

ANNUAL STATEMENT

OF THE

THE NETHERLANDS INSURANCE COMPANY

of **KEENE**

in the state of **NEW HAMPSHIRE**

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2012

PROPERTY AND CASUALTY

2012



24171201220100100

ANNUAL STATEMENT

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

The Netherlands Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) NAIC Company Code 24171 Employer's ID Number 02-0342937
Organized under the Laws of New Hampshire, State of Domicile or Port of Entry New Hampshire
Country of Domicile United States of America
Incorporated/Organized December 12, 1978 Commenced Business January 1, 1979
Statutory Home Office 62 Maple Avenue (Street and Number), Keene, NH, US 03431 (City or Town, State, Country and Zip Code)
Main Administrative Office 175 Berkeley Street (Street and Number)
Boston, MA, US 02116 (City or Town, State, Country and Zip Code) 617-357-9500 (Area Code) (Telephone Number)
Mail Address 175 Berkeley Street (Street and Number or P.O. Box), Boston, MA, US 02116 (City or Town, State, Country and Zip Code)
Primary Location of Books and Records 175 Berkeley Street (Street and Number) Boston, MA, US 02116 (City or Town, State, Country and Zip Code) 617-357-9500 (Area Code) (Telephone Number)
Internet Web Site Address www.LibertyMutualGroup.com
Statutory Statement Contact Pamela Heenan (Name) 617-357-9500 x44689 (Area Code) (Telephone Number) (Extension)
Statutory.Compliance@LibertyMutual.com (E-Mail Address) 617-574-5955 (Fax Number)

OFFICERS

Chairman of the Board

James Paul Condrin, III

Table with 2 columns: Name, Title. Row 1: James Paul Condrin, III, President and Chief Executive Officer. Row 2: Dexter Robert Legg, Vice President and Secretary. Row 3: Laurance Henry Soyer Yahia #, Vice President and Treasurer.

VICE-PRESIDENTS

Table with 4 columns: Name, Title, Name, Title. Row 1: John Derek Doyle #, Vice President and Comptroller, Michael Joseph Fallon #, Vice President and Chief Financial Officer. Row 2: Anthony Alexander Fontanes, Vice President and Chief Investment Officer, Kathryn Mary Winn #, Vice President and General Counsel.

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Row 1: Kristen Maria Bessette #, James Paul Condrin, III, John Derek Doyle, Michael Joseph Fallon. Row 2: Michael Henry Hughes #, Dexter Robert Legg, Kathryn Mary Winn #.

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 lines for James Paul Condrin, III, Dexter Robert Legg, and Laurance Henry Soyer Yahia # with printed names and titles.

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

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	340,940,062		340,940,062	391,692,031
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 (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 0, Schedule E - Part 1), cash equivalents (\$ 2,640,898, Schedule E - Part 2), and short-term investments (\$ 20,636,532, Schedule DA)	23,277,430		23,277,430	11,859,558
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities	1,486,181		1,486,181	2,315
10. Securities lending reinvested collateral assets (Schedule DL)				12,884,149
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	365,703,673		365,703,673	416,438,053
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	3,477,235		3,477,235	4,073,177
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	6,659,592	938,112	5,721,480	7,212,919
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 460,103 earned but unbilled premiums)	57,779,725	46,010	57,733,715	54,278,071
15.3 Accrued retrospective premiums	1,363	136	1,227	83,118
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				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	11,968,000	5,362,699	6,605,301	10,389,079
19. Guaranty funds receivable or on deposit	170,227		170,227	216,419
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	11,774		11,774	1,196,609
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	4,413,896	234,415	4,179,481	4,080,783
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	450,185,485	6,581,372	443,604,113	497,968,228
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	450,185,485	6,581,372	443,604,113	497,968,228

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	2,835,905	234,415	2,601,490	2,546,142
2502. Cash Surrender Value Life Insurance	1,090,590		1,090,590	1,063,128
2503. Equities and deposits in pools and associations	487,401		487,401	471,513
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,413,896	234,415	4,179,481	4,080,783

LIABILITIES, SURPLUS AND OTHER FUNDS

	1	2
	Current Year	Prior Year
1. Losses (Part 2A, Line 35, Column 8)	159,146,959	162,258,686
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	10,788,136	12,111,230
3. Loss adjustment expenses (Part 2A, Line 35, Column 9)	36,396,081	35,878,289
4. Commissions payable, contingent commissions and other similar charges	5,818,120	5,051,767
5. Other expenses (excluding taxes, licenses and fees)	2,980,356	2,828,564
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,264,417	1,335,484
7.1 Current federal and foreign income taxes (including \$ 0 on realized capital gains (losses))	3,360,588	1,382,373
7.2 Net deferred tax liability		
8. Borrowed money \$ 0 and interest thereon \$ 0		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 279,505,840 and including warranty reserves of \$ 0 and accrued accident and health experience rating refunds including \$ 0 for medical loss ratio rebate per the Public Health Service Act)	94,414,688	90,704,197
10. Advance premium	705,573	619,155
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	25,275	24,837
12. Ceded reinsurance premiums payable (net of ceding commissions)		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		
14. Amounts withheld or retained by company for account of others	2,832,113	2,719,804
15. Remittances and items not allocated		
16. Provision for reinsurance (including \$ 0 certified) (Schedule F, Part 8)		
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	6,212,230	6,409,331
19. Payable to parent, subsidiaries and affiliates	2,815,823	66,561
20. Derivatives		
21. Payable for securities	1,021,700	2,987,500
22. Payable for securities lending		12,884,149
23. Liability for amounts held under uninsured plans		
24. Capital notes \$ 0 and interest thereon \$ 0		
25. Aggregate write-ins for liabilities	2,737,854	2,993,309
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25)	330,519,913	340,255,236
27. Protected cell liabilities		
28. Total liabilities (Lines 26 and 27)	330,519,913	340,255,236
29. Aggregate write-ins for special surplus funds	315,850	1,437,140
30. Common capital stock	3,600,000	3,600,000
31. Preferred capital stock		
32. Aggregate write-ins for other than special surplus funds		
33. Surplus notes		
34. Gross paid in and contributed surplus	54,597,505	54,597,505
35. Unassigned funds (surplus)	54,570,845	98,078,347
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)	113,084,200	157,712,992
38. Totals (Page 2, Line 28, Col. 3)	443,604,113	497,968,228

DETAILS OF WRITE-IN LINES		
2501. Retroactive reinsurance reserves	1,488,748	1,596,691
2502. Other liabilities	1,157,952	1,299,658
2503. Amounts held under uninsured plans	91,154	96,960
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,737,854	2,993,309
2901. Special surplus from retroactive reinsurance	315,850	378,404
2902. SSAP 10R incremental change		1,058,736
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page		
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	315,850	1,437,140
3201.		
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)		

STATEMENT OF INCOME

	1	2
	Current Year	Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	193,255,714	188,482,330
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	104,873,972	116,610,339
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	23,952,420	22,770,085
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	63,218,753	60,768,196
5. Aggregate write-ins for underwriting deductions		(19,266)
6. Total underwriting deductions (Lines 2 through 5)	192,045,145	200,129,354
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	1,210,569	(11,647,024)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	17,344,183	17,944,906
10. Net realized capital gains (losses) less capital gains tax of \$ 1,530,788 (Exhibit of Capital Gains (Losses))	2,842,891	17,921
11. Net investment gain (loss) (Lines 9 + 10)	20,187,074	17,962,827
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 2,950 amount charged off \$ 513,275)	(510,325)	(421,287)
13. Finance and service charges not included in premiums	1,652,843	1,591,350
14. Aggregate write-ins for miscellaneous income	(242,526)	(478,698)
15. Total other income (Lines 12 through 14)	899,992	691,365
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	22,297,635	7,007,168
17. Dividends to policyholders	463,455	378,509
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)	21,834,180	6,628,659
19. Federal and foreign income taxes incurred	3,675,212	1,251,350
20. Net income (Line 18 minus Line 19) (to Line 22)	18,158,968	5,377,309
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	157,712,992	152,453,924
22. Net income (from Line 20)	18,158,968	5,377,309
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$ 365,648	679,061	(98,092)
25. Change in net unrealized foreign exchange capital gain (loss)		
26. Change in net deferred income tax	(1,404,352)	458,921
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(1,003,733)	45,263
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)		
29. Change in surplus notes		
30. Surplus (contributed to) withdrawn from protected cells		
31. Cumulative effect of changes in accounting principles		144,237
32. Capital changes:		
32.1 Paid in		
32.2 Transferred from surplus (Stock Dividend)		
32.3 Transferred to surplus		
33. Surplus adjustments:		
33.1 Paid in		
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders	(60,000,000)	
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37. Aggregate write-ins for gains and losses in surplus	(1,058,736)	(668,570)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(44,628,792)	5,259,068
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	113,084,200	157,712,992

DETAILS OF WRITE-IN LINES		
0501. Private passenger auto escrow		(19,266)
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)		(19,266)
1401. Retroactive reinsurance gain/(loss)	635,319	(38,423)
1402. Other income/(expense)	(877,845)	(440,275)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(242,526)	(478,698)
3701. SSAP 10R incremental change	(1,058,736)	(668,570)
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	(1,058,736)	(668,570)

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	194,956,501	188,767,503
2. Net investment income	18,673,432	18,753,005
3. Miscellaneous income	936,620	689,480
4. Total (Lines 1 through 3)	214,566,553	208,209,988
5. Benefit and loss related payments	109,505,893	113,258,720
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	85,806,302	82,077,101
8. Dividends paid to policyholders	463,017	370,545
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	3,227,786	(1,116,313)
10. Total (Lines 5 through 9)	199,002,998	194,590,053
11. Net cash from operations (Line 4 minus Line 10)	15,563,555	13,619,935
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	168,100,957	54,167,821
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	57,468,779	58,133,303
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	(1,483,866)	(2,315)
12.8 Total investment proceeds (Lines 12.1 to 12.7)	224,085,870	112,298,809
13. Cost of investments acquired (long-term only):		
13.1 Bonds	112,663,907	65,601,201
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	44,584,630	56,507,852
13.6 Miscellaneous applications	1,965,800	(2,974,483)
13.7 Total investments acquired (Lines 13.1 to 13.6)	159,214,337	119,134,570
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)	64,871,533	(6,835,761)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	60,000,000	
16.6 Other cash provided (applied)	(9,017,216)	(6,847,992)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(69,017,216)	(6,847,992)
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)	11,417,872	(63,818)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	11,859,558	11,923,376
19.2 End of year (Line 18 plus Line 19.1)	23,277,430	11,859,558

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

20.0001	12.1 - Proceeds from investments sold, matured or repaid - Bonds	59,350,687	
20.0002	16.5 - Dividends to stockholders	59,806,422	
20.0003			

