	N/A	N/A	N/A
10. Benefit obligation at end of year	N/A	N/A	N/A	N/A

(2) Change in Plan Assets

	Pension Benefits		Postretirement Benefits		Postemployment	
	2013	2012	2013	2012	2013	2012
a. Fair value of plan assets at beginning of year	$ 64,127,252	$ 58,572,122	$ -	$ -	N/A	N/A
b. Actual return on plan assets	7,232,342	4,274,829	-	-	N/A	N/A
c. Foreign currency exchange rate changes	(4,072,855)	1,424,491	-	-	N/A	N/A
d. Reporting entity contribution	1,611,450	2,354,210	-	-	N/A	N/A
e. Plan participants' contributions	-	-	-	-	N/A	N/A
f. Benefits paid	(2,986,867)	(2,498,400)	-	-	N/A	N/A
g. Business combinations, divestitures and settlements	-	-	-	-	N/A	N/A
h. Fair value of plan assets at end of year	$ 65,911,322	$ 64,127,252	$ -	$ -	N/A	N/A

NOTES TO FINANCIAL STATEMENTS

(3) Funded Status

	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
Overfunded:				
a. Assets (nonadmitted)				
1. Prepaid benefit costs	$ 20,528,308	$ 23,881,681	$ -	$ -
2. Overfunded plan assets	(20,528,308)	-	-	-
3. Total assets (nonadmitted)	$ -	$ 23,881,681	$ -	$ -
Underfunded:				
b. Liabilities recognized				
1. Accrued benefit costs	$ 74,790,039	$ 72,930,267	$ 35,561,582	$ 15,574,594
2. Liability for pension benefits	9,766,359	9,905,746	5,936,040	-
3. Total liabilities recognized	$ 84,556,398	$ 82,836,013	$ 41,497,622	$ 15,574,594
c. Unrecognized liabilities	$ 911,340	$ -	$ 136,639,025	$ -

(4) Components of Net Periodic Costs

	Pension Benefits		Postretirement Benefits		Postemployment & Compensated Absence Benefits	
	2013	2012	2013	2012	2013	2012
a. Service cost	$ 2,594,092	$ 2,031,636	$ 4,866,216	$ 1,341,147	N/A	N/A
b. Interest cost	7,302,104	7,595,202	9,081,551	1,882,726	N/A	N/A
c. Expected return on plan assets	(3,006,251)	(3,327,186)	-	-	N/A	N/A
d. Transition asset or obligation	6,331	(4,779)	6,041,408	113,100	N/A	N/A
e. Gains and losses	2,971,049	1,721,165	2,539,430	667,718	N/A	N/A
f. Prior service cost or credit	107,257	109,634	3,423,117	-	N/A	N/A
g. Gain or loss recognized due to a settlement or curtailment	-	-	-	-	N/A	N/A
h. Total net periodic benefit cost	$ 9,974,582	$ 8,125,672	$ 25,951,722	$ 4,004,691	N/A	N/A

(5) Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
a. Items not yet recognized as a component of net periodic benefit cost - prior year	$ 42,611,229	$ 29,937,913	$ 29,341,161	$ 18,010,400
b. Net transition asset or obligation recognized	(6,331)	4,779	(6,041,408)	(113,100)
c. Net prior service cost or credit arising during the period	78,460	-	142,645,043	-
d. Net prior service cost or credit recognized	(107,257)	(109,634)	(3,423,117)	-
e. Net gain and loss arising during the period	(8,399,045)	14,499,336	(17,407,184)	12,111,579
f. Net gain and loss recognized	(2,971,049)	(1,721,165)	(2,539,430)	(667,718)
g. Items not yet recognized as a component of net period benefit cost - current year	$ 31,206,007	$ 42,611,229	$ 142,575,065	$ 29,341,161

(6) Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
a. Net transition asset or obligation	$ 10,233	$ (26,334)	$ 5,936,041	$ 111,636
b. Net prior service cost or credit	$ 115,688	$ 111,317	$ 3,420,833	$ 3,442,242
c. Net recognized gains and losses	$ 1,765,782	$ 2,472,257	$ 1,409,783	$ 2,306,802

(7) Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
a. Net transition asset or obligation	$ 1,707,425	$ 1,534,849	$ 112,784,769	$ 111,636
b. Net prior service cost or credit	$ 921,048	$ 998,998	$ 20,485,033	$ -
c. Net recognized gains and losses	$ 28,577,534	$ 40,077,382	$ 9,305,263	$ 29,229,525

NOTES TO FINANCIAL STATEMENTS

(8) Weighted-average assumptions used to determine net periodic benefit cost as of Dec. 31

	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
a. Weighted-average discount rate	4.65%	5.66%	4.76%	6.16%
b. Expected long-term rate of return on plan assets	5.00%	5.25%	N/A	N/A
c. Rate of compensation increase	3.95%	3.95%	N/A	N/A

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

	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
d. Weighted-average discount rate	5.22%	4.65%	5.57%	4.78%
e. Rate of compensation increase	3.71%	3.95%	N/A	N/A

For measurement purposes, a 6.71% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2013. The rate was assumed to decrease gradually to 4.40% in 2032.

(9) The amount of the accumulated benefit obligation for the defined benefit pension plans was $136,860,332 for the current year and $143,650,386 for the prior year.

(10) Not Applicable

(11) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1-Percentage Point	
	Increase	Decrease
a. Effect on total of service and interest cost components	$ 134,871	$ (104,659)
b. Effect on postretirement benefit obligation	$ 889,129	$ (681,694)

(12) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

Year(s)	Amount
a. 2014	$ 11,236,023
b. 2015	$ 12,165,080
c. 2016	$ 12,801,144
d. 2017	$ 13,551,247
e. 2018	$ 14,419,580
f. 2019 to 2023	$ 88,421,439

(13) The Company does not have any regulatory contribution requirements for 2014, however, the Company currently intends to make voluntary contributions to the defined benefit pension plan of $1,599,999 in 2014.

(14) – (17) Not Applicable

(18) The Company adopted SSAP No. 92 - Accounting for Postretirement Benefits Other Than Pensions, SSAP No. 102 Accounting for Pensions, and EITF 06-04 Accounting for Split-Dollar Life Insurance Arrangements in 2013 per Note 2. The impact of adopting these accounting principles is reported as a Plan amendent in the Change in Benefit Obligation tables. The Company elected to apply the transition guidance to record the surplus impact of adopting these new accounting principles.

(19) Not Applicable

(20) See Items 1 – 9

(21) The Company elected to apply the transition guidance to record the surplus impact of adopting SSAP No. 92 - Accounting for Postretirement Benefits Other Than Pensions, SSAP No. 102 Accounting for Pensions, and EITF 06-04 Accounting for Split-Dollar Life Insurance Arrangements in 2013. The full beginning balance transition surplus impact was $190,869,532. During 2013, $53,319,167 was recognized resulting in an end of year transition liability of $137,550,365. It is expected that the remaining surplus impact will be recognized over the next nine years.

B. Information about Plan Assets

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:

NOTES TO FINANCIAL STATEMENTS

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;

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

	2013	2012	Target Allocation
Debt Securities	55%	56%	55% - 80%
Equity Securities	41%	39%	20% - 45%
Other	4%	5%	0% - 10%
Total	**100%**	**100%**	

The investment strategy for each category of Plan assets is as follows:

Fixed maturities: To achieve superior performance against the DEX Universe Bond Index over a longer time horizon.

Equities: To achieve superior performance against a composite benchmark of Standard & Poor's/Toronto Stock Exchange and MSCI World over a longer time horizon.

The Plans' assets are administered by the Liberty Mutual Retirement Board who has the fiduciary responsibility for management of the Plans' assets in accordance with the Liberty Mutual Retirement Benefit Plan Investment Policy. This policy has been approved by the Liberty Mutual Retirement Board.

C. Fair Value of Plan Assets

All of the Plan's assets' fair value measurements are based on quoted prices in active markets for identical assets and deemed Level 1 or 2. Fair value measurements of the Plans' assets as of December 31, 2013 and 2012 are as follows

(1) Fair Value Measurement of Plan Assets at December 31, 2013.

Description for each class of plan assets	(Level 1)	(Level 2)	(Level 3)	Total
Cash, cash equivalents and short-tern investments	$ 515,711	$ 2,242,072	$ -	$ 2,757,783
Fixed maturities:				
Canadian government	-	30,479,365	-	30,479,365
Corporate and other	-	5,651,887	-	5,651,887
Equities:				
U.S. large cap equities	4,165,587	-	-	4,165,587
U.S. mid and small cap equities	357,863	-	-	357,863
European equities	4,782,381	-	-	4,782,381
Asian equities	749,026	-	-	749,026
Canadian equities	16,721,656	-	-	16,721,656
Other equities	245,774	-	-	245,774
Total Plan Assets	$ 27,537,998	$ 38,373,324	$ -	$ 65,911,322

NOTES TO FINANCIAL STATEMENTS

(2) Fair Value Measurement of Plan Assets at December 31, 2012.

Description for each class of plan assets	(Level 1)	(Level 2)	(Level 3)	Total
Cash, cash equivalents and short-tern investments	$ 568,600	$ 3,095,123	$ -	$ 3,663,723
Fixed maturities:				
Canadian government	-	29,175,869	-	29,175,869
Corporate and other	-	6,455,446	-	6,455,446
Equities:				
U.S. large cap equities	3,652,331	-	-	3,652,331
European equities	4,251,189	-	-	4,251,189
Asian equities	710,205	-	-	710,205
Canadian equities	16,218,489	-	-	16,218,489
Other equities	-	-	-	-
Total Plan Assets	$ 25,400,814	$ 38,726,438	$ -	$ 64,127,252

D. Narrative description of expected long term rate of return assumption
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.

E. Defined Contribution Plans

The Company continues to sponsor various contributory defined contribution savings plans for Canadian and certain U.S. employees. The Company's expense charged to operations amounted to approximately $528,440 and $467,938 in 2013 and 2012, respectively. The Company's contribution to the contributory defined contribution savings plans is based on the employee contribution amounts and company performance.

F. Multi-employer Plans

Not Applicable

G. Consolidated/Holding Company Plans

The Company participates in noncontributory defined benefit pension plans and contributory defined contribution savings plans sponsored by LMGI, a Holding Company. In addition, the Company provides certain other postretirement benefits to retired employees through a postretirement health and life insurance plan sponsored by LMGI. 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.

The Holding Company allocates costs to the Company pursuant to the Employee Benefits Plans Cost-Sharing Agreement disclosed in note 10. The Company's cost allocation for the noncontributory defined benefit pension plans was $694,467,044 and $622,931,358 for 2013 and 2012, respectively. The Company's cost allocation for the contributory defined contribution savings plans was $100,753,547 and $115,605,250 for 2013 and 2012, respectively. The Company's cost allocation for the other postretirement benefit plans was $44,881,494 and $39,096,737 for 2013 and 2012, respectively. Beginning January 1, 2014, LMGI's health and life insurance cost-sharing arrangement changed to a defined contribution model with an annual dollar contribution amount based on age and years of eligible credit service.

H. 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.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17)
Not Applicable

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

1. The Company has 100,000 shares authorized, issued and outstanding as of December 31, 2013. All shares have a stated par value of $100.

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

2. On December 31, 2008, the Company issued 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.

3. There are no dividend restrictions.

NOTES TO FINANCIAL STATEMENTS

4. The Company paid ordinary dividends to its parent in 2013 of:

	Ordinary	Total Dividends
March	$ 16,191,500	$ 16,191,500
May	135,000,000	135,000,000
June	16,191,500	16,191,500
September	16,191,500	16,191,500
December	16,191,500	16,191,500
Total	$ 199,766,000	$ 199,766,000

5. 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 2014 is $1,512,638,221.

6. As of December 31, 2013, the Company has pre-tax restricted surplus of $55,686,852 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

8. The Company does not hold stock for special purposes.

9. The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2013.

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized losses is $(2,975,064,202) after applicable deferred taxes of $(17,344,873).

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) Unapproved Interest	(8) Date of Maturity
May 18, 1995	8.500%	$140,000,000	$139,891,139	$11,900,000	$232,330,972	$ -	5/15/2025
Oct 21, 1996	7.875%	227,085,000	226,922,615	17,882,944	327,169,801	-	10/15/2026
Oct 15, 1997	7.697%	260,233,000	256,545,150	20,030,134	575,148,929	-	10/15/2097
Total		$627,318,000	$623,358,904	$49,813,078	$1,134,649,702	$ -	

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.