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	3,867,285	1,916,790	2,030,917	3,753,158
2. Allied lines	3,416,064	1,638,330	1,864,625	3,189,769
3. Farmowners multiple peril	1,590,803	752,779	806,138	1,537,444
4. Homeowners multiple peril	33,947,598	15,991,004	18,162,980	31,775,622
5. Commercial multiple peril	33,310,115	16,841,322	16,276,509	33,874,928
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	3,162,910	1,466,772	1,500,792	3,128,890
10. Financial guaranty				
11.1 Medical professional liability—occurrence	13,206	5,241	4,619	13,828
11.2 Medical professional liability—claims-made	1,180	824	317	1,687
12. Earthquake	641,429	327,590	325,846	643,173
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation	14,326,878	6,185,156	4,972,008	15,540,026
17.1 Other liability—occurrence	9,592,320	4,704,602	4,641,590	9,655,332
17.2 Other liability—claims-made	408,967	183,869	173,757	419,079
17.3 Excess workers' compensation				
18.1 Products liability—occurrence	251,772	118,906	126,840	243,838
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability	36,375,674	14,164,002	16,040,238	34,499,438
19.3,19.4 Commercial auto liability	13,827,911	7,104,114	6,614,844	14,317,181
21. Auto physical damage	28,850,679	11,439,815	12,916,267	27,374,227
22. Aircraft (all perils)				
23. Fidelity	110,756	94,641	90,281	115,116
24. Surety	12,814,122	7,823,063	7,481,685	13,155,500
26. Burglary and theft	5,235	2,520	2,570	5,185
27. Boiler and machinery	12,955	1,066	1,726	12,295
28. Credit				
29. International				
30. Warranty				
31. Reinsurance-nonproportional assumed property				
32. Reinsurance-nonproportional assumed liability				
33. Reinsurance-nonproportional assumed financial lines				
34. Aggregate write-ins for other lines of business				
35. TOTALS	196,527,859	90,762,406	94,034,549	193,255,716

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	2,030,916	1			2,030,917
2. Allied lines	1,864,624	1			1,864,625
3. Farmowners multiple peril	806,092	46			806,138
4. Homeowners multiple peril	18,162,980				18,162,980
5. Commercial multiple peril	16,383,564	511	(107,566)		16,276,509
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine	1,500,729	64			1,500,793
10. Financial guaranty					
11.1 Medical professional liability—occurrence	4,619				4,619
11.2 Medical professional liability—claims-made	317				317
12. Earthquake	325,846				325,846
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation	5,251,997	54	(278,679)	(1,363)	4,972,009
17.1 Other liability—occurrence	4,604,567	22,006	15,017		4,641,590
17.2 Other liability—claims-made	183,162	776	(10,182)		173,756
17.3 Excess workers' compensation					
18.1 Products liability—occurrence	124,197	10	2,634		126,841
18.2 Products liability—claims-made					
19.1,19.2 Private passenger auto liability	16,040,238				16,040,238
19.3,19.4 Commercial auto liability	6,613,918	926			6,614,844
21. Auto physical damage	12,916,121	146			12,916,267
22. Aircraft (all perils)					
23. Fidelity	33,768	56,514			90,282
24. Surety	5,304,458	2,177,228			7,481,686
26. Burglary and theft	2,570				2,570
27. Boiler and machinery	1,726				1,726
28. Credit					
29. International					
30. Warranty					
31. Reinsurance-nonproportional assumed property					
32. Reinsurance-nonproportional assumed liability					
33. Reinsurance-nonproportional assumed financial lines					
34. Aggregate write-ins for other lines of business					
35. TOTALS	92,156,409	2,258,283	(378,776)	(1,363)	94,034,553
36. Accrued retrospective premiums based on experience					1,363
37. Earned but unbilled premiums					378,776
38. Balance (Sum of Lines 35 through 37)					94,414,692

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non- Affiliates	4 To Affiliates	5 To Non- Affiliates	
1. Fire	2,774,581	3,867,285		2,774,581		3,867,285
2. Allied lines	3,435,644	3,416,064		3,435,644		3,416,064
3. Farmowners multiple peril		1,590,803				1,590,803
4. Homeowners multiple peril	6,067,146	33,947,598		6,067,146		33,947,598
5. Commercial multiple peril	281,067,224	33,310,115		281,067,224		33,310,115
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	1,050,008	3,162,910		1,050,008		3,162,910
10. Financial guaranty						
11.1 Medical professional liability--occurrence		13,206				13,206
11.2 Medical professional liability--claims-made		1,180				1,180
12. Earthquake	3,138,893	641,429		3,138,893		641,429
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation	154,321,169	14,326,878		154,321,169		14,326,878
17.1 Other liability—occurrence	4,634,604	9,592,320		4,634,604		9,592,320
17.2 Other liability—claims-made	375,572	408,967		375,572		408,967
17.3 Excess workers' compensation						
18.1 Products liability—occurrence	276,599	251,772		276,599		251,772
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability	3,252,281	36,375,674		3,252,281		36,375,674
19.3,19.4 Commercial auto liability	118,711,070	13,827,911		118,711,070		13,827,911
21. Auto physical damage	35,280,251	28,850,679		35,280,251		28,850,679
22. Aircraft (all perils)						
23. Fidelity	1,648	110,756		1,648		110,756
24. Surety	8,423	12,814,122		8,423		12,814,122
26. Burglary and theft	16,627	5,235		16,627		5,235
27. Boiler and machinery	251,262	12,955		251,262		12,955
28. Credit						
29. International						
30. Warranty						
31. Reinsurance-nonproportional assumed property	X X X					
32. Reinsurance-nonproportional assumed liability	X X X					
33. Reinsurance-nonproportional assumed financial lines	X X X					
34. Aggregate write-ins for other lines of business						
35. TOTALS	614,663,002	196,527,859		614,663,002		196,527,859

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 [] No [X]

If yes: 1. The amount of such installment premiums \$ 0

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	127,771	470,748	127,771	470,748	28,868	137,990	28,868	608,738	61,940
2. Allied lines	911,011	315,402	911,011	315,402	48,258	115,550	48,258	430,952	89,002
3. Farmowners multiple peril		260,896		260,896		22,470		283,366	100,220
4. Homeowners multiple peril	643,459	5,307,370	643,459	5,307,370	331,371	2,691,300	331,371	7,998,670	1,506,868
5. Commercial multiple peril	230,247,653	20,125,997	230,247,653	20,125,997	114,473,472	12,253,414	114,473,472	32,379,411	13,486,102
6. Mortgage guaranty									
8. Ocean marine									1
9. Inland marine	13,604	191,139	13,604	191,139	12,347	(22,041)	12,347	169,098	38,351
10. Financial guaranty									
11.1 Medical professional liability—occurrence		7,717		7,717		45,892		53,609	27,625
11.2 Medical professional liability—claims-made		900		900		9,228		10,128	2,233
12. Earthquake		14		14	(24,544)	(3,746)	(24,544)	(3,732)	276
13. Group accident and health								(a)	(46)
14. Credit accident and health (group and individual)									
15. Other accident and health		167,839		167,839		643,511		(a)	811,350
16. Workers' compensation	296,664,053	32,982,982	296,664,053	32,982,982	201,584,644	21,916,100	201,584,644	54,899,082	6,412,034
17.1 Other liability—occurrence	6,254,482	6,020,453	6,254,482	6,020,453	3,356,571	10,323,783	3,356,571	16,344,236	3,832,050
17.2 Other liability—claims-made	441,522	345,945	441,522	345,945	(72,907)	246,953	(72,907)	592,898	309,325
17.3 Excess workers' compensation		1		1				1	6
18.1 Products liability—occurrence	60,000	468,358	60,000	468,358	155,834	127,448	155,834	595,806	172,131
18.2 Products liability—claims-made									
19.1,19.2 Private passenger auto liability	2,103,959	20,205,768	2,103,959	20,205,768	281,971	2,985,290	281,971	23,191,058	5,456,364
19.3,19.4 Commercial auto liability	108,468,492	11,064,626	108,468,492	11,064,626	64,853,287	6,950,464	64,853,287	18,015,090	2,530,683
21. Auto physical damage	2,057,581	453,158	2,057,581	453,158	(120,733)	418,306	(120,733)	871,464	438,040
22. Aircraft (all perils)		6,248		6,248		42		6,290	267
23. Fidelity		(131)		(131)		171		32,772	14,979
24. Surety		(1,592,546)		(1,592,546)	1,904	2,942,488	1,904	1,349,942	1,819,309
26. Burglary and theft		15		15	186	33	186	48	247
27. Boiler and machinery	2,000	23	2,000	23	3,973	399	3,973	422	793
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-nonproportional assumed property	X X X				X X X				
32. Reinsurance-nonproportional assumed liability	X X X				X X X	506,392		506,392	1,211
33. Reinsurance-nonproportional assumed financial lines	X X X				X X X				
34. Aggregate write-ins for other lines of business									
35. TOTALS	647,995,587	96,802,922	647,995,587	96,802,922	384,914,673	62,344,038	384,914,673	159,146,960	36,396,083

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	53,345,752			53,345,752
1.2 Reinsurance assumed	9,258,526			9,258,526
1.3 Reinsurance ceded	53,345,752			53,345,752
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	9,258,526			9,258,526
2. Commission and brokerage:				
2.1 Direct, excluding contingent		82,654,068		82,654,068
2.2 Reinsurance assumed, excluding contingent		29,315,015		29,315,015
2.3 Reinsurance ceded, excluding contingent		82,654,068		82,654,068
2.4 Contingent—direct		95		95
2.5 Contingent—reinsurance assumed		3,568,335		3,568,335
2.6 Contingent—reinsurance ceded		95		95
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)		32,883,350		32,883,350
3. Allowances to manager and agents	1,405	7,495		8,900
4. Advertising	99,349	1,087,882	795	1,188,026
5. Boards, bureaus and associations	75,730	365,569	40	441,339
6. Surveys and underwriting reports	2,500	1,266,844	13,862	1,283,206
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	8,917,574	10,660,005	503,204	20,080,783
8.2 Payroll taxes	205,926	1,062,449	3,258	1,271,633
9. Employee relations and welfare	1,519,384	5,173,526	24,499	6,717,409
10. Insurance	391,490	145,055	11,600	548,145
11. Directors' fees	27	141		168
12. Travel and travel items	639,367	846,622	18,933	1,504,922
13. Rent and rent items	337,839	1,138,618	6,021	1,482,478
14. Equipment	304,903	770,672	8,622	1,084,197
15. Cost or depreciation of EDP equipment and software	54,683	703,234	17,131	775,048
16. Printing and stationery	133,619	170,505	1,430	305,554
17. Postage, telephone and telegraph, exchange and express	793,198	617,866	16,358	1,427,422
18. Legal and auditing	34,919	109,432	44,167	188,518
19. Totals (Lines 3 to 18)	13,511,913	24,125,915	669,920	38,307,748
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 39,814		4,151,389		4,151,389
20.2 Insurance department licenses and fees		609,849		609,849
20.3 Gross guaranty association assessments		21,916		21,916
20.4 All other (excluding federal and foreign income and real estate)		459,685		459,685
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		5,242,839		5,242,839
21. Real estate expenses				
22. Real estate taxes				
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	1,181,980	966,655	145,785	2,294,420
25. Total expenses incurred	23,952,419	63,218,759	815,705	(a) 87,986,883
26. Less unpaid expenses—current year	36,396,081	10,062,893		46,458,974
27. Add unpaid expenses—prior year	35,878,289	9,215,814		45,094,103
28. Amounts receivable relating to uninsured plans, prior year				
29. Amounts receivable relating to uninsured plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	23,434,627	62,371,680	815,705	86,622,012

DETAILS OF WRITE-IN LINES				
2401. Other expenses	1,181,980	966,655	145,785	2,294,420
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)	1,181,980	966,655	145,785	2,294,420

(a) Includes management fees of \$ 2,213,965 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 2,689,590	2,496,157
1.1 Bonds exempt from U.S. tax	(a) 3,733,344	3,556,805
1.2 Other bonds (unaffiliated)	(a) 12,233,051	12,006,427
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 22,769	23,424
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	77,076	77,076
10. Total gross investment income	18,755,830	18,159,889
11. Investment expenses		(g) 815,706
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		815,706
17. Net investment income (Line 10 minus Line 16)		17,344,183

DETAILS OF WRITE-IN LINES		
0901. Miscellaneous Income/(Expense)	77,076	77,076
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)	77,076	77,076
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 \$ 350,569 accrual of discount less \$ 1,083,876 amortization of premium and less \$ 151,848 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 \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 3,199 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	714,489		714,489		
1.1 Bonds exempt from U.S. tax	1,173,399		1,173,399		
1.2 Other bonds (unaffiliated)	2,626,879	(141,088)	2,485,791	1,044,709	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	4,514,767	(141,088)	4,373,679	1,044,709	

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

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	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	938,112	931,922	(6,190)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	46,010	11,275	(34,735)
15.3 Accrued retrospective premiums	136	9,225	9,089
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			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset	5,362,699	3,348,921	(2,013,778)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets	234,415	217,561	(16,854)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	6,581,372	4,518,904	(2,062,468)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	6,581,372	4,518,904	(2,062,468)

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	234,415	217,561	(16,854)
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	234,415	217,561	(16,854)

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

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

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

C. Accounting Policies

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

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

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

Note 2 - Accounting Changes and Correction of Errors

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

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

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

NOTES TO FINANCIAL STATEMENTS

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

The Company does not invest in mortgage loans.