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:

NOTES TO FINANCIAL STATEMENTS

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 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 22.823, 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, 2013, $9,279,690 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.
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 $289,747,500 that have been collateralized. The guarantee is effective from November 22, 2013 - November 22, 2014. As of December 31, 2013, there have been no drawings under the standby letters of credit.	Wholly-owned subsidiary	Increase in investment in SCA	$289,747,500	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 $10,448,193. This guarantee was executed on March 13, 2007. The lease expires in March 2022.	No liability at inception of the guarantee	Dividend to Stockholder	$10,448,193	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, 2013 was $57,813.	Wholly-owned subsidiary	Increase in investment in SCA	$57,813	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 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, 2013 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 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.

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 22.823, 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, 2013, $6,764,584 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	$6,764,584	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	$161,972,652	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
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	$-	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, 2013 was $974,469. The effective date of this guarantee was December 30, 2008 through January 2, 2014, when final payment was made on these leases.	Wholly-owned subsidiary	Increase in investment in SCA	$974,469	Guaranteed affiliate is in compliance with the terms of guaranteed contract.
The Company guarantees that, if Safeco Insurance Company of Oregon, 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 22.832, the Company shall pay Safeco Insurance Company of Oregon a sufficient amount to reimburse it for such reduction, not exceeding $15,000,000. As of December 31, 2013, $8,635,706 in "qualifying Louisiana investment" was held. This guarantee shall remain effective until the Company no longer owns or controls Safeco Insurance Company of Oregon.	Wholly-owned subsidiary	Increase in investment in SCA	$8,635,706	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	$55,317,001	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.
		Total:	$ 538,917,918	

NOTES TO FINANCIAL STATEMENTS

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.	$ 538,917,918
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	$ 528,469,725
2. Joint Venture	$ -
3. Dividends to Stockholders (capital contribution)	$ 10,448,193
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 $83,105,102 that is offset by future premium tax credits of $6,142,486. Current assessments are expected to be paid out in the next two years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2013. During 2013 there were no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.

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	$ 9,498,289
b.	Decreases current year: Premium tax offset applied	3,779,321
c.	Increases current year: Premium tax offset increase	423,518
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$ 6,142,486

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	$5,011,036

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.

NOTES TO FINANCIAL STATEMENTS

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, 2013, 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.

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

Note 15 - Leases

A. Lessee Leasing Arrangements

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

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

Year Ending December 31,	Operating Leases
2013	56,756,247
2014	57,384,351
2015	46,133,481
2016	25,880,595
2017	18,569,839
2018 & thereafter	148,209,928
Total	352,934,441

   The amount of liability the Company recognized in its financial statements for lease agreements for which it is no longer using the leased property benefits is $4,883,035.

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

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

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

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

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

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

A. Transfers of Receivables Reported as Sales

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

B. Transfers and Servicing of Financial Assets

The Company participates in a Securities Lending Program to generate additional income, whereby certain fixed income and mortgage backed securities are loaned for a period of time from the Company's portfolio to qualifying third parties, via a lending agent. The company does not participate in term loans; therefore, the company does not have contractual collateral transactions that extend beyond one year from the reporting date. Borrowers of these securities provide collateral equal to or in excess of 102% of the market value of the loaned securities. Acceptable collateral may be in the form of cash or U.S. Government securities, such as Treasuries and Agency Bonds. The market value of the loaned securities is monitored and additional collateral is obtained if the market value of the collateral falls below 102% of the market value of the loaned

NOTES TO FINANCIAL STATEMENTS

securities. Additionally, the lending agent indemnifies the Company against borrower defaults. Cash collateral is carried as an asset with an offsetting liability on the balance sheet, as the collateral is unrestricted and the Company can exercise discretion as to how the collateral is invested. The loaned securities remain a recorded asset of the Company.

At December 31, 2012 the total fair value of securities on loan was $416,820,392, with corresponding collateral value of $435,127,456 of which $338,945,591 represents cash collateral that was reinvested.

The Company does not have any open security lending positions as of December 31, 2013.

C. Wash Sales

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

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

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20 - Fair Value Measurements

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

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

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

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

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

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

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

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

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	$ -	$193,386,989	$2,248,597	$195,635,586
Non-Issuer Obligations	-	22,415,787	-	22,415,787
Total Bonds	$ -	$ 215,802,776	$2,248,597	$218,051,373
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	$ -	$206,289,010	$ -	$206,289,010
Total Preferred Stocks	$ -	$206,289,010	$ -	$206,289,010
Common Stocks				
Industrial and Miscellaneous	$372,995,027	$ -	$16,299,600	$389,294,627
Total Common Stocks	$372,995,027	$ -	$16,299,600	$389,294,627
Total assets at fair value	$372,995,027	$422,091,786	$18,548,197	$813,635,010

NOTES TO FINANCIAL STATEMENTS

Liabilities at fair value				
Derivative Liabilities	$ -	$ -	$ -	$ -
Total liabilities at fair value	$ -	$ -	$ -	$ -

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

2. Rollforward of Level 3 Items

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

1	2	3	4	5	6	7	8	9	10	11
	Balance at 12/31/2012	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31/2013
Bonds	$269,062	$2,248,821	($20,015,728)	$ -	($32,752)	$21,128,601	$ -	($1,348,527)	($880)	$2,248,597
Preferred Stock	14,976,000	-	-	-	-	-	-	(14,976,000)		-
Common Stock	16,299,900	-	-	-	-	-	-	(300)		16,299,600
Total	$31,544,962	$2,248,821	($20,015,728)	$ -	($32,752)	$21,128,601	$ -	($16,324,827)	($880)	$18,548,197

3. Policy on Transfers Into and Out of Level 3

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

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

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

U.S. Government and Agency

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

Mortgage-Backed Securities

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

Asset-Backed Securities

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

NOTES TO FINANCIAL STATEMENTS

Municipals

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

Corporate debt and other

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

Foreign government securities

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

Equity Securities

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

Other Investments

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

5. Derivative Fair Values

Not applicable

B. Other Fair Value Disclosures

Not applicable

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	$1,062,719,679	$1,118,180,550	$1,052,447,280	$10,272,399	$-	$-
Bonds	14,324,742,323	13,927,716,758	410,671,918	13,862,213,957	51,856,448	-
Preferred Stock	207,689,019	207,095,260	-	207,689,010	9	-
Common Stock	389,294,627	389,294,627	372,995,027	-	16,299,600	-
Securities Lending	338,945,591	338,945,591	-	338,945,591	-	-
Mortgage Loans	560,440,302	533,145,880	-	-	560,440,302	-
Surplus Notes	47,874,467	46,166,254	-	47,874,467	-	-
Total	$16,673,504,286	$16,560,544,920	$1,836,114,225	$14,208,793,702	$628,596,359	$ -

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.

NOTES TO FINANCIAL STATEMENTS

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

1) Florida Special Disability Trust Fund

a) The amount of credit taken by the Company in determination of its loss reserves was $0 in 2013 and 2012.

b) The Company received payments from the Special Disability Trust Fund of $2,500,966 in 2013 and $1,907,204 in 2012.

c) The amount the Company was assessed by the Special Disability Trust Fund was $68,537 in 2013 and $107,320 in 2012.

2) Assets in the amount of $2,207,719,078 and $2,150,776,468 as of December 31, 2013 and 2012, respectively, were on deposit with government authorities or trustees as required by law. (Refer to Note 5H)

3) Interrogatory 6.1

In 2013, 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 $150m (excluding CA EQ) for a single insured at a single location (with a sublimit for nuclear facilities). The Workers' Compensation Catastrophe excess of loss program covers Liberty Mutual Insurance Company's direct and assumed Workers' Compensation business from affiliates.

Interrogatory 6.2

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

Interrogatory 6.3

In 2013, as the lead company in the inter-company pool, the Company purchased multiple forms of reinsurance coverage to effectively protect its direct and assumed from affiliates property business. The traditional Prop Cat excess of loss reinsurance includes a Northeast only layer $400m xs $1,200m, Nationwide layers totaling $540m part of $800m xs $1,300m, and (excluding CA) $270m part of $600m xs $2,100m. The traditional Prop Cat excess of loss layers are complemented by a collateralized catastrophe bond (Mystic Re III), which provides additional limits of $275M (CA EQ is excluded from Class A) for exposures other than Complex Commercial and is based on actual reported losses. Additionally, the Company has purchased $1.11b of coverage based on various combinations of attachments, terms and conditions. The Company had two quota share (QS) treaties, a 12.5% Legacy Personal Market HO QS and a 1.5% Personal Insurance HO QS, covering its direct and assumed from affiliates homeowners business. Both treaties cover catastrophe losses up to $1.75b for Wind and for Earthquake there is a limit of $400m for the Legacy Personal Market QS and $900m for the Personal Insurance QS.

D. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

E. State Transferable and Non-transferable Tax Credit

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

Description of State Transferable and Non-transferable Tax Credits	State	Carrying Value	Unused Amount
Insurance Reinvestment Fund Credit	CT	$ 279,491	$ 279,491
Film Credit	CT	264,000	264,000
Total		$ 543,491	$ 543,491

(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.

NOTES TO FINANCIAL STATEMENTS

(4) State Tax Credits Admitted and Nonadmitted

	Total Admitted	Total Nonadmitted
Transferable	-	-
Non-transferable	$ 543,491	-

F. Subprime-Mortgage-Related Risk Exposure

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

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

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

Actual Cost	Book Adjusted Carrying Value	Fair Value	Other-Than-Temporary Impairments Recognized
$10,830,298	$11,785,154	$14,523,881	$1,518,373

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

G. Offsetting and Netting of Assets and Liabilities

Not applicable.

H. Joint and Several Liabilities

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

Note 22 - Events Subsequent

A. The Company evaluated subsequent events through February 24, 2014, the date the annual statement was available to be issued.

On January 9, 2014, Liberty Mutual Insurance announced the sale Summit Holdings Southeast, Inc. and its related companies to American Financial Group. The transaction is subject to regulatory approval which is expected by April 1, 2014.

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	$1,232,476,000
Swiss Re Group:			
Mercantile & General Reinsurance Co Ltd.		AA-1120950	
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 Ltd.		AA-1460146	
Swiss Reinsurance Europe SA		AA-1370021	
Swiss Reinsurance Frankona Reinsurance Ltd.		AA-1120643	
Swiss Reinsurance Life & Health America Inc.	82627	06-0839705	
Swiss Reinsurance Life & Health Canada		AA-1560016	
Swiss Reinsurance Life & Health Ltd.		AA-1120029	
Westport Insurance Corporation	39845	48-0921045	
Total Swiss Re Group			818,491,000
Total			$2,050,967,000

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

1. The following table sets forth the maximum return premium and commission equity due the reinsurers or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2013.

NOTES TO FINANCIAL STATEMENTS

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	$11,290,556,426	$1,043,717,600	$5,983,384,057	$477,565,150	$5,307,172,369	$566,152,450
b. All Other	373,363,290	45,544,268	955,959,647	224,829,334	(582,596,357)	(179,285,066)
c. TOTAL	$11,663,919,716	$1,089,261,868	$6,939,343,704	$702,394,484	$4,724,576,012	$386,867,384
d. Direct Unearned Premium Reserve	$1,215,855,042					

2. Certain contracts provide for additional or return commissions based on the actual loss experience of the produced or reinsured business. Amounts accrued at December 31, 2013 are as follows:

	Direct	Assumed	Ceded	Net
a. Contingent Commission	$47,405,842	$365,858,663	$204,411,667	$208,852,838
b. Sliding Scale Adjustments	-	-	-	-
c. Other Profit Commission Arrangements	-	-	-	-
d. TOTAL	$47,405,842	$365,858,663	$204,411,667	$208,852,838

3. 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 $12,755. This amount is shown below by Income Statement classification and by reinsurer.

a. Losses incurred	$ 12,755
b. Loss adjustment expenses incurred	-
c. Premiums earned	-
d. Other	$ 0
e. Company	Amount
Excess And Casualty Reinsurance Association	$ 12,755
	-
	$ 12,755

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 $8,602,276. This amount is shown below by Income Statement classification and by reinsurer.

a. Losses incurred	$ (475,210)
b. Loss adjustment expenses incurred	231,061
c. Premiums earned	
d. Other Income/(Expense)	$ (8,846,425)
e. Company	Amount
North American Specialty Insurance Company	$ 62,252,485
National Indemnity Company	(26,698,481)
Partner Reinsurance Company LTD.	(26,698,481)
Stuart Insurance Group Limited	(95,755)
Lloyds Underwriters	(94,647)
All Other	$ (62,845)

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 is also shown.