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan Backed Securities

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

1	2	3	4	5	6	7
CUSIP	Book/Adj Carrying Value Amortized cost before current period OTTI	Projected Cash Flows	Recognized other-than- temporary impairment	Amortized cost after other-than- temporary impairment	Fair Value at time of OTTI	Date of Financial Statement Where Report
12544LAK7	976,910	952,190	24,720	952,190	952,190	3/31/2011
12544LAK7	952,091	942,184	9,907	942,184	941,455	9/30/2011
12544LAK7	897,858	887,181	10,677	887,181	886,614	12/31/2011
12544LAK7	857,976	841,320	16,656	841,320	841,453	3/31/2012
12544LAK7	803,647	795,182	8,465	795,182	798,343	6/30/2012
12545CAU4	989,099	909,932	79,167	909,932	865,079	6/30/2011
12545CAU4	860,881	843,229	17,652	843,229	771,243	12/31/2011
12545CAU4	813,579	802,207	11,372	802,207	751,706	3/31/2012
12545CAU4	774,599	752,117	22,482	752,117	690,038	6/30/2012
94985RAQ5	922,372	840,259	82,113	840,259	838,469	6/30/2012

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

- a. The aggregate amount of unrealized losses:
 1. Less than 12 Months \$ (9,838)
 2. 12 Month or Longer \$ -
- b. The aggregate related fair value of securities with unrealized losses:
 1. Less than 12 Months \$ 713,152
 2. 12 Months or Longer \$ -

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

NOTES TO FINANCIAL STATEMENTS

E. Repurchase Agreements and Securities Lending

The Company did not have any open securities lending positions as of December 31, 2012.

F. Real Estate

The Company does not own real estate.

G. Investments in Low-Income Housing Tax Credits

The Company does not hold investments in low-income housing tax credits.

Note 6 - Joint Ventures, Partnerships & 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.

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

The Company does not own any investments in joint ventures, partnerships, and limited liability companies.

Note 7 - Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

No amounts were excluded as of December 31, 2012.

Note 8 - Derivative Instruments

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

Note 9 - Income Taxes

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

1.

	12/31/2012		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
(a) Gross Deferred Tax Assets	\$ 13,730,031	\$ 454,969	\$ 14,185,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	13,730,031	454,969	14,185,000
(d) Deferred Tax Assets Nonadmitted	5,362,699	-	5,362,699
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	8,367,332	454,969	8,822,301
(f) Deferred Tax Liabilities	853,400	1,363,600	2,217,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ 7,513,932	\$ (908,631)	\$ 6,605,301

	12/31/2011		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
(a) Gross Deferred Tax Assets	\$ 13,851,483	\$ 937,517	\$ 14,789,000
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	13,851,483	937,517	14,789,000
(d) Deferred Tax Assets Nonadmitted	2,417,353	931,567	3,348,920
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	11,434,130	5,950	11,440,080
(f) Deferred Tax Liabilities	1,045,050	5,950	1,051,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ 10,389,080	\$ -	\$ 10,389,080

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7)	(8)	(9)
	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(a) Gross Deferred Tax Assets	\$ (121,452)	\$ (482,548)	\$ (604,000)
(b) Statutory Valuation Allowance Adjustments	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a – 1b)	(121,452)	(482,548)	(604,000)
(d) Deferred Tax Assets Nonadmitted	2,945,346	(931,567)	2,013,779
(e) Subtotal Net Admitted Deferred Tax Asset (1c – 1d)	(3,066,798)	449,019	(2,617,779)
(f) Deferred Tax Liabilities	(191,650)	1,357,650	1,166,000
(g) Net Admitted Deferred Tax Asset (Net Deferred Tax Liability) (1e – 1f)	\$ (2,875,148)	\$ (908,631)	\$ (3,783,779)

2.

	12/31/2012		
	(1)	(2)	(3)
	Ordinary	Capital	(Col 1+2) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ 6,605,301	\$ -	\$ 6,605,301
(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. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	-	-	-
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			16,901,735
(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	853,400	1,363,600	2,217,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	\$ 7,458,701	\$ 1,363,600	\$ 8,822,301

	12/31/2011		
	(4)	(5)	(6)
	Ordinary	Capital	(Col 4+5) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ 698,474	\$ -	\$ 698,474
(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)	9,690,606	-	9,690,606
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	9,690,606	-	9,690,606
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			21,442,345
(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	1,045,050	5,950	1,051,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101 (2(a) + 2(b) + 2(c))	\$ 11,434,130	\$ 5,950	\$ 11,440,080

NOTES TO FINANCIAL STATEMENTS

	Change		
	(7) (Col 1-4) Ordinary	(8) (Col 2-5) Capital	(9) (Col 7+8) Total
Admission Calculation Components SSAP No. 101			
(a) Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks	\$ 5,906,827	\$ -	\$ 5,906,827
(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)	(9,690,606)	-	(9,690,606)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	(9,690,606)	-	(9,690,606)
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.			(4,540,610)
(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	(191,650)	1,357,650	1,166,000
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	\$ (3,975,429)	\$ 1,357,650	\$ (2,617,779)

3.

	2012	2011
(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.		
(b) Amount of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above.		

4.

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

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

- B. The Company does not have any DTLs described in SSAP No. 101 Income Taxes, a Replacement of SSAP No. 10R and SSAP No. 10, paragraph 23.
- C. Current income taxes incurred consist of the following major components:

	(1) 12/31/2012	(2) 12/31/2011	(3) (Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$ 3,675,212	\$ 1,251,350	\$ 2,423,862
(b) Foreign	-	-	-
(c) Subtotal	3,675,212	1,251,350	2,423,862
(d) Federal income tax on net capital gains	1,530,788	9,650	1,521,138
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income tax incurred	\$ 5,206,000	\$ 1,261,000	\$ 3,945,000
2. Deferred Tax Assets:			
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 5,115,000	\$ 5,622,000	\$ (507,000)
(2) Unearned premium reserve	6,646,000	6,392,000	254,000
(3) Policyholder reserves	-	-	-
(4) Investments	146,000	32,000	114,000
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed Assets	241,000	414,000	(173,000)
(8) Compensation and benefits accrual	332,000	359,000	(27,000)

NOTES TO FINANCIAL STATEMENTS

(9) Pension accrual	-	30,000	(30,000)
(10) Receivables – nonadmitted	427,000	410,000	17,000
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13) Other (including items <5% of total ordinary tax assets)	823,031	592,483	230,548
(99) Subtotal	13,730,031	13,851,483	(121,452)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	5,362,699	2,417,353	2,945,346
(d) Admitted ordinary deferred tax assets (2a99 – 2b – 2c)	8,367,332	11,434,130	(3,066,798)
(e) Capital			
(1) Investments	454,969	937,517	(482,548)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	454,969	937,517	(482,548)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	931,567	(931,567)
(h) Admitted capital deferred tax assets (2e99 – 2f – 2g)	454,969	5,950	449,019
(i) Admitted deferred tax assets (2d + 2h)	8,822,301	11,440,080	(2,617,779)
3. Deferred Tax Liabilities:			
(a) Ordinary			
(1) Investments	286,400	278,000	8,400
(2) Fixed assets	34,000	199,000	(165,000)
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other (including items <5% of total capital tax liabilities)	533,000	568,050	(35,050)
(99) Subtotal	853,400	1,045,050	(191,650)
(b) Capital:			
(1) Investments	1,363,600	5,950	1,357,650
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	1,363,600	5,950	1,357,650
(c) Deferred tax liabilities (3a99 + 3b99)	2,217,000	1,051,000	1,166,000
4. Net deferred tax assets/liabilities (2i – 3c)	\$ 6,605,301	\$ 10,389,080	\$ (3,783,779)

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of section 338(h)(10) amortization, proration of tax exempt income, tax exempt interest, 20% adjustment to unearned premiums, discounting of unpaid losses and LAE, allowance for doubtful accounts, and deferred intercompany transaction (capital gain loss).

E. The Company has no net operating loss carry-forwards available to offset future net income subject to Federal income tax.

The Company has no alternative minimum tax credit carry-forwards. The alternative minimum tax credit carry-forward does not expire.

The amount of Federal income taxes incurred and available for recoupment in the event of future losses are \$6,627,000 from the current year and \$1,202,600 from the preceding year.

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

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

AMBCO Capital Corporation	Liberty Mutual Insurance Company
America First Insurance Company	Liberty Mutual Personal Insurance Company
America First Lloyd's Insurance Company	Liberty Northwest Insurance Corporation
American Economy Insurance Company	Liberty Personal Insurance Company
American Fire and Casualty Company	Liberty RE (Bermuda) Limited

NOTES TO FINANCIAL STATEMENTS

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

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

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

NOTES TO FINANCIAL STATEMENTS

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

- A. All of the outstanding shares of capital stock of the Company are held by Peerless Insurance Company (“PIC”), a New Hampshire insurance company. PIC is wholly owned by Liberty Mutual Agency Corporation, an insurance holding company incorporated in Delaware. Liberty Mutual Agency Corporation is wholly owned by Liberty Insurance Holdings, Inc., an insurance holding company incorporated in Delaware. Liberty Insurance Holdings, Inc. is wholly owned by Liberty Mutual Insurance Company (“LMIC”), a Massachusetts insurance company. The ultimate parent of LMIC is Liberty Mutual Holding Company Inc., a Massachusetts company.
- B. Transactions between the Company and its affiliates are listed on Schedule Y Part 2.
- C. There have been no material transactions with the Company’s affiliates during 2012.
- D. At December 31, 2012, the Company reported a net \$2,804,049 due to affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.
- E. The Company has not made any guarantees or initiated any undertakings for the benefit of affiliates which result in a material contingent exposure of the Company’s or affiliates’ assets or liabilities.
- F. Refer to Note 26 for information regarding the Amended and Restated Reinsurance Pooling Agreement.

The Company is a party to a management services agreement (the “Agreement”) with PIC. The Agreement allows PIC to provide services related to common management function including, but not limited to, coordinating marketing and advertising, information systems support, payroll and human resource services, actuarial support, accounting and other financial services, as well as consulting and other services as the parties may request.

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, LMGAM provides services to the Company.

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

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

<i>Company</i>	<i>Credit Line</i>
Peerless Insurance Company	\$50,000,000

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

<i>Company</i>	<i>Credit Line</i>
Liberty Mutual Insurance Company	\$50,000,000
Peerless Insurance Company	\$50,000,000

There were no outstanding borrowings as of December 31, 2012

- G. The Company is a member of a holding company structure as illustrated in Schedule Y Part 1.
- H. The Company does not own shares of any upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.
- I. The Company does not own investments in subsidiary, controlled or affiliated entities.
- J. The Company does not own any investments in subsidiary, controlled or affiliated entities, as such no impairments were recognized.
- K. The Company does not hold any investments in foreign insurance subsidiaries.
- L. The Company does not hold any investments in downstream non-insurance holding companies.

Note 11 - Debt

- A. Debt (Including Capital Notes)

The Company has no debt, including capital notes.

- B. Federal Home Loan Bank Agreements

The Company has not entered into any agreements with the Federal Home Loan Bank.

NOTES TO FINANCIAL STATEMENTS

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

The Company does not have any direct employees and therefore, does not have any direct obligations for a defined benefit plan, deferred compensation arrangements, compensated absences or other post retirement benefit plans. Services for the operation of the Company are provided under provisions of the management services agreements, as described in Note 10F.

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

1. The Company has 5,000 shares authorized and 3,600 shares issued and outstanding as of December 31, 2012. All shares have a stated par value of \$1,000.

2. Preferred Stock

Not applicable

3. There are no dividend restrictions.

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

	Ordinary	Extraordinary	Total Dividends
March	\$0	\$0	\$0
June	0	0	0
September	0	0	0
December	15,771,299	44,228,701	60,000,000
Total	\$ 15,771,299	\$44,228,701	\$ 60,000,000

5. The maximum amount of dividends that can be paid to shareholders by New Hampshire-domiciled insurance companies without prior approval of the Insurance Commissioner is 10% of surplus, not to exceed retained earnings. The maximum dividend payout that may be made without prior approval in 2013 is \$11,308,420.

6. As of December 31, 2012, the Company has pre-tax restricted surplus of \$315,850 resulting from retroactive reinsurance contracts.

7. The Company had no advances to surplus.

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

9. The Company had changes in special surplus funds resulting from prior year's retroactive reinsurance contracts during 2012.

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized losses is \$(106,912) after applicable deferred taxes of \$37,419.

11. Surplus Notes

Not applicable

12. Quasi-reorganization (dollar impact)

Not applicable

13. Quasi-reorganization (effective date)

Not applicable

Note 14 - Contingencies

- A. Contingent Commitments

Refer to Note 10E.

- B. Assessments

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

The Company has accrued a liability for guaranty funds and other assessments of \$625,023 that is offset by future premium tax credits of \$82,258. Current assessments are expected to be paid out in the next two years, while premium tax offsets are expected to be realized in the next eleven years, beginning in 2013. During 2012 there were no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.

NOTES TO FINANCIAL STATEMENTS

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

a.	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$ 94,443
b.	Decreases current year: Premium tax offset applied	12,185
c.	Increases current year: Premium tax offset increase	-
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	\$ 82,258

C. Gain Contingencies

Not applicable

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

The Company did not have claims related extra contractual obligation losses or bad faith losses stemming from lawsuits in the current period.

E. Product Warranties

The Company does not write product warranty business.

F. All Other Contingencies

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

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

Note 15 - Leases

A. Lessee Leasing Arrangements

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

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

Year Ending December 31,	<u>Operating Leases</u>
2013	\$ 776,972
2014	744,659
2015	584,352
2016	516,096
2017	375,589
2018 & thereafter	204,029
Total	\$ 3,201,697

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 \$243,994.

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 during the year.

NOTES TO FINANCIAL STATEMENTS

B. Transfers and Servicing of Financial Assets

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

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

C. Wash Sales

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

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

A. Administrative Services Only (ASO) Plans

Not applicable

B. Administrative Services Contract (ASC) Plans

In 2008, certain members of the PIC Amended and Restated Reinsurance Pooling Agreement (refer to Note 26) agreed to become participating insurers of the California Earthquake Authority ("CEA"), a publicly-managed, privately funded organization that provides residential earthquake insurance in California. As participating insurers of the CEA, the companies act as third party administrators and perform certain administrative services on behalf of the CEA, including underwriting, policy issuance, premium collection, and claims payment. The CEA reimburses the companies for commissions and claims paid on behalf of the CEA. The companies also receive an administrative fee equal to 3.43% of premium and 9% of claims paid. These administrative fees are subject to the inter-company pooling agreement. In 2012, the Company recorded net CEA administrative fees of \$19,708.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts

Not applicable

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

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

Note 20 - Fair Value Measurements

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations		\$2,679,282		\$2,679,282
Residential Mortgage-Backed Securities				\$ -
Total Bonds		\$2,679,282		\$2,679,282
Preferred Stocks	-	-	-	\$ -
Common Stocks	-	-	-	\$ -
Total assets at fair value		\$2,679,282		\$2,679,282
Liabilities at fair value	-	-	-	\$ -
Total liabilities at fair value	\$ -	\$ -	\$ -	\$ -

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

2. Rollforward of Level 3 Items

The Company has no assets or liabilities measured at fair value in the Level 3 category.

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	\$23,277,430	\$23,277,430	\$23,277,430	\$ -	\$ -	\$ -
Bonds	366,644,095	340,940,062	15,302,200	351,341,845	50	-
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	-	-	-	-
Securities Lending	-	-	-	-	-	-
Mortgage Loans	-	-	-	-	-	-
Surplus Notes	-	-	-	-	-	-
Total	\$389,921,525	\$364,217,492	\$38,579,630	\$351,341,845	\$50	\$ -

D. Not Practicable to Estimate Fair Value

Not applicable

Note 21 - Other Items

A. Extraordinary Items

NOTES TO FINANCIAL STATEMENTS

The Company has no extraordinary items to report.

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

1) Assets in the amount of \$3,848,691 and \$3,877,305 as of December 31, 2012 and 2011, respectively, were on deposit with government authorities or trustees as required by law.

2) Interrogatory 6.1

The Company cedes 100% of its business to Peerless Insurance Company, the lead company in the Peerless Pool. Peerless Insurance Company purchases external catastrophe reinsurance coverage.

Interrogatory 6.2

The Company cedes 100% of its business to Peerless Insurance Company, the lead company in the Peerless Pool. Peerless Insurance Company purchases external catastrophe reinsurance coverage.

Interrogatory 6.3

The Company cedes 100% of its business to Peerless Insurance Company, the lead company in the Peerless Pool. Peerless Insurance Company purchases external catastrophe reinsurance coverage.

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

E. Business Interruption Insurance Recoveries

The Company does not purchase business interruption coverage.

F. State Transferable and Non-transferable Tax Credit

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

<u>Description of State Transferable and Non-transferable Tax Credits</u>	<u>State</u>	<u>Carrying Value</u>	<u>Unused Amount</u>
<u>Historical Rehabilitation Credit</u>	<u>CT</u>	<u>72,000</u>	<u>72,000</u>
<u>Film Credit</u>	<u>CT</u>	<u>198,000</u>	<u>198,000</u>
<u>Total</u>		<u>270,000</u>	<u>270,000</u>

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

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

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

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

(4) State Tax Credits Admitted and Nonadmitted

	<u>Total Admitted</u>	<u>Total Nonadmitted</u>
Transferable	<u> </u>	<u> </u>
Non-transferable	<u>270,000</u>	<u> </u>

G. Subprime-Mortgage-Related Risk Exposure

1. The Company has not purchased securities characterized by the market as subprime. The Company reviews such factors as average FICO scores, loan to value ratios, and levels of documentation when evaluating securities.
2. The Company does not have any direct exposure through investments in sub-prime mortgage loans.
3. The Company does not have any direct exposure through other investments.
4. The Company does not have any underwriting exposure to sub-prime mortgage risk.

NOTES TO FINANCIAL STATEMENTS

Note 22 - Events Subsequent

- A. The Company evaluated subsequent events through February 20, 2013, the date the financial statements were available to be issued.

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

Note 23 - Reinsurance

- A. Unsecured Reinsurance Recoverable

Excluding amounts arising pursuant to the Intercompany Reinsurance Agreement, as described in Note 26, there are no unsecured reinsurance recoverables with an individual reinsurer which exceed 3% of policyholder's surplus.

- B. Reinsurance Recoverable in Dispute

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

- C. Reinsurance Assumed & Ceded

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

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	94,414,689	14,162,203	279,505,840	41,925,876	(185,091,151)	(27,763,673)
b. All Other	-	-	-	-	-	-
c. TOTAL	94,414,689	14,162,203	279,505,840	41,925,876	(185,091,151)	(27,763,673)
d. Direct Unearned Premium Reserve	\$279,505,840					

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

	Direct	Assumed	Ceded	Net
a. Contingent Commission	\$ -	\$5,760,322	\$ -	\$5,760,322
b. Sliding Scale Adjustments	-	-	-	-
c. Other Profit Commission Arrangements	-	-	-	-
d. TOTAL	\$ -	\$5,760,322	\$ -	\$5,760,322

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

- D. Uncollectible Reinsurance

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

- E. Commutation of Ceded Reinsurance

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

- F. Retroactive Reinsurance

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

	Reported Company	
	As: Assumed	Ceded
a. Reserves Transferred:		
1. Initial Reserves	\$8,546,699	\$ -
2. Adjustments – Prior Year (s)	(6,950,008)	-
3. Adjustments – Current Year	(107,943)	-
4. Current Total	\$1,488,748	\$ -
b. Consideration Paid or Received:		
1. Initial Consideration	\$7,033,003	\$ -
2. Adjustments – Prior Year (s)	268,073	-
3. Adjustments – Current Year	-	-
4. Current Total	\$7,301,076	\$ -
c. Paid Losses Reimbursed or Recovered:		
1. Prior Year (s)	\$8,780,005	\$ -
2. Current Year	169,224	-

NOTES TO FINANCIAL STATEMENTS

3. Current Total	\$8,949,228	\$ -
d. Special Surplus from the Retroactive Reinsurance:		
1. Initial Surplus Gain or Loss	\$(1,777,192)	\$ -
2. Adjustments – Prior Year (s)	(1,561,924)	-
3. Adjustments – Current Year	(61,281)	-
4. Current Year Restricted Surplus	315,850	-
5. Cumulative Total Transferred to Unassigned Funds	\$(3,716,246)	\$ -
e. All cedents and reinsurers involved in all transactions included in summary totals above:		
	<u>Assumed Amount</u>	<u>Ceded Amount</u>
<u>Company</u>		
Peerless Insurance Company	\$1,488,748	\$ -
Total	\$1,488,748	\$ -

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

G. Reinsurance Accounted for as a Deposit

The Company has not entered into any reinsurance agreements that have been accounted for as deposits as of December 31, 2012.