	Reported Company	
	As:	
	Assumed	Ceded
a. Reserves Transferred:		
1. Initial Reserves	$507,090,876	$1,038,183,624
2. Adjustments – Prior Year (s)	(417,999,592)	(360,605,264)
3. Adjustments – Current Year	(7,718,959)	(576,546,975)
4. Current Total	$81,372,325	$101,031,385
b. Consideration Paid or Received:		
1. Initial Consideration	$503,944,816	$583,062,834
2. Adjustments – Prior Year (s)	14,563,610	41,747,719
3. Adjustments – Current Year	0	233,608
4. Current Total	$518,508,426	$625,044,161
c. Paid Losses Reimbursed or Recovered:		
1. Prior Year (s)	$499,292,257	$410,517,864

NOTES TO FINANCIAL STATEMENTS

2. Current Year	7,595,184	576,969,492
3. Current Total	$506,887,441	$987,487,356
d. Special Surplus from the Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	$13,305,958	$(456,435,353)
2. Adjustments – Prior Year (s)	(83,181,073)	(6,850,318)
3. Adjustments – Current Year	123,775	(188,909)
4. Current Year Restricted Surplus	250,002	(55,436,850)
5. Cumulative Total Transferred to Unassigned Funds	$(70,001,342)	$(408,037,730)
e. All cedents and reinsurers involved in all transactions included in summary totals above:		
Company	Assumed Amount	Ceded Amount
Great American Insurance Company, 16691	$81,130,278	-
Wettereau Insurance Co LTD., AA-3191047	292,165	-
Liberty International Ins LTD., 00000	170,271	-
Lloyds Syndicate 4472, AA-1126006	31,297	-
Employers Insurance Company of Wausau, 21458	(251,686)	-
Federal Insurance Company, 20281	-	$74,421,463
Munich Reinsurance America Inc., 10227	-	29,972,290
Westport Insurance Corporation, 39845	-	5,140,298
Swiss Reinsurance America Corporation, 25364	-	4,843,737
American National Insurance Company, 60739	-	1,338,246
Everest Reinsurance Company, 26921	-	1,269,883
North European Financial Re, AA-0000000	-	604,686
Legion Insurance Company, 00000	-	326,391
Arlington Insurance Company, 98-0405213	-	315,521
Reliastar Life Insurance Company, 67105	-	258,624
Other	-	(250,634)
Peerless Insurance Company, 24198	-	(7,863,624)
Employers Insurance Company of Wausau, 21458	-	(3,145,449)
Liberty Mutual Fire Insurance Company, 23035	-	(3,145,449)
The Ohio Casualty Insurance Company, 24074	-	(3,145,449)
Safeco Insurance Company of America, 24740	-	(2,359,087)
Lloyds Syndicate 1212, AA-1127212	-	290,536
Lloyds Syndicate 1173, AA-1127173	-	290,508
Lloyds Syndicate 1900, AA-1127900	-	242,081
Lloyds Syndicate 1241, AA-1127241	-	193,681
Lloyds Syndicate 2020, AA-1128020	-	193,681
Lloyds Syndicate 2003, AA-1128003	-	151,052
Lloyds Syndicate 1204, AA-1127204	-	145,254
Lloyds Syndicate 2027, AA-1128027	-	145,254
Lloyds Syndicate 0183, AA-1126183	-	96,827
Lloyds Syndicate 0227, AA-1126227	-	96,827
Lloyds Syndicate 1007, AA-1127007	-	96,827
Lloyds Syndicate 1047, AA-1127047	-	96,827
Lloyds Syndicate 1218, AA-1127218	-	96,827
Lloyds Syndicate 1223, AA-1127223	-	96,827
Lloyds Syndicate 1096, AA-1127096	-	77,473
Lloyds Syndicate 0138, AA-1126138	-	48,427
Lloyds Syndicate 1415, AA-1127415	-	48,427
Lloyds Syndicate 1003, AA-1127003	-	42,602
	-	-
Total	$81,372,325	$101,031,385

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:

g. Authorized Reinsurers

Company	Total Paid/Loss/LAE Recoverable	Amounts Over 90 Days Overdue
Westport Insurance Corporation	$227,609	$-
Munich Reinsurance America Incorporated	187,062	-
Lloyds Syndicate 1212	179,418	-
Lloyds Syndicate 1173	179,401	-
Swiss Reinsurance America Corporation	175,803	-
Lloyds Syndicate 1900	149,495	-
Lloyds Syndicate 1241	119,606	-
Lloyds Syndicate 2020	119,606	-
Lloyds Syndicate 2003	93,281	-
Lloyds Syndicate 1204	89,700	-

NOTES TO FINANCIAL STATEMENTS

Lloyds Syndicate 2027	89,700	-
Lloyds Syndicate 0183	59,795	-
Lloyds Syndicate 0227	59,795	-
Lloyds Syndicate 1007	59,795	-
Lloyds Syndicate 1047	59,795	-
Lloyds Syndicate 1218	59,795	-
Lloyds Syndicate 1223	59,795	-
Lloyds Syndicate 1096	47,843	-
Everest Reinsurance Company	42,995	-
Lloyds Syndicate 0138	29,906	-
Lloyds Syndicate 1415	29,906	-
Lloyds Syndicate 1003	26,307	-
Total	$2,146,408	$-

1. Unauthorized Reinsurers

Company	Total Paid/Loss/LAE Recoverable	Amounts Over 90 Days Overdue	Collateral Held
Nokatus Insurance Company LTD.	$169	$-	$-
Total	$169	$-	$-

2. Certified Reinsurers

The Company does not transact business with Certified 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, 2013, the deposit receivable balance for reinsurance contracts accounted for under the deposit method was $7,914,946.

At December 31, 2013, the deposit liability balance for reinsurance contracts accounted for under the deposit method was $52,589,112.

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.

The Company does not transact business with Certified Reinsurers.

J. Effective January 1, 2013, all of the reinsurance of three affiliates, Peerless Insurance Company, Liberty Northwest Insurance Corporation, and Liberty County Mutual Insurance Company was assigned to the Company. 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.

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	$261,473,956
b.	Unsecured amount	
c.	Less: Nonadmitted amount (10%)	26,104,879
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	
e.	Admitted amount (a) - (c) - (d)	$235,369,077

NOTES TO FINANCIAL STATEMENTS

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributable to insured events on prior year's has increased through the fourth quarter 2013. The increase was primarily the result of an updated reserve analysis, with the largest increases in Workers' Compensation, Private Passenger Auto Liability, and Surety lines. Other Liability Occurrence and Products Liability Occurrence also increased as a result of strengthening the asbestos and environmental reserves (Refer to Note 33). These increases were partially offset by decreases in reserve estimates for Homeowners, primarily driven by favorable development of catastrophic losses and Other Liability-Claims Made and Commercial Multiple Peril lines. Prior estimates are revised, as additional information becomes known regarding individual claims.

Note 26 - Intercompany Pooling Arrangements

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

		NAIC Company Number	Pooling Percentage	Line of Business
Lead Company:	Liberty Mutual Insurance Company ("LMIC")	23043	50.00%	All Lines
Affiliated Pool Companies:	Peerless Insurance Company ("PIC")	24198	20.00%	All Lines
	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	8.00%	All Lines
	The Ohio Casualty Insurance Company ("OCIC")	24074	8.00%	All Lines
	Safeco Insurance Company of America ("SICOA")	24740	6.00%	All Lines
	American Economy Insurance Company ("AEIC")	19690	0.00%	All Lines
	America First Insurance Company ("AFIC")	12696	0.00%	All Lines
	America Fire and Casualty Company ("AFCIC")	24066	0.00%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%	All Lines
	American States Insurance Company ("ASIC")	19704	0.00%	All Lines
	American States Insurance Company of Texas ("ASICT")	19712	0.00%	All Lines
	American States Lloyd's Insurance Company ("ASLCO")	31933	0.00%	All Lines
	American States Preferred Insurance Company ("ASPCO")	37214	0.00%	All Lines
	Colorado Casualty Insurance Company ("CCIC")	41785	0.00%	All Lines
	Consolidated Insurance Company ("CIC")	22640	0.00%	All Lines
	Excelsior Insurance Company ("EIC")	11045	0.00%	All Lines
	First National Insurance Company of America ("FNICA")	24724	0.00%	All Lines
	The First Liberty Insurance Corporation ("FST")	33588	0.00%	All Lines
	General Insurance Company of America ("GICA")	24732	0.00%	All Lines
	Golden Eagle Insurance Corporation ("GEIC")	10836	0.00%	All Lines
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.00%	All Lines
	Insurance Company of Illinois ("ICIL")	26700	0.00%	All Lines
	Indiana Insurance Company ("IIC")	22659	0.00%	All Lines
	Liberty Insurance Corporation ("LIC")	42404	0.00%	All Lines
	Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.00%	All Lines
	Liberty County Mutual Insurance Company ("LCMIC")	19544	0.00%	All Lines
	LM General Insurance Company ("LMGIC")	36447	0.00%	All Lines
	Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.00%	All Lines
	LM Insurance Corporation ("LMC")	33600	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.00%	All Lines
	Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.00%	All Lines
	Liberty Northwest Insurance Corporation ("LNW")	41939	0.00%	All Lines
	Liberty Personal Insurance Company (LPIC")	11746	0.00%	All Lines
	Liberty Surplus Insurance Corporation ("LSI")	10725	0.00%	All Lines
	Mid-American Fire & Casualty Company ("MAFCC")	23507	0.00%	All Lines
	Montgomery Mutual Insurance Company ("MMIC")	14613	0.00%	All Lines
	The Midwestern Indemnity Company ("MWIC")	23515	0.00%	All Lines
	National Insurance Association ("NIA")	27944	0.00%	All Lines
	The Netherlands Insurance Company ("NIC")	24171	0.00%	All Lines
	North Pacific Insurance Company ("NPIC")	23892	0.00%	All Lines
	Ohio Security Insurance Company ("OSIC")	24082	0.00%	All Lines
	Oregon Automobile Insurance Company ("OAIC")	23922	0.00%	All Lines
	Peerless Indemnity Insurance Company ("PIIC")	18333	0.00%	All Lines
	Safeco Insurance Company of Illinois ("SICIL")	39012	0.00%	All Lines
	Safeco Insurance Company of Indiana ("SICIN")	11215	0.00%	All Lines
	Safeco Insurance Company of Oregon ("SICOR")	11071	0.00%	All Lines

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	Safeco Lloyds Insurance Company ("SLICO")	11070	0.00%	All Lines
	Safeco National Insurance Company ("SNIC")	24759	0.00%	All Lines
	Safeco Surplus Lines Insurance Company ("SSLIC")	11100	0.00%	All Lines
	Wausau Business Insurance Company ("WBIC")	26069	0.00%	All Lines
	Wausau General Insurance Company ("WGIC")	26425	0.00%	All Lines
	Wausau Underwriters Insurance Company ("WUIC")	26042	0.00%	All Lines
	West American Insurance Company ("WAIC")	44393	0.00%	All Lines
			100.00%	
100% Quota Share Affiliated Companies:	Bridgefield Employers Insurance Company ("BEIC")	10701	0.00%	All Lines
	Bridgefield Casualty Insurance Company ("BCIC")	10335	0.00%	All Lines
	LM Property and Casualty Insurance Company ("LMPAC")	32352	0.00%	All Lines

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

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

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

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

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

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

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

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

Affiliate:	Amount:
Peerless Insurance Company	81,722,792
Employers Insurance Company of Wausau	35,808,733
Liberty Mutual Fire Insurance Company	35,808,733
The Ohio Casualty Insurance Company	21,950,163
Safeco Insurance Company of America	(38,194,751)
Wausau General Insurance Company	813,192
Wausau Underwriters Insurance Company	17,488,316
Wausau Business Insurance Company	14,903,868
The Netherlands Insurance Company	3,820,872
Indiana Insurance Company	1,313,616
Peerless Indemnity Insurance Company	3,381,781
Ohio Security Insurance Company	(36,368,127)
West American Insurance Company	(1,665,455)
American Fire and Casualty Insurance Company	(6,305,504)
Hawkeye Security Insurance Company	(301,969)
The Midwestern Insurance Company	853,012
Mid-American Fire and Casualty Insurance Company	405,030
America First Insurance Company	(753,245)
America First Lloyds Insurance Company	(2,574,805)
Consolidated Insurance Company	626,644
Excelsior Insurance Company	2,099,384
National Insurance Association	(5,667)
Montgomery Mutual Insurance Company	(365,585)
Colorado Casualty Insurance Company	586,849
Liberty Northwest Insurance Company	3,695,385
North Pacific Insurance Company	(2,298,874)
Oregon Automobile Insurance Company	298,236
Golden Eagle Insurance Company	(4,506,046)
American Economy Insurance Company	(1,498,718)
American States Insurance Company	(4,876,184)
American States Insurance Company of Texas	(294,636)
American States Lloyds Insurance Company	(71,212)
American States Perferred Insurance Company	(1,248,091)
First National Insurance Company of America	(9,330,468)

NOTES TO FINANCIAL STATEMENTS

General Insurance Company of America	(5,155,814)
Insurance Company of Illinois	7,115
Safeco Insurance Company of Illinois	(44,369,693)
Safeco Insurance Company of Indiana	8,611,946
Safeco Insurance Company of Oregon	3,831,857
Safeco Lloyds Insurance Company	(1,911,506)
Safeco National Insurance Company	(2,426,741)
Safeco Surplus Insurance Company	425

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

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

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

Note 27 - Structured Settlements

A. As a result of purchased annuities with the claimant as payee, The Company no longer carries reserves of $301,545,126 after applying Inter-Company 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 $301,545,126 as of December 31, 2013.

B. The Company does not have material structured settlements from life insurers for which the Company has not obtained a release of liability from the claimant.

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 - Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	$ -
2. Date of the most recent evaluation of this liability	12/31/2013
3. Was anticipated investment income utilized in the calculation?	Yes

Note 31 - High Dollar Deductible Policies

As of December 31, 2013, the amount of reserve credit recorded for high dollar deductible policies on unpaid losses was $2,929,915,714 and the amount billed and recoverable on paid claims was $97,633,974.

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	307,439,248	401,029,389
5. Commercial Multiple Peril	-	-
6. Medical Professional Liability – occurrence	-	-
7. Medical Professional Liability – claims-made	-	-
8. Special Liability	-	-

NOTES TO FINANCIAL STATEMENTS

9. Other Liability - occurrence	2,338,325	-
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	309,777,573	401,029,389

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

B. Nontabular Discount:

Not applicable

Note 33 - Asbestos/Environmental Reserves

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

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

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

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

In the third quarter of 2013, the Company completed asbestos ground-up and aggregate environmental reserve studies. These studies were completed by a multi-disciplinary team of internal claims, legal, reinsurance and actuarial personnel, and included all major business segments of the Company's direct, assumed, and ceded asbestos and environmental unpaid claim liabilities. As part of the internal review, policyholders with the largest direct asbestos unpaid claim liabilities were individually evaluated using the Company's proprietary stochastic ground-up model, which is consistent with published actuarial methods of asbestos reserving. Among the factors reviewed in depth by the team of specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, injury type, jurisdiction and legal defenses. Reinsurance recoveries for these policyholders were then separately evaluated by the Company's reinsurance and actuarial personnel. Asbestos and environmental unpaid claim liabilities for all other policyholders were evaluated using aggregate methods that utilized information and experience specific to these policyholders. The studies resulted in an increase to reserves of $139 million including: a $58 million final contingent payment triggered on a large settlement; $51 million of other asbestos reserves, primarily associated with increased defense costs; and $31 million of pollution reserves.

Uncertainty Regarding Reserving Methodologies
As a result of the significant uncertainty inherent in determining a company's asbestos and environmental liabilities and establishing related reserves, the amount of reserves required to adequately fund the Company's asbestos and environmental

NOTES TO FINANCIAL STATEMENTS

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

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

The following tables summarize the activity for the Company's asbestos and environmental claims and claim adjustment expenses, a component of the Company's unpaid claims and claim adjustment expenses, for the years ended December 31, 2013, 2012, 2011, 2010, and 2009.

Asbestos:	2009	2010	2011	2012	2013
Direct Basis					
Beginning Reserves	865,277,115	1,004,023,085	751,555,628	792,504,269	778,291,344
Incurred losses and LAE	275,712,720	38,426,280	201,829,376	119,505,560	207,292,812
Calendar year payments	136,966,750	290,893,737	160,880,735	133,718,485	110,952,920
Ending Reserves	1,004,023,085	751,555,628	792,504,269	778,291,344	874,631,236
Assumed Reinsurance Basis					
Beginning Reserves	392,194,874	319,271,947	308,008,390	311,562,197	287,534,269
Incurred losses and LAE	(48,238,754)	24,345,382	22,191,485	7,541,404	37,332,219
Calendar year payments	24,684,173	35,608,939	18,637,678	31,569,332	14,983,809
Ending Reserves	319,271,947	308,008,390	311,562,197	287,534,269	309,882,678
Net of Ceded Reinsurance Basis					
Beginning Reserves	444,247,004	578,338,231	407,131,530	483,870,108	445,074,542
Incurred losses and LAE	229,547,338	(53,522,592)	163,369,197	74,586,203	117,762,046
Calendar year payments	95,456,111	117,684,108	86,630,619	113,381,770	64,224,786
Ending Reserves	578,338,231	407,131,530	483,870,108	445,074,541	498,611,802

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

Direct Basis	517,320,907
Assumed Reinsurance Basis	231,323,213
Net of Ceded Reinsurance Basis	293,525,810

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

Direct Basis	447,711,751
Assumed Reinsurance Basis	13,290,678
Net of Ceded Reinsurance Basis	191,435,587

Environmental:	2009	2010	2011	2012	2013
Direct Basis					
Beginning Reserves	266,044,413	220,924,999	207,335,366	212,371,557	210,071,418
Incurred losses and LAE	10,629,226	19,358,791	43,165,486	30,517,664	47,614,743
Calendar year payments	55,748,640	32,948,423	38,129,297	32,817,802	33,450,888
Ending Reserves	220,924,999	207,335,366	212,371,556	210,071,418	224,235,273
Assumed Reinsurance Basis					
Beginning Reserves	37,534,201	38,730,652	31,668,859	29,651,132	32,494,670
Incurred losses and LAE	4,218,937	(48,777)	3,498,452	(9,071,002)	2,172,413
Calendar year payments	3,022,487	7,013,015	5,516,179	(11,914,540)	2,585,689
Ending Reserves	38,730,652	31,668,859	29,651,132	32,494,670	32,081,393
Net of Ceded Reinsurance Basis					
Beginning Reserves	243,020,673	201,627,819	177,704,627	173,497,404	154,248,853
Incurred losses and LAE	(9,219,007)	(1,378,244)	6,992,073	(961,154)	30,503,358
Calendar year payments	32,173,847	22,544,948	11,199,296	18,287,398	23,260,447
Ending Reserves	201,627,820	177,704,627	173,497,404	154,248,853	161,491,764

NOTES TO FINANCIAL STATEMENTS

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

Direct Basis	135,896,757
Assumed Reinsurance Basis	22,227,915
Net of Ceded Reinsurance Basis	86,554,804

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

Direct Basis	78,415,081
Assumed Reinsurance Basis	4,712,340
Net of Ceded Reinsurance Basis	36,653,495

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 - Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

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

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

1.3 State Regulating? 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 [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2013

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2013

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 [X]

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control. 0.00 %

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

1 Nationality	2 Type of Entity

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

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Stephanie Neyenhouse FCAS, MAAA
175 Berkeley Street, Boston, MA 02116
Vice President and Chief Actuary, Liberty Mutual Group Inc.

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

12.11 Name of real estate holding company		Various
12.12 Number of parcels involved		9
12.13 Total book/adjusted carrying value	$	856,051,299

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 [X]

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

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

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules, and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code. Yes [X] No [ ]

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

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).
Effective May 6, 2013, Liberty made significant revisions to the format and contents of its Code to make this easier for employees to read and understand. These revisions did not change the core requirements and policies in the Code.

GENERAL INTERROGATORIES

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

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

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [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
82907008	Chambers Bank	Failure to pay and expiring	325,000
64202255	Citizens National Bank	Failure to pay and expiring	75,000
81015218	Citizens National Bank of Gr	Failure to pay and expiring	425,000
103112112	Citizens Security Bank	Failure to pay and expiring	132,710
103103105	Citizens State Bank	Failure to pay and expiring	2,283,000
83901621	Citizens Union Bank	Failure to pay and expiring	475,000
55003298	Eagle Bank	Failure to pay and expiring	320,000
81006162	Enterprise Bank	Failure to pay and expiring	775,000
231372248	Essa Bank & Trust	Failure to pay and expiring	158,292
211170347	Farmington Savings Bank	Failure to pay and expiring	125,000
65306189	First Commercial Bank	Failure to pay and expiring	460,000
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
104000016	First National Bank Of Oma	Failure to pay and expiring	325,546
41200555	FirstMerit Bank, N.A.	Failure to pay and expiring	444,670
211770200	Lake Sunapee Bank	Failure to pay and expiring	61,500
211274531	Machias Savings Bank	Failure to pay and expiring	200,000
101005483	Metcalf Bank	Failure to pay and expiring	189,000
104002894	Mutual of Omaha Bank	Failure to pay and expiring	1,537,485
103112523	NBanC Bank	Failure to pay and expiring	250,000
103912723	ONB Bank & Trust Compan	Failure to pay and expiring	100,000
83001314	Republic Bank & Trust Com	Failure to pay and expiring	250,000
53200983	South Carolina Bank and Tr	Failure to pay and expiring	500,000
101110488	Stanley Bank	Failure to pay and expiring	300,000
61100606	Synovus Bank	Failure to pay and expiring	1,298,715
291070001	TCF National Bank	Failure to pay and expiring	100,000
111017979	Texas Capital Bank N.A.	Failure to pay and expiring	75,000
103912668	The F&M Bank & Trust Com	Failure to pay and expiring	1,400,000

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

GENERAL INTERROGATORIES

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

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

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

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

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

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

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

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

22.2 If answer is yes:

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

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $ 83,558

INVESTMENT

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

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

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

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

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. $ 435,127,456

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

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

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

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

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

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 $ 338,945,591

GENERAL INTERROGATORIES

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 $ 338,945,591

24.103 Total payable for securities lending reported on the liability page $ 338,945,591

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

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

25.21	Subject to repurchase agreements	$ 0
25.22	Subject to reverse repurchase agreements	$ 0
25.23	Subject to dollar repurchase agreements	$ 0
25.24	Subject to reverse dollar repurchase agreements	$ 0
25.25	Pledged as collateral	$ 494,856,645
25.26	Placed under option agreements	$ 0
25.27	Letter stock or securities restricted as to sale	$ 16,299,600
25.28	On deposit with state or other regulatory body	$ 2,207,719,078
25.29	Other	$ 0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
FHLB CAPITAL STOCK	FEDERAL HOME LOAN BANK BOSTON	16,299,600
		0
		0

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005
Royal Trust	77 King Street West, Toronto, Ontario M5W 1 P9
JP Morgan Chase	259 George Street, Sydney, Australia
Bank of New York Mellon	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]

GENERAL INTERROGATORIES

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
N/A	Liberty Mutual Group Asset Managemen	175 Berkeley Street, Boston, MA 02116
N/A	Liberty Mutual Investment Advisors, LLC	175 Berkeley Street, Boston, MA 02116
N/A	StanCorp	1100 SW Sixth Avenue, Portland, OR 097204
2528	Lazard Asset Management	30 Rockfeller Plaza, New York, NY 10112
106054	Matthews International Capital	Four Embarcadero Center, Suite 550, San Francisc

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

29.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	14,685,352,416	15,082,449,927	397,097,511
30.2 Preferred stocks	207,095,260	207,689,019	593,759
30.3 Totals	14,892,447,676	15,290,138,946	397,691,270

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 [ ]

GENERAL INTERROGATORIES

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

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? $ 28,406,050

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

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

34.1 Amount of payments for legal expenses, if any? $ 26,895,044

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

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 1,048,517

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

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

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

1.6 Individual policies:

Most current three years:

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

All years prior to most current three years:

1.64	Total premium earned	$ 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 Current Year	2 Prior Year
2.1	Premium Numerator	$ 3,049,789	$ 993,493
2.2	Premium Denominator	$ 12,178,725,634	$ 9,098,968,455
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 14,529,290	$ 3,338,416
2.5	Reserve Denominator	$ 23,869,929,978	$ 21,392,558,629
2.6	Reserve Ratio (2.4/2.5)	0.00	0.00

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

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

3.21	Participating policies	$ 4,497,348,614
3.22	Non-participating policies	$ 10,034,198

4. For Mutual reporting entities and Reciprocal Exchanges only:

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

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

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

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

5. For Reciprocal Exchanges Only:

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

5.2 If yes, is the commission paid:

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

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

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

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

5.5 If yes, give full information

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
See Note 21C3

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
See Note 21C3

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] 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 [X] 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 [X]

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]

8.2 If yes, give full information

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [X] 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 [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [ ] No [X]

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or, Yes [ ] No [X]
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [ ] No [X]
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [ ] No [X]

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

11.2 If yes, give full information
The Company guarantees policies issued by Liberty Life Assurance Company of Boston and Liberty Mutual Insurance Europe Ltd.