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

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

I. Certified Reinsurers Downgraded or Status Subject to Revocation

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

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

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

The Company is not a Certified Reinsurer.

Note 24 - Retrospectively Rated Contracts and Contracts Subject to Redetermination

- A. The Company estimates accrued retrospective premium adjustments through the review of each individual retrospectively rated risk, comparing case-base loss development with that anticipated in the policy contract to arrive at the best estimate of return or additional retrospective premium.
- B. Accrued retrospective premiums are recorded as a component of written premiums.
- 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 Services 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	\$ 1,363
b. Unsecured amount	
c. Less: Nonadmitted amount (10%)	136
d. Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	
e. Admitted amount (a) - (c) - (d)	\$ 1,227

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributable to insured events on prior years has decreased through the fourth quarter of 2012. This decrease was primarily the result of an updated reserve analysis and improving loss trends in the Nonproportional Assumed Liability, Commercial Multiple Peril, Other Liability Occurrence, Fidelity/Surety, Homeowners

NOTES TO FINANCIAL STATEMENTS

and Farmowners lines. This increase was partially offset by deteriorating loss trends in the Workers' Compensation, Commercial Auto and Truck Liability lines. Prior estimates are revised as additional information becomes known regarding individual claims.

Note 26 - Intercompany Pooling Arrangements

The Company is a member of the PIC Amended and Restated Reinsurance Pooling Agreement consisting of the following affiliated companies:

		NAIC Company <u>Number</u>	Pooling <u>Percentage</u>	<u>Line of Business</u>
Lead Company:	Peerless Insurance Company ("PIC")	24198	25.20%	All Lines
Affiliated Pool Companies:	The Ohio Casualty Insurance Company ("OCIC")	24074	20.40%	All Lines
	Safeco Insurance Company of America ("SICOA")	24740	15.20%	All Lines
	General Insurance Company of America ("GICA")	24732	9.20%	All Lines
	American States Insurance Company ("ASIC")	19704	7.60%	All Lines
	American Economy Insurance Company ("AEIC")	19690	5.60%	All Lines
	Indiana Insurance Company ("IIC")	22659	4.80%	All Lines
	Golden Eagle Insurance Corporation ("GEIC")	10836	3.00%	All Lines
	Peerless Indemnity Insurance Company ("PIIC")	18333	3.00%	All Lines
	Safeco Insurance Company of Illinois ("SICIL")	39012	2.00%	All Lines
	The Netherlands Insurance Company ("NIC")	24171	1.80%	All Lines
	American States Preferred Insurance Company ("ASPCO")	37214	0.80%	All Lines
	First National Insurance Company of America ("FNICA")	24724	0.80%	All Lines
	American Fire and Casualty Company ("AFCIC")	24066	0.60%	All Lines
	America First Insurance Company ("AFIC")	12696	0.00%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.00%	All Lines
	American States Insurance Company of Texas ("ASICT")	19712	0.00%	All Lines
	American States Lloyds Insurance Company ("ASLCO")	31933	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
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.00%	All Lines
	Mid-American Fire & Casualty Company ("MAFCC")	23507	0.00%	All Lines
	The Midwestern Indemnity Company ("MWIC")	23515	0.00%	All Lines
	Montgomery Mutual Insurance Company ("MMIC")	14613	0.00%	All Lines
	National Insurance Association ("NIA")	27944	0.00%	All Lines
	Ohio Security Insurance Company ("OSIC")	24082	0.00%	All Lines
	Safeco Insurance Company of Indiana ("SICIN")	11215	0.00%	All Lines
	Safeco Insurance Company of Oregon ("SICOR")	11071	0.00%	All Lines
	Safeco Lloyds Insurance Company ("SLICO")	11070	0.00%	All Lines
	Safeco National Insurance Company ("SNIC")	24759	0.00%	All Lines
	Safeco Surplus Lines Insurance Company ("SSLIC")	11100	0.00%	All Lines
	West American Insurance Company ("WAIC")	44393	0.00%	All Lines
			<u>100.0%</u>	
100% Quota Share Affiliated Companies:	Liberty Northwest Insurance Corporation ("LNW")	41939	0.00%	All Lines
	North Pacific Insurance Company ("NPIC")	23892	0.00%	All Lines
	Oregon Automobile Insurance Company ("OAIC")	23922	0.00%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company ("LMAIC")	14486	0.00%	All Lines

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

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

NOTES TO FINANCIAL STATEMENTS

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- (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 PIC Amended and Restated Reinsurance Pooling Agreement as of December 31, 2012:

Affiliate:	Amount:
Peerless Insurance Company	\$ (3,094,905)

Pursuant to the approval of the appropriate state insurance departments, effective January 1, 2013, the Peerless Amended and Restated Reinsurance Pooling Agreement (the PIC Pool) was terminated and concurrently the participants in the PIC Pool became participants in the Liberty Mutual Second Amended and Restated Inter-Company Reinsurance Agreement (The Liberty Pool).

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

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

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

		NAIC Company	Pooling Percentage	Line of Business
		<u>Number</u>		
Lead Company:	Liberty Mutual Insurance Company ("LMIC")	23043	50.0%	All Lines
Affiliated Pool Companies:	Peerless Insurance Company ("PIC")	24198	20.0%	All Lines
	Employers Insurance Company of Wausau ("EICOW")	21458	8.00%	All Lines
	Liberty Mutual Fire Insurance Company ("LMFIC")	23035	8.00%	All Lines
	The Ohio Casualty Insurance Company ("OCIC")	24074	8.00%	All Lines
	Safeco Insurance Company of America ("SICOA")	24740	6.0%	All Lines
	American Economy Insurance Company ("AEIC")	19690	0.0%	All Lines
	America First Insurance Company ("AFIC")	12696	0.0%	All Lines
	America Fire and Casualty Company ("AFCIC")	24066	0.0%	All Lines
	America First Lloyd's Insurance Company ("AFLIC")	11526	0.0%	All Lines
	American States Insurance Company ("ASIC")	19704	0.0%	All Lines
	American States Insurance Company of Texas ("ASICT")	19712	0.0%	All Lines
	American States Lloyd's Insurance Company ("ASLCO")	31933	0.0%	All Lines
	American States Preferred Insurance Company ("ASPCO")	37214	0.0%	All Lines
	Colorado Casualty Insurance Company ("CCIC")	41785	0.0%	All Lines
	Consolidated Insurance Company ("CIC")	22640	0.0%	All Lines
	Excelsior Insurance Company ("EIC")	11045	0.0%	All Lines
	First National Insurance Company of America ("FNICA")	24724	0.0%	All Lines
	The First Liberty Insurance Corporation ("FST")	33588	0.0%	All Lines
	General Insurance Company of America ("GICA")	24732	0.0%	All Lines
	Golden Eagle Insurance Corporation ("GEIC")	10836	0.0%	All Lines
	Hawkeye-Security Insurance Company ("HSIC")	36919	0.0%	All Lines
	Insurance Company of Illinois ("ICIL")	26700	0.0%	All Lines
	Indiana Insurance Company ("IIC")	22659	0.0%	All Lines
	Liberty Insurance Corporation ("LIC")	42404	0.0%	All Lines
	Liberty Insurance Underwriters, Inc. ("LIU")	19917	0.0%	All Lines
	Liberty County Mutual Insurance Company ("LCMIC")	19544	0.0%	All Lines
	LM General Insurance Company ("LMGIC")	36447	0.0%	All Lines
	Liberty Lloyd's of Texas Insurance Company ("LLOT")	11041	0.0%	All Lines
	LM Insurance Corporation ("LMC")	33600	0.0%	All Lines
	Liberty Mutual Mid-Atlantic Insurance Company ("LMMAIC")	14486	0.0%	All Lines
	Liberty Mutual Personal Insurance Company ("LMPICO")	12484	0.0%	All Lines
	Liberty Northwest Insurance Corporation ("LNW")	41939	0.0%	All Lines
	Liberty Personal Insurance Company (LPIC")	11746	0.0%	All Lines
	Liberty Surplus Insurance Corporation ("LSI")	10725	0.0%	All Lines

NOTES TO FINANCIAL STATEMENTS

	Mid-American Fire & Casualty Company ("MAFCC")	23507	0.0%	All Lines
	Montgomery Mutual Insurance Company ("MMIC")	14613	0.0%	All Lines
	The Midwestern Indemnity Company ("MWIC")	23515	0.0%	All Lines
	National Insurance Association ("NIA")	27944	0.0%	All Lines
	The Netherlands Insurance Company ("NIC")	24171	0.0%	All Lines
	North Pacific Insurance Company ("NPIC")	23892	0.0%	All Lines
	Ohio Security Insurance Company ("OSIC")	24082	0.0%	All Lines
	Oregon Automobile Insurance Company ("OAIC")	23922	0.0%	All Lines
	Peerless Indemnity Insurance Company ("PIIC")	18333	0.0%	All Lines
	Safeco Insurance Company of Illinois ("SICIL")	39012	0.0%	All Lines
	Safeco Insurance Company of Indiana ("SICIN")	11215	0.0%	All Lines
	Safeco Insurance Company of Oregon ("SICOR")	11071	0.0%	All Lines
	Safeco Lloyds Insurance Company ("SLICO")	11070	0.0%	All Lines
	Safeco National Insurance Company ("SNIC")	24759	0.0%	All Lines
	Safeco Surplus Lines Insurance Company ("SSLIC")	11100	0.0%	All Lines
	Wausau Business Insurance Company ("WBIC")	26069	0.0%	All Lines
	Wausau General Insurance Company ("WGIC")	26425	0.0%	All Lines
	Wausau Underwriters Insurance Company ("WUIC")	26042	0.0%	All Lines
	West American Insurance Company ("WAIC")	44393	0.0%	All Lines
			100.00%	
100% Quota Share	Bridgefield Employers Insurance Company ("BEIC")	10701	0.0%	All Lines
	Bridgefield Casualty Insurance Company ("BCIC")	10335	0.0%	All Lines
Affiliated Companies:	LM Property and Casualty Insurance Company ("LMPAC")	32352	0.0%	All Lines

Note 27 - Structured Settlements

- A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of \$2,064,209 after applying Intercompany Reinsurance Agreement percentages. The Company is contingently liable should the issuers of the purchased annuities fail to perform under the terms of the annuities. The amount of unrecorded loss contingencies related to the purchased annuities was \$2,064,209 as of December 31, 2012.
- 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	12/31/2012
3. Was anticipated investment income utilized in the calculation?	Yes

Note 31 - High Dollar Deductible Policies

Not applicable

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 Stastical Plan tables as approved by their respective states at an annual discount rate of 4.0%.

NOTES TO FINANCIAL STATEMENTS

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

Schedule P Lines of Business	Tabular Discount Included in Schedule P, Part 1*	
	1 Case	2 IBNR
1. Homeowners/Farmowners	-	-
2. Private Passenger Auto Liability/Medical	-	-
3. Commercial Auto/Truck Liability/Medical	-	-
4. Workers' Compensation	1,304,419	906,461
5. Commercial Multiple Peril	-	-
6. Medical Professional Liability – occurrence	-	-
7. Medical Professional Liability – claims-made	-	-
8. Special Liability	-	-
9. Other Liability - occurrence	-	-
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	1,304,419	906,461

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

NOTES TO FINANCIAL STATEMENTS

methods that utilized information and experience specific to these policyholders. The studies resulted in an increase to reserves.

Uncertainty Regarding Reserving Methodologies

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

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

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

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

Asbestos:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Direct Basis					
Beginning Reserves	2,911,924	3,012,882	2,818,802	2,536,563	1,848,180
Incurring losses and LAE	443,976	38,478	(233)	(510,752)	(83,027)
Calendar year payments	343,017	232,558	282,006	177,632	165,830
Ending Reserves	<u>3,012,882</u>	<u>2,818,802</u>	<u>2,536,563</u>	<u>1,848,180</u>	<u>1,599,323</u>

Assumed Reinsurance Basis

Beginning Reserves	2,394,100	2,049,333	2,854,947	2,491,005	2,762,461
Incurring losses and LAE	(81,349)	1,013,029	(1,004)	441,650	80,366
Calendar year payments	263,419	207,416	362,938	170,193	212,776
Ending Reserves	<u>2,049,333</u>	<u>2,854,947</u>	<u>2,491,005</u>	<u>2,762,461</u>	<u>2,630,051</u>

Net of Ceded Reinsurance Basis

Beginning Reserves	4,299,423	4,124,470	4,856,515	4,271,749	3,733,580
Incurring losses and LAE	216,760	1,143,774	2,286	(32,043)	(115,235)
Calendar year payments	391,713	411,729	587,052	506,126	109,912
Ending Reserves	<u>4,124,470</u>	<u>4,856,515</u>	<u>4,271,749</u>	<u>3,733,580</u>	<u>3,508,434</u>

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

Direct Basis	619,988
Assumed Reinsurance Basis	1,615,533
Net of Ceded Reinsurance Basis	1,917,823

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

Direct Basis	457,731
Assumed Reinsurance Basis	56,189
Net of Ceded Reinsurance Basis	343,765

Environmental:

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Direct Basis					
Beginning Reserves	3,346,804	2,859,243	2,435,601	2,180,132	2,305,028
Incurring losses and LAE	73,690	(124,113)	(13,026)	438,184	(16,450)
Calendar year payments	561,250	299,530	242,443	313,287	255,444
Ending Reserves	<u>2,859,243</u>	<u>2,435,601</u>	<u>2,180,132</u>	<u>2,305,028</u>	<u>2,033,135</u>

Assumed Reinsurance Basis

Beginning Reserves	642,590	617,895	444,776	407,005	312,558
Incurring losses and LAE	36	(157,477)	8,187	(43,726)	53,302
Calendar year payments	24,731	15,642	45,957	50,721	56,488
Ending Reserves	<u>617,895</u>	<u>444,776</u>	<u>407,005</u>	<u>312,558</u>	<u>309,372</u>

NOTES TO FINANCIAL STATEMENTS

Net of Ceded Reinsurance Basis

Beginning Reserves	3,681,927	3,140,176	2,512,076	2,236,894	2,410,543
Inurred losses and LAE	(64,832)	(331,833)	1,400	(270)	538,200
Calendar year payments	476,919	296,267	276,581	(173,919)	834,281
Ending Reserves	<u>3,140,176</u>	<u>2,512,076</u>	<u>2,236,894</u>	<u>2,410,543</u>	<u>2,114,462</u>

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

Direct Basis	839,456
Assumed Reinsurance Basis	192,109
Net of Ceded Reinsurance Basis	870,077

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

Direct Basis	375,454
Assumed Reinsurance Basis	15,434
Net of Ceded Reinsurance Basis	338,467

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

6.2 If yes, give full information:

.....

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

7.2 If yes,

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

1 Nationality	2 Type of Entity
.....

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

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

.....

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

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

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

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

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

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

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

.....

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

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

.....

GENERAL INTERROGATORIES

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

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

.....

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

Kristen M. Bessette, FCAS, MAAA
 175 Berkeley Street Boston, MA 02116
 Sr. Vice President & Chief Actuary

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

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

	0
\$	0

12.2 If yes, provide explanation:

.....

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

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

.....

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

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

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

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

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

Yes No

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

.....

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

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

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

.....

GENERAL INTERROGATORIES

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

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

.....

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

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

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

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

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

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

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

GENERAL INTERROGATORIES

22.2 If answer is yes:

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

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes No

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

\$ 0

INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)

Yes No

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

.....

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

.....

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes No N/A

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

\$ 0

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

\$ 0

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes No N/A

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes No N/A

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes No N/A

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

24.101	Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$	0
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$	0
24.103	Total payable for securities lending reported on the liability page	\$	0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes No

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

25.21	Subject to repurchase agreements	\$	0
25.22	Subject to reverse repurchase agreements	\$	0
25.23	Subject to dollar repurchase agreements	\$	0
25.24	Subject to reverse dollar repurchase agreements	\$	0
25.25	Pledged as collateral	\$	0
25.26	Placed under option agreements	\$	0
25.27	Letter stock or securities restricted as to sale	\$	0
25.28	On deposit with state or other regulatory body	\$	3,848,691
25.29	Other	\$	0

GENERAL INTERROGATORIES

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	0
.....	0
.....	0

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase	1 Chase Manhattan Plaza, New York, NY 10005
Bank of New York	601 Travis Street, Houston, TX 77002

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
N/A	Liberty Mutual Group Asset Management	175 Berkeley Street, Boston, MA 02116
.....

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

GENERAL INTERROGATORIES

29.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	361,576,594	387,280,078	25,703,484
30.2 Preferred stocks	0	0	0
30.3 Totals	361,576,594	387,280,078	25,703,484

30.4 Describe the sources or methods utilized in determining the fair values:

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

.....

.....

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [] No []

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

.....

.....

.....

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes [X] No []

32.2 If no, list exceptions:

.....

.....

.....

OTHER

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

\$ _____ 0

GENERAL INTERROGATORIES

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

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

34.1 Amount of payments for legal expenses, if any? \$ 32,384

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

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

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 4,299

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

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding
0

.....

.....

.....

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ 0

1.62 Total incurred claims \$ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned \$ 0

1.65 Total incurred claims \$ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ 0

1.72 Total incurred claims \$ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned \$ 0

1.75 Total incurred claims \$ 0

1.76 Number of covered lives 0

2. Health Test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator	\$ <u>0</u>	\$ <u>0</u>
2.2 Premium Denominator	\$ <u>193,255,714</u>	\$ <u>188,482,330</u>
2.3 Premium Ratio (2.1/2.2)	<u>0.00</u>	<u>0.00</u>
2.4 Reserve Numerator	\$ <u>907,376</u>	\$ <u>946,862</u>
2.5 Reserve Denominator	\$ <u>300,677,781</u>	\$ <u>300,952,402</u>
2.6 Reserve Ratio (2.4/2.5)	<u>0.00</u>	<u>0.00</u>

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

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

3.21 Participating policies \$ 12,973,104

3.22 Non-participating policies \$ 601,689,898

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?

.....

.....

.....

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 21C2

.....

.....

.....

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 21C2
.....
.....
- 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 21C2
.....
.....
- 6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [] No [X]
- 6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss
Refer to Note 21C
.....
.....
- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions. _____ 0
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information
.....
.....
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity. Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or, Yes [] No [X]
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [X] No []

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

11.2 If yes, give full information

.....

.....

.....

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

12.11 Unpaid losses	\$	6,100,227
12.12 Unpaid underwriting expenses (including loss adjustment expenses)	\$	578,567

12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds? \$ 1,363

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

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

12.41 From		0.00 %
12.42 To		9.00 %

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

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

12.61 Letters of Credit	\$	13,385,320
12.62 Collateral and other funds	\$	2,561,222

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 5,778,000

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

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 No

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

.....

.....

.....

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

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

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

0

.....

.....

.....

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

15.2 If yes, give full information

.....

.....

.....

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

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

* Disclose type of coverage: _____

GENERAL INTERROGATORIES**PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

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

Yes [] No [X]

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

17.11 Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5	\$ 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 administered as of the reporting date.

\$ 0

FIVE – YEAR HISTORICAL DATA

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

	1	2	3	4	5
	2012	2011	2010	2009	2008
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	356,369,203	453,713,257	495,684,015	463,721,172	456,844,160
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	85,639,606	88,188,366	90,458,296	90,896,560	79,799,619
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	356,247,103	395,733,438	408,386,189	409,322,120	436,325,634
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	12,934,949	13,489,159	13,163,754	14,691,080	17,598,083
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)				2	
6. Total (Line 35)	811,190,861	951,124,220	1,007,692,254	978,630,934	990,567,496
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)	74,797,908	75,534,727	77,413,459	85,984,137	96,233,364
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	39,943,602	37,238,386	37,217,454	39,906,743	25,255,824
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	68,861,471	65,146,654	61,990,361	56,984,124	60,756,687
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	12,924,878	13,480,038	13,149,851	14,674,673	17,584,116
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)				2	
12. Total (Line 35)	196,527,859	191,399,805	189,771,125	197,549,679	199,829,991
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	1,210,569	(11,647,024)	(2,667,923)	7,919,998	5,357,618
14. Net investment gain (loss) (Line 11)	20,187,074	17,962,827	18,228,193	18,482,992	16,906,988
15. Total other income (Line 15)	899,992	691,365	(1,317,884)	(184,783)	(2,427,503)
16. Dividends to policyholders (Line 17)	463,455	378,509	(63,437)	806,850	1,171,423
17. Federal and foreign income taxes incurred (Line 19)	3,675,212	1,251,350	2,215,662	7,696,385	9,775,406
18. Net income (Line 20)	18,158,968	5,377,309	12,090,161	17,714,972	8,890,274
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	443,604,113	497,968,228	486,256,816	486,124,399	460,107,121
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	5,721,480	7,212,919	6,461,602	7,131,476	6,190,429
20.2 Deferred and not yet due (Line 15.2)	57,733,715	54,278,071	51,967,567	50,636,976	47,780,736
20.3 Accrued retrospective premiums (Line 15.3)	1,227	83,118	164,895	293,934	919,575
21. Total liabilities excluding protected cell business (Page 3, Line 26)	330,519,913	340,255,236	333,802,892	344,809,680	339,895,749
22. Losses (Page 3, Line 1)	159,146,959	162,258,686	160,749,823	169,205,367	177,306,358
23. Loss adjustment expenses (Page 3, Line 3)	36,396,081	35,878,289	35,877,182	40,284,820	40,601,319
24. Unearned premiums (Page 3, Line 9)	94,414,688	90,704,197	87,356,838	82,820,414	75,884,192
25. Capital paid up (Page 3, Lines 30 & 31)	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
26. Surplus as regards policyholders (Page 3, Line 37)	113,084,200	157,712,992	152,453,924	141,314,719	120,211,372
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	15,563,555	13,619,935	(6,133,605)	21,889,318	114,724,768
Risk-Based Capital Analysis					
28. Total adjusted capital	113,084,200	157,712,992	152,453,924	141,314,719	120,211,372
29. Authorized control level risk-based capital	17,091,399	16,879,945	16,836,481	17,028,900	16,722,194
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)	93.2	94.1	93.5	93.9	90.4
31. Stocks (Lines 2.1 & 2.2)					1.4
32. Mortgage loans on real estate (Lines 3.1 and 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	6.4	2.8	2.9	6.1	8.2
35. Contract loans (Line 6)					
36. Derivatives (Line 7)				X X X	X X X
37. Other invested assets (Line 8)					
38. Receivables for securities (Line 9)	0.4	0.0			
39. Securities lending reinvested collateral assets (Line 10)		3.1	3.6	X X X	X X X
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)					
45. Affiliated short-term investments (subtotals included in Schedule DA Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above Lines 42 to 47					
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)					