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 $ 172,637,776
12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 69,209,793

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? $ 26,781,609

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

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

12.41 From 4.00 %
12.42 To 7.00 %

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

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

12.61 Letters of Credit $ 3,583,468,023
12.62 Collateral and other funds $ 1,091,486,878

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 375,000,000

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

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. 1

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

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:
Premiums and recoverables were allocated pursuant to 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 [X]

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

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

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

15.2 If yes, give full information

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

		1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11	Home	$ 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	$ 0
17.12	Unfunded portion of Interrogatory 17.11	$ 0
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	$ 0
17.14	Case reserves portion of Interrogatory 17.11	$ 0
17.15	Incurred but not reported portion of Interrogatory 17.11	$ 0
17.16	Unearned premium portion of Interrogatory 17.11	$ 0
17.17	Contingent commission portion of Interrogatory 17.11	$ 0

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

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

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

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

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

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

FIVE – YEAR HISTORICAL DATA

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

	1 2013	2 2012	3 2011	4 2010	5 2009
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	15,556,834,371	9,570,048,192	8,440,586,916	7,811,166,537	7,350,611,697
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	9,258,802,163	5,272,964,092	4,720,304,564	4,283,779,613	4,023,060,901
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	9,943,517,519	3,502,989,922	3,054,051,471	2,787,083,291	2,586,681,366
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	931,331,593	558,713,698	481,480,667	387,766,682	301,210,178
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)	262,128,472	321,635,057	267,257,237	267,951,359	252,071,002
6. Total (Line 35)	35,952,614,118	19,226,350,961	16,963,680,855	15,537,747,482	14,513,635,144
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)	6,341,048,765	5,830,786,711	5,278,159,626	5,038,587,646	4,775,384,668
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,637,500,860	1,780,070,993	1,482,946,563	1,201,652,397	1,413,992,505
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	4,193,005,866	1,768,427,980	1,483,287,709	1,296,251,507	1,075,222,311
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	596,270,882	20,514,155	9,831,546	9,081,555	10,287,080
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)	121,325,676	235,569,607	195,030,554	195,221,987	188,746,161
12. Total (Line 35)	13,889,152,049	9,635,369,446	8,449,255,998	7,740,795,092	7,463,632,725
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(736,646,203)	(2,013,725,107)	(1,419,659,287)	(617,703,484)	(826,358,042)
14. Net investment gain (loss) (Line 11)	1,410,008,637	1,872,209,966	984,456,960	3,509,407,938	672,252,047
15. Total other income (Line 15)	(18,088,070)	(51,291,468)	(184,872,637)	(78,355,317)	(89,138,385)
16. Dividends to policyholders (Line 17)	19,264,431	18,157,361	30,021,529	46,455,510	17,353,693
17. Federal and foreign income taxes incurred (Line 19)	128,598,187	(374,546,282)	(113,863,689)	(154,849,787)	(195,500,454)
18. Net income (Line 20)	507,411,746	163,582,312	(536,232,804)	2,921,743,414	(65,097,619)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	44,475,809,095	40,205,366,577	37,394,843,149	36,701,548,343	34,830,436,535
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	1,019,705,850	1,097,220,494	984,568,304	857,311,095	978,532,523
20.2 Deferred and not yet due (Line 15.2)	3,525,968,004	2,167,769,720	1,904,360,845	1,691,459,111	1,519,460,073
20.3 Accrued retrospective premiums (Line 15.3)	235,369,077	217,079,539	302,340,492	422,707,343	329,800,811
21. Total liabilities excluding protected cell business (Page 3, Line 26)	29,349,412,770	25,694,899,915	23,798,408,089	22,938,257,314	22,338,883,620
22. Losses (Page 3, Line 1)	14,246,684,189	14,144,212,624	13,102,230,732	12,871,308,239	12,580,697,955
23. Loss adjustment expenses (Page 3, Line 3)	3,058,379,371	2,912,207,583	2,715,673,770	2,579,498,004	2,545,218,983
24. Unearned premiums (Page 3, Line 9)	5,940,431,054	4,205,141,671	3,762,485,913	3,502,531,059	3,293,042,806
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)	15,126,396,325	14,510,466,662	13,596,435,060	13,763,291,029	12,491,552,915
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	1,359,051,813	1,603,190,076	(230,212,254)	2,825,321,578	(312,002,367)
Risk-Based Capital Analysis					
28. Total adjusted capital	15,203,889,499	14,596,122,298	13,672,341,061	13,830,183,486	12,552,124,874
29. Authorized control level risk-based capital	3,208,928,544	3,193,275,294	2,918,044,739	2,747,324,003	2,618,115,850
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)	39.3	38.6	41.0	43.7	39.7
31. Stocks (Lines 2.1 & 2.2)	25.5	24.9	26.5	27.8	34.4
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	1.5	1.5	1.5	1.6	1.8
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.7	0.8	0.9	0.9	1.2
34. Cash, cash equivalents and short-term investments (Line 5)	3.2	2.8	2.2	2.6	2.9
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					XXX
37. Other invested assets (Line 8)	28.9	31.3	27.1	22.4	20.0
38. Receivables for securities (Line 9)	0.1	0.1	0.1	0.0	0.0
39. Securities lending reinvested collateral assets (Line 10)	1.0		0.8	1.0	XXX
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					575,664,787
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	8,434,572,226	7,604,417,443	7,786,217,349	7,869,339,677	8,951,056,491
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)	30,000,000				
46. Affiliated mortgage loans on real estate					
47. All other affiliated	9,435,192,954	8,095,277,837	6,477,740,507	5,067,800,289	4,529,501,289
48. Total of above Lines 42 to 47	17,899,765,180	15,699,695,280	14,263,957,856	12,937,139,966	14,056,222,567
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)	118.3	108.2			

FIVE – YEAR HISTORICAL DATA
(Continued)

		1	2	3	4	5
		2013	2012	2011	2010	2009
	Capital and Surplus Accounts (Page 4)					
51.	Net unrealized capital gains (losses) (Line 24)	351,408,096	308,512,139	568,633,094	(1,964,736,596)	1,687,848,478
52.	Dividends to stockholders (Line 35)	(199,766,000)	(64,766,000)	(64,766,000)	(139,766,000)	(224,766,000)
53.	Change in surplus as regards policyholders for the year (Line 38)	615,929,663	914,031,602	(166,855,969)	1,271,738,114	2,156,820,497
	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)	1,542,766,644	5,292,467,045	5,717,494,744	4,890,767,560	4,967,019,851
55.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	4,552,826,641	3,077,088,308	2,598,174,850	2,367,809,103	2,386,273,364
56.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,440,595,000	1,745,991,474	1,756,255,006	1,508,411,697	1,540,349,458
57.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	152,427,503	67,140,085	44,871,695	59,216,290	28,695,233
58.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	107,061,028	120,250,172	110,369,162	196,614,015	77,015,730
59.	Total (Line 35)	7,795,676,816	10,302,937,084	10,227,165,457	9,022,818,665	8,999,353,636
	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)	4,738,898,531	3,481,248,497	3,570,542,239	3,067,915,421	3,197,314,229
61.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,325,091,401	1,079,420,145	866,238,394	733,431,603	928,330,931
62.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	754,883,042	914,556,854	904,161,885	759,646,261	799,153,724
63.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	46,399,381	1,600,064	4,450,188	10,109,803	2,783,668
64.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	209,023,315	88,469,643	81,029,609	146,865,481	60,918,495
65.	Total (Line 35)	7,074,295,670	5,565,295,203	5,426,422,315	4,717,968,569	4,988,501,047
	Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66.	Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67.	Losses incurred (Line 2)	59.2	72.6	70.3	65.1	65.8
68.	Loss expenses incurred (Line 3)	14.3	17.8	19.8	17.9	19.5
69.	Other underwriting expenses incurred (Line 4)	32.6	31.8	27.6	25.1	25.8
70.	Net underwriting gain (loss) (Line 8)	(6.0)	(22.1)	(17.6)	(8.1)	(11.1)
	Other Percentages					
71.	Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0	28.7	30.6	28.5	25.8	27.0
72.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	73.5	90.3	90.1	83.0	85.3
73.	Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35 divided by Page 3, Line 37, Col. 1 x 100.0)	91.8	66.4	62.1	56.2	59.7
	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)	407,604	448,858	386,372	(87,869)	180,986
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)	2.8	3.3	2.8	(0.7)	1.8
	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)	439,502	714,913	192,022	(81,491)	(37,539)
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)	3.2	5.2	1.5	(0.8)	(0.3)

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

If no, please explain:

SCHEDULE P – ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P – PART 1 – SUMMARY

($000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported
	Direct and Assumed	Ceded	Net (Cols. 1–2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	Direct and Assumed
1. Prior	X X X	X X X	X X X	406,154	156,002	124,478	44,795	22,086	2,658	5,059	349,263	X X X
2. 2004	11,764,274	1,916,661	9,847,613	5,788,813	940,934	430,679	58,561	814,539	28,087	392,082	6,006,449	X X X
3. 2005	12,177,015	1,716,899	10,460,116	6,486,966	1,260,499	456,225	65,450	832,523	32,401	372,160	6,417,364	X X X
4. 2006	12,725,681	1,801,902	10,923,779	6,030,100	720,388	467,872	50,589	875,474	39,638	351,936	6,562,831	X X X
5. 2007	13,162,008	1,940,081	11,221,927	6,504,676	921,848	495,261	53,476	888,651	42,390	415,229	6,870,874	X X X
6. 2008	13,529,172	2,218,381	11,310,791	7,557,272	1,153,617	534,651	54,971	998,346	37,151	377,589	7,844,530	X X X
7. 2009	12,781,136	2,563,099	10,218,037	6,465,628	1,160,564	435,813	46,246	928,170	9,784	355,570	6,613,017	X X X
8. 2010	12,786,640	2,257,281	10,529,359	6,538,856	1,082,877	398,457	34,762	967,566	3,136	398,926	6,784,104	X X X
9. 2011	13,436,006	2,656,744	10,779,262	6,791,173	1,296,100	320,919	46,169	946,531	2,719	468,832	6,713,635	X X X
10. 2012	14,475,768	2,855,974	11,619,794	6,288,277	1,332,886	212,207	29,152	944,901	304	454,877	6,083,043	X X X
11. 2013	15,229,356	3,050,630	12,178,726	4,244,272	1,101,720	72,371	7,222	747,752	262	242,059	3,955,191	X X X
12. Totals	X X X	X X X	X X X	63,102,187	11,127,435	3,948,933	491,393	8,966,539	198,530	3,834,319	64,200,301	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						Number of Claims Outstanding
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Direct and Assumed
1. Prior	3,036,951	1,062,788	1,418,805	789,867	166,448	116,448	620,433	279,364	127,255	248	39,591	3,121,177	X X X
2. 2004	164,875	56,587	215,918	64,574	3,702	1,255	46,248	4,456	8,839	1	7,129	312,709	X X X
3. 2005	174,526	56,055	213,069	91,833	3,650	961	38,496	4,652	10,105	3	8,893	286,342	X X X
4. 2006	181,277	46,083	307,874	79,873	6,114	2,103	40,652	7,832	11,358	13	35,170	411,371	X X X
5. 2007	292,499	51,581	322,335	74,036	10,996	3,950	63,236	8,422	11,489		10,756	562,566	X X X
6. 2008	379,245	74,102	461,711	94,331	15,150	2,966	111,737	18,337	21,273	122	37,098	799,258	X X X
7. 2009	434,518	60,930	521,437	107,797	18,682	3,646	154,057	17,768	33,992	(22)	19,301	972,567	X X X
8. 2010	652,784	90,626	612,845	96,324	24,431	4,662	186,821	18,959	54,216	237	27,115	1,320,289	X X X
9. 2011	923,805	102,740	937,108	168,146	38,027	7,456	292,917	30,074	91,697	18	57,656	1,975,120	X X X
10. 2012	1,316,963	149,917	1,495,914	224,819	38,695	6,403	434,085	39,880	129,654	89	144,406	2,994,203	X X X
11. 2013	1,624,727	196,722	2,706,376	409,172	26,753	3,090	479,997	32,450	353,255	249	218,781	4,549,425	X X X
12. Totals	9,182,170	1,948,131	9,213,392	2,200,772	352,648	152,940	2,468,679	462,194	853,133	958	605,896	17,305,027	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	2,603,101	518,076
2. 2004	7,473,613	1,154,455	6,319,158	63.528	60.233	64.169			50.000	259,632	53,077
3. 2005	8,215,560	1,511,854	6,703,706	67.468	88.057	64.088			50.000	239,707	46,635
4. 2006	7,920,721	946,519	6,974,202	62.242	52.529	63.844			50.000	363,195	48,176
5. 2007	8,589,143	1,155,703	7,433,440	65.257	59.570	66.240			50.000	489,217	73,349
6. 2008	10,079,385	1,435,597	8,643,788	74.501	64.714	76.421			50.000	672,523	126,735
7. 2009	8,992,297	1,406,713	7,585,584	70.356	54.883	74.237			50.000	787,228	185,339
8. 2010	9,435,976	1,331,583	8,104,393	73.796	58.991	76.969			50.000	1,078,679	241,610
9. 2011	10,342,177	1,653,422	8,688,755	76.974	62.235	80.606			50.000	1,590,027	385,093
10. 2012	10,860,696	1,783,450	9,077,246	75.027	62.446	78.119			50.000	2,438,141	556,062
11. 2013	10,255,503	1,750,887	8,504,616	67.340	57.394	69.832			50.000	3,725,209	824,216
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	14,246,659	3,058,368

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	One Year	Two Year
1. Prior	9,073,309	9,547,532	10,070,016	10,512,491	10,412,672	10,782,014	10,822,429	11,069,550	11,123,279	11,265,210	141,931	195,660
2. 2004	6,172,015	5,867,470	5,747,656	5,641,893	5,618,970	5,583,094	5,592,438	5,578,513	5,572,674	5,552,698	(19,976)	(25,815)
3. 2005	X X X	6,586,661	6,299,161	6,066,131	5,999,824	5,965,779	5,948,059	5,936,140	5,931,421	5,926,094	(5,327)	(10,046)
4. 2006	X X X	X X X	6,616,440	6,393,565	6,249,106	6,171,108	6,151,086	6,145,327	6,161,551	6,161,344	(207)	16,017
5. 2007	X X X	X X X	X X X	7,080,375	6,903,251	6,611,677	6,601,026	6,573,514	6,606,439	6,609,071	2,632	35,557
6. 2008	X X X	X X X	X X X	X X X	7,894,418	7,699,551	7,599,706	7,598,936	7,628,048	7,708,556	80,508	109,620
7. 2009	X X X	X X X	X X X	X X X	X X X	6,773,874	6,752,087	6,686,251	6,623,988	6,669,152	45,164	(17,099)
8. 2010	X X X	X X X	X X X	X X X	X X X	X X X	7,032,406	7,028,636	7,061,715	7,135,069	73,354	106,433
9. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	7,667,580	7,666,626	7,696,755	30,129	29,175
10. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	7,973,608	8,033,004	59,396	X X X
11. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	7,427,139	X X X	X X X
									12. Totals		407,604	439,502

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
1. Prior	000	2,080,099	3,556,224	4,646,598	5,478,425	6,096,701	6,702,375	7,211,945	7,588,141	7,917,976	X X X	X X X
2. 2004	2,374,490	3,613,776	4,199,525	4,607,802	4,865,889	5,013,543	5,097,283	5,152,026	5,192,717	5,219,997	X X X	X X X
3. 2005	X X X	2,575,852	3,892,858	4,541,029	4,968,424	5,248,312	5,407,443	5,495,686	5,568,701	5,617,242	X X X	X X X
4. 2006	X X X	X X X	2,568,908	3,886,086	4,547,227	5,031,480	5,339,744	5,530,444	5,654,302	5,726,995	X X X	X X X
5. 2007	X X X	X X X	X X X	2,655,329	4,103,968	4,833,361	5,347,714	5,688,198	5,900,146	6,024,613	X X X	X X X
6. 2008	X X X	X X X	X X X	X X X	3,160,586	4,865,106	5,689,179	6,262,045	6,648,740	6,883,335	X X X	X X X
7. 2009	X X X	X X X	X X X	X X X	X X X	2,670,936	4,074,479	4,814,352	5,339,975	5,694,632	X X X	X X X
8. 2010	X X X	X X X	X X X	X X X	X X X	X X X	2,938,477	4,474,626	5,254,608	5,819,674	X X X	X X X
9. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	3,460,718	4,937,229	5,769,823	X X X	X X X
10. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	3,402,433	5,138,447	X X X	X X X
11. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	3,207,701	X X X	X X X

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END ($000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1. Prior	2,808,981	2,224,719	2,089,359	1,971,870	1,640,937	1,708,811	1,316,940	1,282,722	1,060,219	1,093,140
2. 2004	2,404,195	1,286,549	854,847	591,526	467,570	355,793	314,683	280,499	246,756	211,065
3. 2005	X X X	2,616,690	1,374,395	832,423	563,183	406,107	308,674	262,727	205,940	178,529
4. 2006	X X X	X X X	2,584,645	1,440,877	939,022	620,617	444,424	354,474	315,536	285,652
5. 2007	X X X	X X X	X X X	2,728,675	1,580,570	942,944	641,801	461,681	387,477	325,921
6. 2008	X X X	X X X	X X X	X X X	2,893,606	1,586,820	1,023,352	710,540	514,657	499,008
7. 2009	X X X	X X X	X X X	X X X	X X X	2,594,669	1,556,040	1,026,064	689,645	577,842
8. 2010	X X X	X X X	X X X	X X X	X X X	X X X	2,536,783	1,415,786	960,846	722,619
9. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,552,202	1,552,962	1,070,313
10. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,935,401	1,690,453
11. 2013	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	2,765,593

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama AL	L	45,419,865	47,541,922	369	28,436,191	25,042,690	50,081,812	2,230	
2. Alaska AK	L	15,676,513	14,004,473	126	3,675,427	4,370,500	5,394,666	4	
3. Arizona AZ	L	75,056,005	75,607,099	19	40,146,490	38,019,493	27,626,116	16,128	
4. Arkansas AR	L	22,621,367	24,422,978	169	22,388,723	4,407,916	22,368,248	1,086	
5. California CA	L	380,000,866	382,863,145	1,257	189,760,553	81,835,235	58,797,832	92,031	
6. Colorado CO	L	59,186,753	63,398,019	282	26,213,439	25,495,695	26,303,777	10,800	
7. Connecticut CT	L	45,342,167	44,422,370	1,251	40,772,505	47,379,417	82,938,422	74,029	
8. Delaware DE	L	14,406,270	15,077,229	(22)	6,787,182	8,953,377	22,550,422	5,226	
9. District of Columbia DC	L	56,121,005	56,234,096	61	5,081,109	29,528,879	71,658,656	1,491	
10. Florida FL	L	246,800,920	268,087,842	44,109	198,408,349	132,474,610	175,247,217	100,721	
11. Georgia GA	L	102,002,191	104,029,317	121	56,164,872	56,831,031	55,856,477	11,909	
12. Hawaii HI	L	16,882,088	18,485,448	250	6,940,975	7,237,578	8,473,542	7,166	
13. Idaho ID	L	16,392,380	16,602,062	(6)	8,025,784	9,548,058	8,259,554	1,378	
14. Illinois IL	L	122,674,847	123,795,550	3,988	59,057,829	52,433,029	156,455,534	22,496	
15. Indiana IN	L	51,815,410	52,822,327	725	23,138,816	33,505,496	56,464,818	6,291	
16. Iowa IA	L	21,812,376	22,925,059	10	13,165,102	10,106,226	14,847,112	1,296	
17. Kansas KS	L	27,984,189	28,584,359	371	14,514,796	6,688,682	16,295,579	1,534	
18. Kentucky KY	L	16,447,454	17,408,447	(21)	16,567,928	14,725,918	67,259,759	7,271	
19. Louisiana LA	L	59,964,665	64,168,840	294	37,508,899	26,302,446	85,974,830	13,798	
20. Maine ME	L	10,028,567	11,167,658		7,419,221	3,863,300	13,905,452	9,855	
21. Maryland MD	L	53,360,128	53,221,329	(45)	52,055,917	22,962,632	22,620,848	16,458	
22. Massachusetts MA	L	632,573,690	640,130,006	104,680	392,526,366	434,594,359	419,806,547	5,592,465	
23. Michigan MI	L	76,922,390	77,746,282	(408)	48,136,181	41,618,531	86,365,155	6,659	
24. Minnesota MN	L	46,952,745	46,949,577	220	29,142,016	26,192,541	58,095,843	11,907	
25. Mississippi MS	L	16,043,244	15,486,307		5,624,294	5,722,362	31,017,598	708	
26. Missouri MO	L	33,768,901	35,579,443	855	23,902,090	14,379,750	30,339,871	7,024	
27. Montana MT	L	21,423,402	20,921,505	(2)	6,921,394	11,302,240	16,504,729	367	
28. Nebraska NE	L	26,633,551	27,533,092	(102)	12,348,678	14,949,822	18,702,153	1,568	
29. Nevada NV	L	26,524,565	27,552,217		18,369,421	14,243,043	9,160,069	8,540	
30. New Hampshire NH	L	13,486,802	13,806,015	175	11,657,034	6,777,592	35,822,547	16,786	
31. New Jersey NJ	L	75,728,306	79,374,644	254	105,657,260	37,421,704	127,030,879	175,309	
32. New Mexico NM	L	23,132,171	24,165,885	378	15,067,437	12,426,437	11,462,987	2,916	
33. New York NY	L	347,231,354	367,966,782	23,138	191,384,449	86,571,507	425,736,109	297,927	
34. North Carolina NC	L	199,077,497	202,646,340	305	106,674,634	97,530,731	118,259,155	477,469	
35. North Dakota ND	L	12,264,664	12,098,779	397	6,098,860	5,312,088	2,953,503	155	
36. Ohio OH	L	123,210,067	124,194,255		53,139,135	69,427,933	109,074,741	17,728	
37. Oklahoma OK	L	20,690,464	24,571,576	405	20,968,861	8,064,945	34,030,301	5,403	
38. Oregon OR	L	37,945,896	36,217,524	(46,018)	13,321,457	21,322,119	28,938,414	7,940	
39. Pennsylvania PA	L	138,897,519	141,326,465	3,096	81,251,993	40,017,067	138,640,991	52,212	
40. Rhode Island RI	L	11,022,027	10,925,481		8,388,948	5,145,698	21,432,093	7,588	
41. South Carolina SC	L	53,017,888	53,894,411	499	27,978,931	25,097,198	42,934,854	4,887	
42. South Dakota SD	L	7,253,383	7,426,506		3,760,022	4,662,504	2,676,473	135	
43. Tennessee TN	L	127,320,723	129,760,586	192	69,858,698	82,769,155	197,888,305	9,762	
44. Texas TX	L	256,823,833	266,848,742	4,579,238	178,161,951	273,901,693	454,305,373	56,946	
45. Utah UT	L	13,237,260	14,938,125	117	44,010,863	31,567,620	(4,620,841)	2,710	
46. Vermont VT	L	4,266,174	4,437,938	172	3,084,219	2,571,735	9,736,902	2,667	
47. Virginia VA	L	95,694,825	94,094,806	402	58,485,139	50,439,359	49,186,833	44,629	
48. Washington WA	L	68,663,934	67,313,272		27,806,119	29,861,182	16,940,449	9,964	
49. West Virginia WV	L	12,840,728	12,964,917		2,776,605	13,466,838	26,622,418	1,381	
50. Wisconsin WI	L	31,361,589	32,108,607	111,254	27,958,751	22,345,036	81,104,522	15,424	
51. Wyoming WY	L	11,999,958	13,361,648		6,212,669	7,785,935	4,034,000	210	
52. American Samoa AS	N								
53. Guam GU	N	(51,800)	8,822			(9,611)	(1,734)		
54. Puerto Rico PR	L	15,173,485	15,989,594		3,520,739	11,205,296	30,323,826		
55. U.S. Virgin Islands VI	L	524,271	500,321	(1)	327,933	482,788	768,627	8	
56. Northern Mariana Islands MP	L								
57. Canada CAN	L	225,514,259	219,781,750		138,631,289	114,552,876	321,328,622		
58. Aggregate Other Alien OT	XXX	240,217,025	241,937,454		85,206,167	144,896,058	524,108,703		
59. Totals	(a) 54	4,507,382,816	4,609,429,243	4,832,554	2,684,590,710	2,410,328,339	4,530,091,690	7,242,592	