FIVE – YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2012	2011	2010	2009	2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	679,061	(98,092)	(69,799)	574,689	(1,023,957)
52. Dividends to stockholders (Line 35)	(60,000,000)				
53. Change in surplus as regards policyholders for the year (Line 38)	(44,628,792)	5,259,068	11,139,205	21,103,347	55,736,818
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)	290,235,943	301,514,254	264,031,252	230,910,889	117,703,094
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	57,043,994	60,286,803	46,948,996	46,034,675	42,038,024
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	248,276,730	282,050,562	221,848,651	238,626,266	262,030,350
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	5,046,204	3,397,855	2,601,351	2,082,588	(1,639,360)
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	127,384	141,940	385,398	(3,347,858)	2,811
59. Total (Line 35)	600,730,255	647,391,414	535,815,648	514,306,560	420,134,919
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)	42,570,000	45,723,725	57,382,809	52,053,290	(13,893,845)
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	21,058,234	21,131,125	19,071,675	18,784,707	12,010,409
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	39,183,876	44,706,830	33,038,039	34,173,869	23,910,807
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	5,046,204	3,397,855	2,602,101	2,074,338	(1,729,091)
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	127,384	141,940	385,398	(3,347,858)	2,811
65. Total (Line 35)	107,985,698	115,101,475	112,480,022	103,738,346	20,301,091
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)	54.3	61.9	56.0	50.7	52.4
68. Loss expenses incurred (Line 3)	12.4	12.1	11.8	11.9	10.8
69. Other underwriting expenses incurred (Line 4)	32.7	32.2	33.6	33.2	33.8
70. Net underwriting gain (loss) (Line 8)	0.6	(6.2)	(1.4)	4.2	3.0
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	31.7	31.4	33.6	31.8	31.6
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	66.7	73.9	67.8	62.6	63.2
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)	173.8	121.4	124.5	139.8	166.2
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)	(7,545)	(5,069)	(2,165)	(13,884)	(15,962)
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)	(4.8)	(3.3)	(1.5)	(11.6)	(24.8)
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)	(9,677)	(4,550)	(11,084)	(20,005)	(27,579)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	(6.3)	(3.2)	(9.2)	(31.0)	(48.9)

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

Yes [] No [X]

If no, please explain:

Not Applicable

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

(\$'000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1–2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4	5	6	7	8	9			
				Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	X X X	X X X	X X X	2,404	1,545	571	128	136	(200)	107	1,638	X X X
2. 2003	179,158	14,963	164,195	87,961	7,709	6,234	452	13,151	625	5,495	98,560	X X X
3. 2004	192,803	10,638	182,165	90,325	3,701	5,775	204	12,898	276	6,886	104,817	X X X
4. 2005	200,858	8,135	192,723	92,891	3,831	6,114	224	13,560	212	6,546	108,298	X X X
5. 2006	200,591	8,959	191,632	94,384	2,287	6,159	255	13,847	306	5,735	111,542	X X X
6. 2007	204,737	9,999	194,738	95,094	2,118	6,333	217	13,729	193	6,382	112,628	X X X
7. 2008	204,335	7,597	196,738	106,159	3,299	6,290	252	15,341	158	5,563	124,081	X X X
8. 2009	191,711	11,990	179,721	87,319	5,416	4,738	272	13,628	116	5,231	99,881	X X X
9. 2010	189,487	3,832	185,655	84,413	573	3,629	22	14,564	28	6,129	101,983	X X X
10. 2011	191,966	3,484	188,482	89,285	290	2,450	26	13,320	24	7,594	104,715	X X X
11. 2012	196,786	3,530	193,256	58,601	158	849	9	11,157	1	4,326	70,439	X X X
12. Totals	X X X	X X X	X X X	888,836	30,927	49,142	2,061	135,331	1,739	59,994	1,038,582	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		Other Unpaid				
	13	14	15	16	17	18	19	20	21	22			
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded			
1. Prior	24,141	6,371	9,631	1,592	802	83	1,749	237	2,083	1	934	30,122	X X X
2. 2003	1,224	200	608	146	32		158	13	123		136	1,786	X X X
3. 2004	1,690	377	679	161	42		181	15	171		198	2,210	X X X
4. 2005	1,902	136	863	195	48		312	16	218		287	2,996	X X X
5. 2006	1,929	404	1,276	242	64		466	36	254		972	3,307	X X X
6. 2007	3,682	194	1,934	282	97		587	51	344	1	362	6,116	X X X
7. 2008	5,111	424	2,336	375	133	1	1,214	75	503	1	1,017	8,421	X X X
8. 2009	8,281	308	3,857	431	193	3	2,004	91	885	5	824	14,382	X X X
9. 2010	12,361	85	5,992	573	226	1	3,706	128	1,396	8	1,288	22,886	X X X
10. 2011	18,619	96	11,687	557	332	10	4,946	71	2,528	12	2,933	37,366	X X X
11. 2012	26,537	79	28,394	355	302	1	6,650	29	4,576	36	5,141	65,959	X X X
12. Totals	105,477	8,674	67,257	4,909	2,271	99	21,973	762	13,081	64	14,092	195,551	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26	27	28	29	30	31	32	33		35	36
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	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	25,809	4,313
2. 2003	109,491	9,145	100,346	61.114	61.117	61.114			1.800	1,486	300
3. 2004	111,761	4,734	107,027	57.966	44.501	58.753			1.800	1,831	379
4. 2005	115,908	4,614	111,294	57.706	56.718	57.748			1.800	2,434	562
5. 2006	118,379	3,530	114,849	59.015	39.402	59.932			1.800	2,559	748
6. 2007	121,800	3,056	118,744	59.491	30.563	60.976			1.800	5,140	976
7. 2008	137,087	4,585	132,502	67.089	60.353	67.349			1.800	6,648	1,773
8. 2009	120,905	6,642	114,263	63.066	55.396	63.578			1.800	11,399	2,983
9. 2010	126,287	1,418	124,869	66.647	37.004	67.259			1.800	17,695	5,191
10. 2011	143,167	1,086	142,081	74.579	31.171	75.382			1.800	29,653	7,713
11. 2012	137,066	668	136,398	69.652	18.924	70.579			1.800	54,497	11,462
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	159,151	36,400

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

SCHEDULE P – PART 2 – SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT		
	1	2	3	4	5	6	7	8	9	10	11	12	
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	One Year	Two Year	
1. Prior	103,780	103,970	105,139	106,075	106,484	103,652	109,040	111,288	112,704	112,096	(608)	808	
2. 2003	93,325	91,615	89,332	88,871	89,484	88,796	88,471	88,114	88,036	87,787	(249)	(327)	
3. 2004	X X X	104,955	102,408	101,075	96,678	96,089	94,981	94,724	94,508	94,344	(164)	(380)	
4. 2005	X X X	X X X	109,523	105,356	100,147	99,510	98,297	98,033	97,736	97,822	86	(211)	
5. 2006	X X X	X X X	X X X	107,788	105,589	102,831	100,533	100,862	101,035	101,159	124	297	
6. 2007	X X X	X X X	X X X	X X X	115,534	112,469	105,437	105,382	105,093	104,984	(109)	(398)	
7. 2008	X X X	X X X	X X X	X X X	X X X	125,050	119,363	118,896	117,505	116,930	(575)	(1,966)	
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	106,751	103,386	101,614	99,977	(1,637)	(3,409)	
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	113,142	110,526	109,051	(1,475)	(4,091)	
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	129,297	126,359	(2,938)	X X X	
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	120,764	X X X	X X X	
											12. Totals	(7,545)	(9,677)

SCHEDULE P – PART 3 – SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
1. Prior	000	26,936	44,842	55,873	63,205	69,000	72,579	76,735	81,546	82,848	X X X	X X X
2. 2003	43,574	62,748	71,941	77,938	81,987	83,754	84,818	85,393	85,785	86,034	X X X	X X X
3. 2004	X X X	45,210	67,896	78,477	84,762	88,474	90,308	91,188	91,826	92,195	X X X	X X X
4. 2005	X X X	X X X	46,284	68,724	79,468	86,451	90,826	92,942	94,042	94,950	X X X	X X X
5. 2006	X X X	X X X	X X X	47,137	70,031	80,000	88,049	93,022	96,048	98,000	X X X	X X X
6. 2007	X X X	X X X	X X X	X X X	48,982	72,756	83,678	91,594	96,525	99,092	X X X	X X X
7. 2008	X X X	X X X	X X X	X X X	X X X	56,794	83,982	95,823	103,731	108,898	X X X	X X X
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	47,438	68,756	79,047	86,369	X X X	X X X
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	52,104	76,201	87,447	X X X	X X X
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	65,631	91,419	X X X	X X X
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	59,283	X X X	X X X

SCHEDULE P – PART 4 – SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Prior	43,338	30,313	23,697	20,638	16,958	15,638	16,667	16,380	12,986	10,760
2. 2003	26,096	12,996	7,432	5,147	3,746	2,745	1,865	1,183	982	698
3. 2004	X X X	32,765	16,306	10,767	5,805	4,269	2,309	1,695	1,266	794
4. 2005	X X X	X X X	36,601	18,202	9,204	5,706	3,250	2,242	1,630	1,058
5. 2006	X X X	X X X	X X X	33,013	16,620	10,133	4,880	2,771	1,867	1,570
6. 2007	X X X	X X X	X X X	X X X	34,131	17,804	8,389	4,564	2,798	2,307
7. 2008	X X X	X X X	X X X	X X X	X X X	37,113	16,329	9,741	5,469	3,213
8. 2009	X X X	X X X	X X X	X X X	X X X	X X X	32,533	16,473	9,631	5,444
9. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	32,124	15,220	9,103
10. 2011	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	33,243	16,094
11. 2012	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	34,723

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN Allocated By States and Territories