DETAILS OF WRITE-INS									
58001. AUS AUSTRALIA	XXX	231,716,261	237,334,158		80,604,107	115,908,612	460,204,537		
58002. JPN JAPAN	XXX	1,249,841	869,104		206,207	5,166,019	9,007,177		
58003. ZZZ OTHER ALIEN	XXX	911,226	(2,548,325)		512,445	3,631,084	28,393,193		
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	6,339,697	6,282,517		3,883,408	20,190,343	26,503,796		
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	XXX	240,217,025	241,937,454		85,206,167	144,896,058	524,108,703		

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

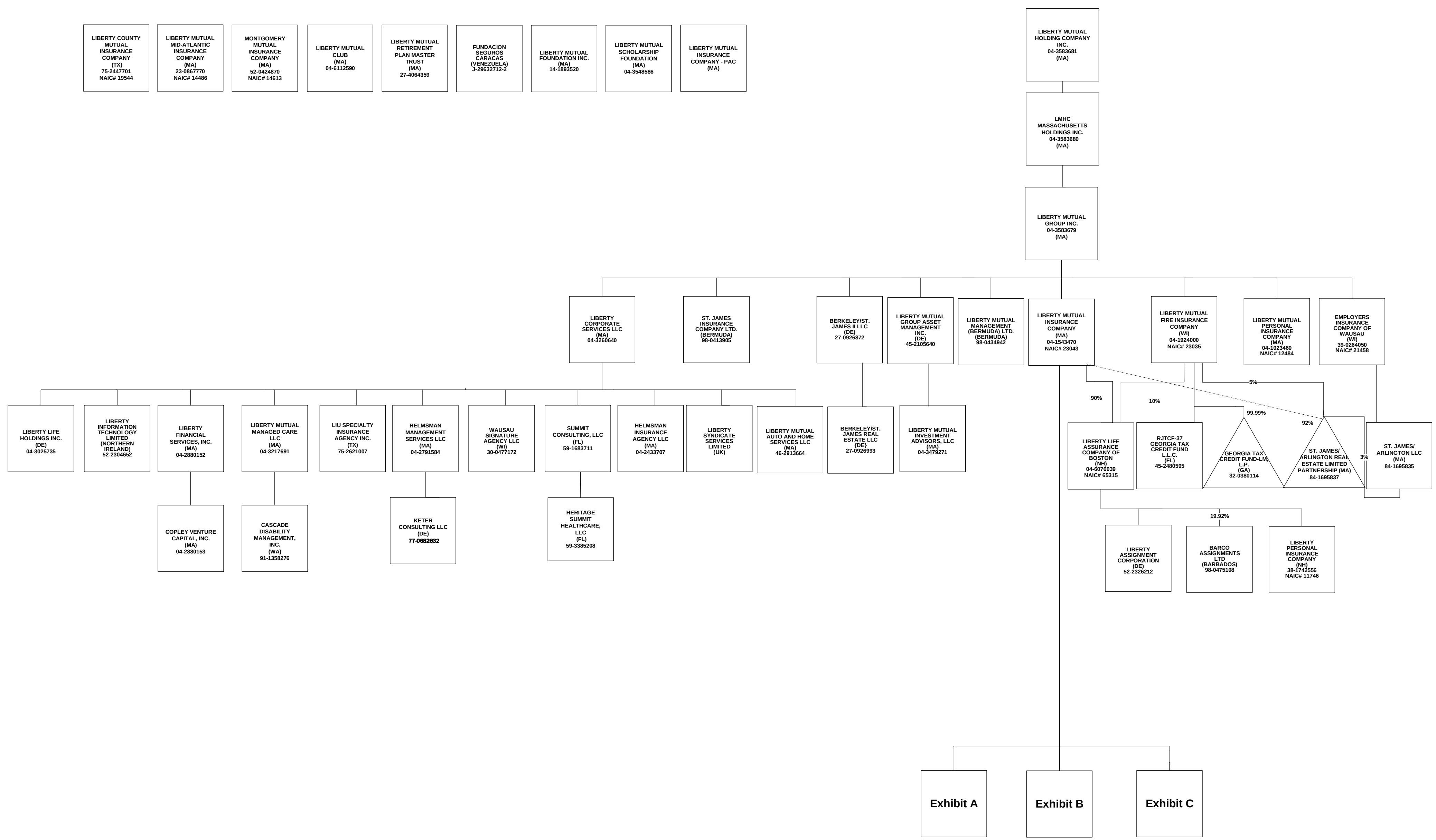
Explanation of basis of allocation of premiums by states, etc.

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

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

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

PART 1 - ORGANIZATIONAL CHART



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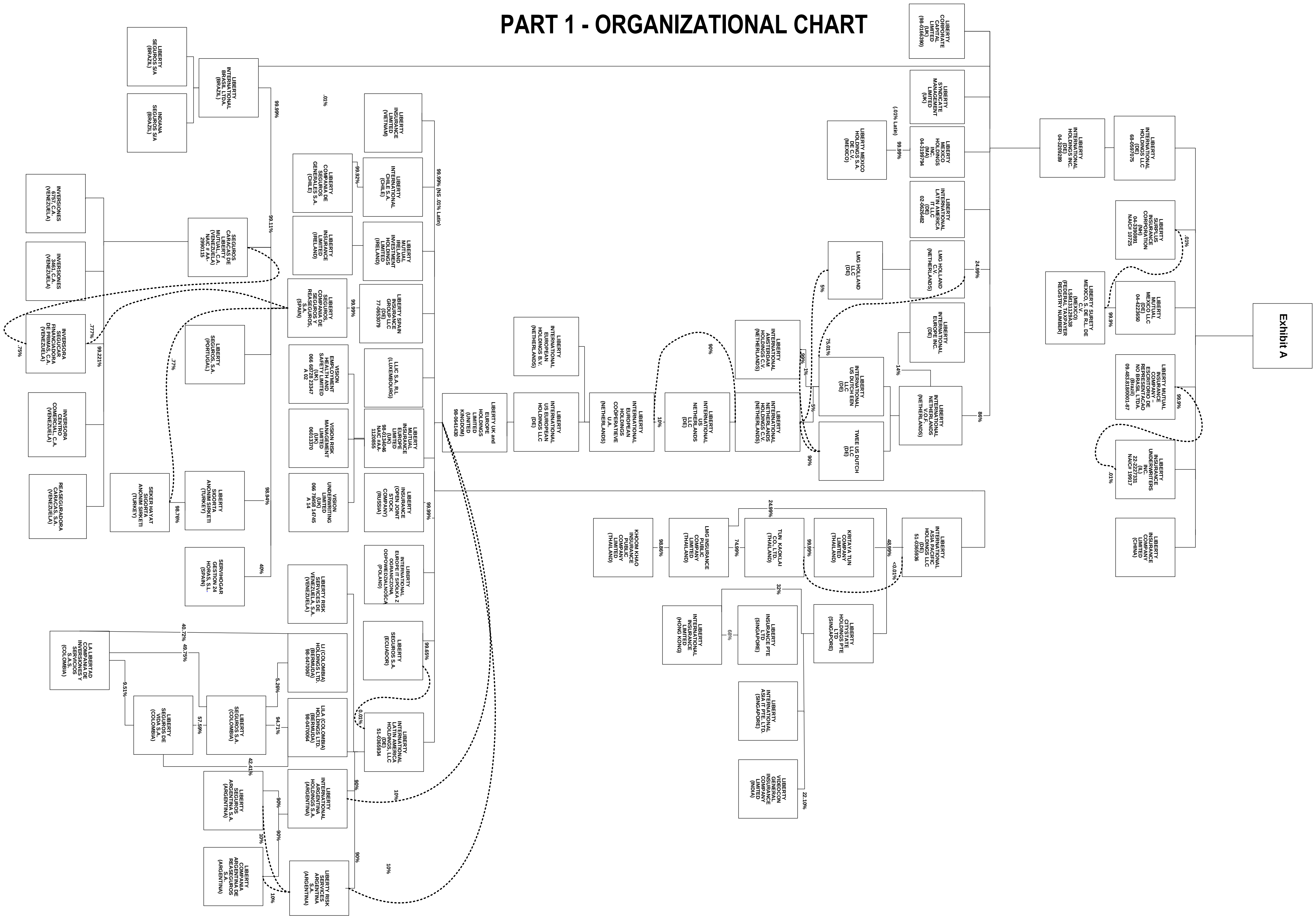
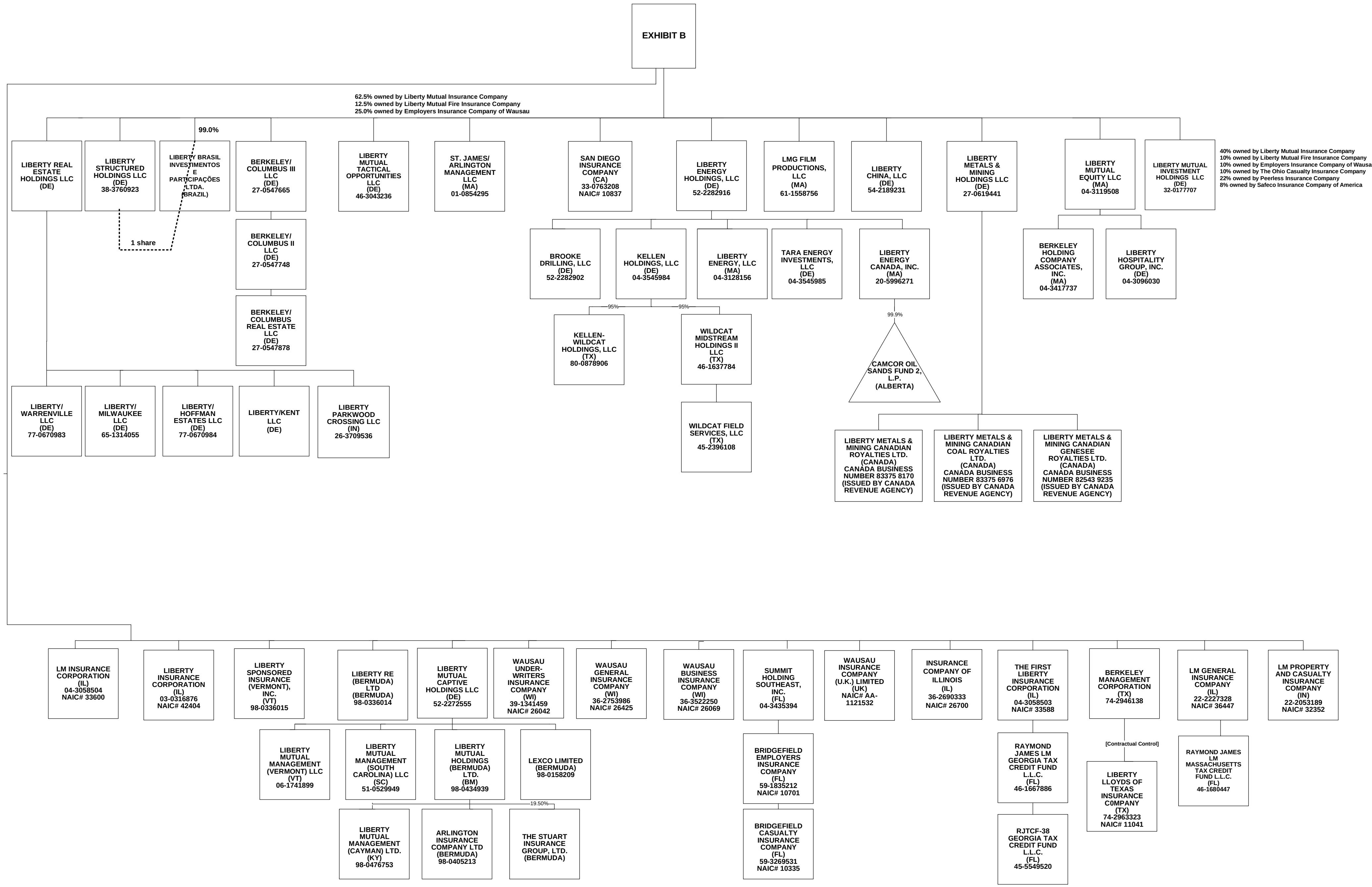
PART 1 - ORGANIZATIONAL CHART