States, Etc.	1	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
	Active Status	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama	AL	L							
2. Alaska	AK	L							
3. Arizona	AZ	L	(4,624)	27,330		26,500	(57,586)	86,012	
4. Arkansas	AR	L	3,205,452	3,798,968		1,395,105	1,837,309	4,275,594	19,319
5. California	CA	L	30,471,491	31,098,737		16,942,686	20,940,588	30,265,450	183,645
6. Colorado	CO	L	(53)	(13)					
7. Connecticut	CT	L	37,279,453	44,134,752	498,425	33,540,838	29,882,736	88,019,934	224,675
8. Delaware	DE	L	2,274,334	2,619,748	22,873	2,219,191	1,838,761	6,859,756	13,707
9. District of Columbia	DC	L	846,147	987,655	20,971	38,080	179,268	705,381	5,100
10. Florida	FL	N							
11. Georgia	GA	L	14,060,919	16,985,882	4,712	16,101,434	12,528,827	21,638,909	84,742
12. Hawaii	HI	L							
13. Idaho	ID	L							
14. Illinois	IL	L	18,661,320	25,541,272	2,099	26,487,006	20,376,620	60,107,776	112,467
15. Indiana	IN	L	32,026,027	39,498,175		23,198,571	21,755,463	44,329,284	193,013
16. Iowa	IA	L	3,182,193	5,464,819	292,166	3,974,970	3,723,615	8,180,634	19,178
17. Kansas	KS	L	4,404,921	5,282,354		3,749,575	3,993,283	5,847,873	26,547
18. Kentucky	KY	L	24,893,204	29,394,881		20,114,083	20,398,299	41,551,631	150,026
19. Louisiana	LA	L	16,593,873	17,985,339		8,361,279	20,928,150	32,309,394	100,007
20. Maine	ME	L	24,290,161	23,508,816	33,049	12,420,697	13,596,114	27,947,952	146,391
21. Maryland	MD	L	14,468,024	16,479,918	110,382	12,497,920	15,288,257	34,401,285	87,195
22. Massachusetts	MA	L	26,350,200	26,813,094	4,716	19,082,682	19,256,911	23,663,895	158,807
23. Michigan	MI	L	7,122,837	9,130,662	15,196	10,478,929	6,038,422	17,227,116	42,928
24. Minnesota	MN	L	9,586,556	14,377,858		11,993,587	10,281,704	27,258,758	57,776
25. Mississippi	MS	L							
26. Missouri	MO	L	20,293,695	22,773,057	6,447	24,497,034	31,294,003	36,810,058	122,305
27. Montana	MT	L							
28. Nebraska	NE	L	1,990,991	3,690,174	151,731	3,441,097	2,055,108	5,257,519	11,999
29. Nevada	NV	L	313	378		13,940	797		2
30. New Hampshire	NH	L	16,913,846	18,507,465	116,513	12,280,828	14,084,344	25,069,343	101,936
31. New Jersey	NJ	L	43,173,383	45,880,210	937,077	34,783,242	60,435,731	106,773,569	260,196
32. New Mexico	NM	L							
33. New York	NY	L	48,718,412	54,522,282	1,457,028	34,493,217	40,666,666	99,064,839	293,615
34. North Carolina	NC	L	22,828,180	26,795,073		16,510,034	15,721,445	30,769,171	137,580
35. North Dakota	ND	L							
36. Ohio	OH	L	45,820,263	47,926,607		33,309,134	30,656,602	35,200,772	276,148
37. Oklahoma	OK	L	12,124,529	14,441,585		12,592,791	13,003,649	17,438,006	73,072
38. Oregon	OR	L							
39. Pennsylvania	PA	L	49,391,602	54,568,122	215,754	34,239,863	32,991,680	74,039,849	297,672
40. Rhode Island	RI	L	7,237,102	7,381,984	30,663	4,781,317	4,499,433	7,178,221	43,616
41. South Carolina	SC	L	8,137,924	10,792,207		5,837,304	6,866,819	15,957,649	49,045
42. South Dakota	SD	L							
43. Tennessee	TN	L	14,809,784	19,702,831		14,967,887	5,345,080	33,264,616	89,255
44. Texas	TX	L	29,470,268	34,437,772		20,948,502	29,088,460	42,327,880	177,610
45. Utah	UT	L	1,830	1,566					11
46. Vermont	VT	L	9,755,699	10,185,541	112,879	7,336,450	7,512,840	10,181,857	58,795
47. Virginia	VA	L	10,762,688	11,612,344	97,284	7,342,514	6,589,635	14,008,178	64,864
48. Washington	WA	L							
49. West Virginia	WV	L							
50. Wisconsin	WI	L	3,520,054	4,636,988	329,932	2,746,276	2,257,287	4,892,096	21,215
51. Wyoming	WY	L							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N							
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N							
58. Aggregate Other Alien	OT	X X X							
59. Totals	(a) 50		614,662,998	700,986,433	4,459,897	492,744,563	525,856,320	1,032,910,257	3,704,459

DETAILS OF WRITE-INS									
58001.		X X X							
58002.		X X X							
58003.		X X X							
58998.	Summary of remaining write-ins for Line 58 from overflow page	X X X							
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X							

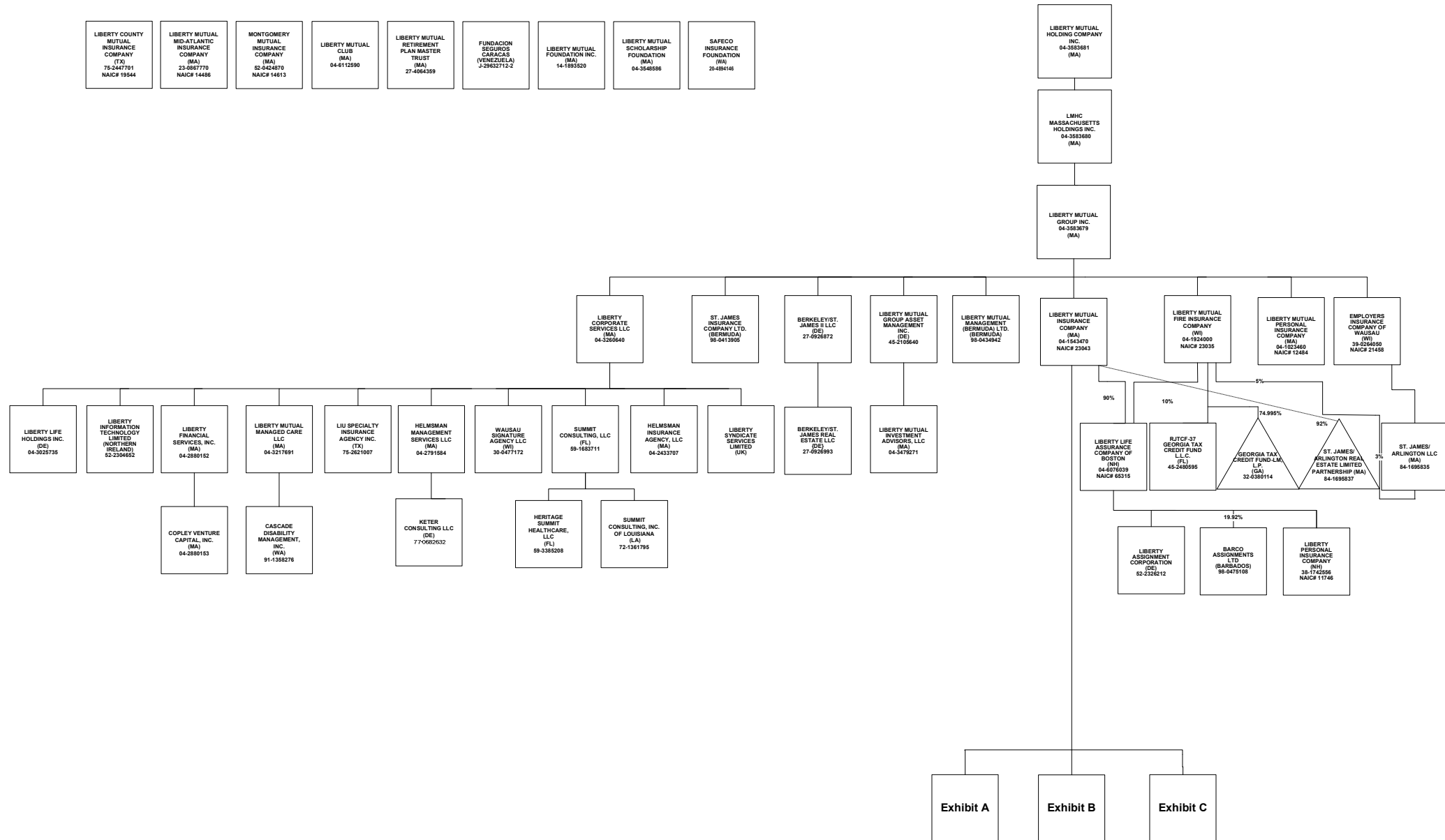
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business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

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

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

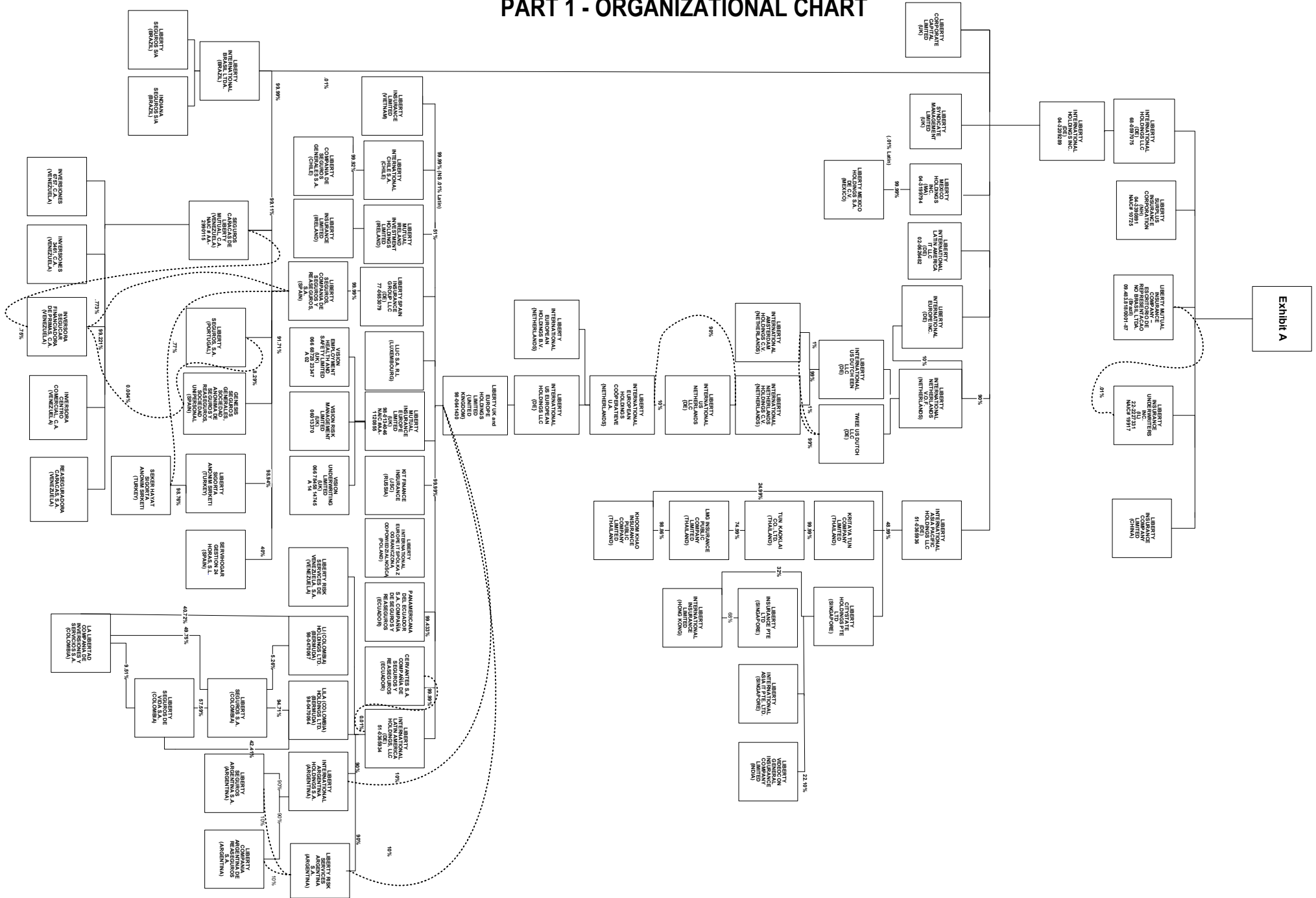
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