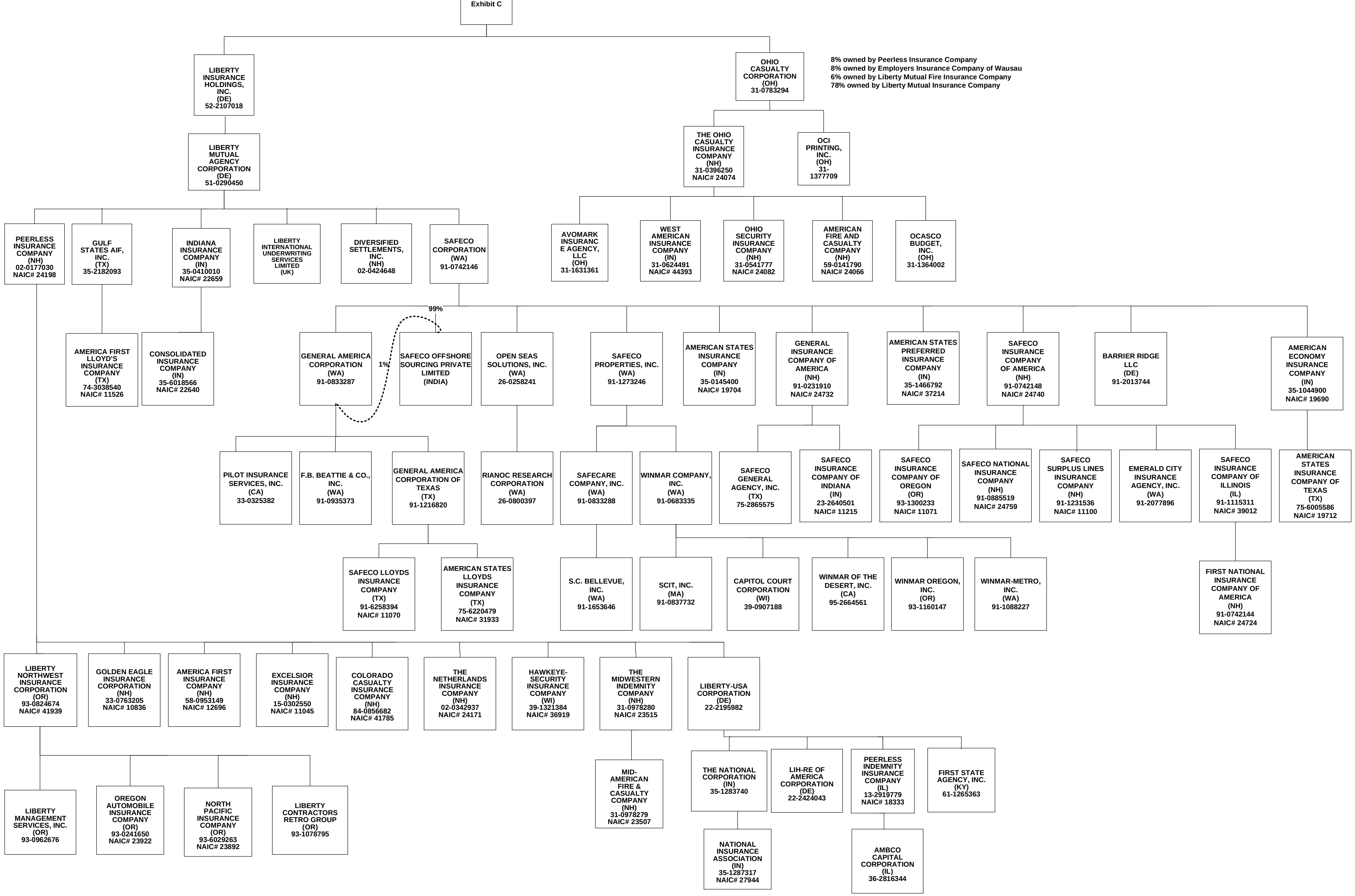
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

ASSETS

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Equities and deposits in pools and associations	72,164,912		72,164,912	75,507,055
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	72,164,912		72,164,912	75,507,055

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

LIABILITIES, SURPLUS AND OTHER FUNDS

REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES	1 Current Year	2 Prior Year
2504. Retroactive reinsurance reserves	(19,659,060)	(929,794,350)
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)	(19,659,060)	(929,794,350)

OVERFLOW PAGE FOR WRITE-INS

Page 94 - Continuation

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
REMAINING WRITE-INS AGGREGATED AT LINE 58 FOR OTHER ALIEN	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)
58004. TTO TRINIDAD & TOBAGO	XXX	803,337	821,044		89,559	(712,167)	223,532		
58005. BMU BERMUDA	XXX	546,050	571,999			31,350	881,646		
58006. SGP SINGAPORE	XXX	543,283	424,130			64,350	598,468		
58007. PER PERU	XXX	405,545	228,822		11,134	596,773	175,131		
58008. BRA BRAZIL	XXX	374,323	477,164		2,410	18,798,837	17,714,450		
58009. IOT INDIAN OCEAN	XXX	364,870	289,897			67,601	67,601		
58010. DEU GERMANY	XXX	361,584	437,504			(153,838)	57,286		
58011. NLD NETHERLANDS	XXX	314,278	367,492			(232,060)	1,556,711		
58012. CHL CHILE	XXX	306,732	332,638			316,656	433,036		
58013. ARG ARGENTINA	XXX	236,589	(101,932)		622,584	(2,134,938)	1,008,917		
58014. ISR ISRAEL	XXX	224,966	113,158		43,000	(40,816)	172,006		
58015. FRA FRANCE	XXX	203,546	237,828			(44,020)	17,352		
58016. JAM JAMAICA	XXX	189,750	175,060		425,000	(169,847)	1,051,775		
58017. GIN GUINEA	XXX	174,625	178,779			(44,375)	4,557		
58018. SAU SAUDI ARABIA	XXX	144,311	160,783			(82,596)	(7,767)		
58019. COL COLOMBIA	XXX	143,964	132,686			(342,173)	55,896		
58020. GBR UNITED KINGDOM	XXX	138,705	127,050			(8,997)	(5,858,059)		
58021. IDN INDONESIA	XXX	123,537	99,616			(384,722)	28,394		
58022. GEO GEORGIA	XXX	90,644	151,432		10,088	31,288	71,673		
58023. NCL NEW CALEDONIA	XXX	79,224	63,884			23,563	12,335		
58024. KOR SOUTH KOREA	XXX	76,649	35,472			3,903	3,203		
58025. QAT QATAR	XXX	76,553	85,429			261,787	295,309		
58026. BEL BELGIUM	XXX	75,900	62,306			(88,615)	48,517		
58027. ITA ITALY	XXX	68,225	81,004			(12,325)	1,497		
58028. CYM CAYMAN ISLANDS	XXX	50,450	209,033			(164,712)	327,409		
58029. ESP SPAIN	XXX	47,125	38,392			(13,629)	24,949		
58030. BES BONAIRE	XXX	42,946	37,703			9,182	11,528		
58031. MEX MEXICO	XXX	42,121	203,156			19,248	38,614		
58032. DOM DOMINICAN REPUBLIC	XXX	41,755	50,713			998,479	838,587		
58033. THA THAILAND	XXX	38,400	44,668		4,133	1,976,924	1,999,897		
58034. HND HONDURAS	XXX	38,176	14,643			39,357	3,331		
58035. BHS BAHAMAS	XXX	33,180	21,636		2,663,000	326,321	386,222		
58036. CHN CHINA	XXX	31,262	22,538			(1,703)	1,825		
58037. ABW ARUBA	XXX	26,000	25,528		12,500	56,434	114,945		
58038. VNM VIETNAM	XXX	16,200	15,813			4,984	6,141		
58039. VGB BRITISH VIRGIN ISLANDS	XXX	9,746	11,903			(11,987)	5,652		
58040. GUY GUYANA	XXX	8,882	5,855			4,091	2,142		
58041. POL POLAND	XXX	7,953	6,993			(170,446)	551		
58042. NZL NEW ZEALAND	XXX	6,490	27,497			(6,730)	10,732		
58043. SLV EL SALVADOR	XXX	5,250	3,294			49,923	1,826		
58044. IND INDIA	XXX	1,711	1,340			(261,938)	27,327		
58045. BLR BELARUS	XXX	692	468			89	64		
58046. SVK SLOVAKIA	XXX	45	283			(48)	(9)		
58047. AUS AUSTRALIA, VICTORIA	XXX					(12,066)	19,303		
58048. AUS AUSTRALIA, WESTERN AUST	XXX					(965)			
58049. AUT AUSTRIA	XXX					(88,967)	(38,096)		
58050. BRB BARBADOS	XXX		2,630			14,209	(1,104)		
58051. BLZ BELIZE	XXX					4,432			
58052. BOL BOLIVIA	XXX					27,981	4		
58053. CRI COSTA RICA	XXX					78,611	7,411		
58054. CYP CZECH REPUBLIC	XXX								
58055. CYP CYPRUS	XXX					5,755	6,294		
58056. DNK DENMARK	XXX					(1,058)			
58057. EGY EGYPT	XXX					213	(18)		
58058. ENG ENGLAND	XXX					946,683	(3,311)		
58059. GRC GREECE	XXX					(7,212)	1,290		
58060. GRD GRENADA	XXX					5,533			
58061. GUM GUAM	XXX		11,682			2,023	17,694		
58062. GGY GUERNSEY	XXX					(1,259)	543		
58063. HKG HONG KONG	XXX					9,455	59,841		
58064. HUNGARY	XXX								
58065. ISL ICELAND	XXX					138,782			
58066. IRL IRELAND	XXX		19,146			(23,959)	28,962		
58067. KEN KENYA	XXX					(3,325)			
58068. KWT KUWAIT	XXX					(5,934)			
58069. LUX LUXEMBOURG	XXX		5,449			(32,880)	38,293		
58070. MYS MALAYSIA	XXX					(25,361)	14,245		
58071. MNG MONGOLIA	XXX					23,241	80,107		

OVERFLOW PAGE FOR WRITE-INS

Page 94 - Continuation

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

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 2 Direct Premiums Written	 3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
58072. ANT NETHERLAND ANTILLES	XXX		1,972			(15,620)	10,445		
58073. NIC NICARAGUA	XXX					35,791			
58074. NGA NIGERIA	XXX					(268)	186		
58075. PAN PANAMA	XXX					185,741	3,554,143		
58076. PHL PHILIPPINES	XXX					(6,710)	(619)		
58077. PRT PORTUGAL	XXX					(291)	(95)		
58078. RUS RUSSIA	XXX					1,486	(6)		
58079. SCT SCOTLAND	XXX					(6,493)	9,172		
58080. ZAF SOUTH AFRICA	XXX		16,556			(4,506)	(2,173)		
58081. LCA ST LUCIA	XXX					3,086			
58082. SUR SURINAM	XXX					1,584			
58083. TWN TAIWAN	XXX					(17,006)	(7)		
58084. TCA TURKS & CAICOS	XXX					(3,217)	3,207		
58085. URY URUGUAY	XXX					4,444	8		
58086. VEN VENEZUELA	XXX					129,149	(237)		
58087. WLS WALES	XXX					15,416			
58088. TUR TURKEY	XXX	(4)	51,698			4,168	49,965		
58089. CHE SWITZERLAND	XXX	(1,250)	1,832			(39,234)	15,431		
58090. ECU ECUADOR	XXX	(9,844)	31,215			301,341	100,783		
58091. GTM GUATEMALA	XXX	(164,779)	(154,364)			(50,908)	116,936		
58097. Total (Lines 58004 through 58096) (Page 94, Line 58998)	XXX	6,339,697	6,282,517		3,883,408	20,190,343	26,503,796		

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT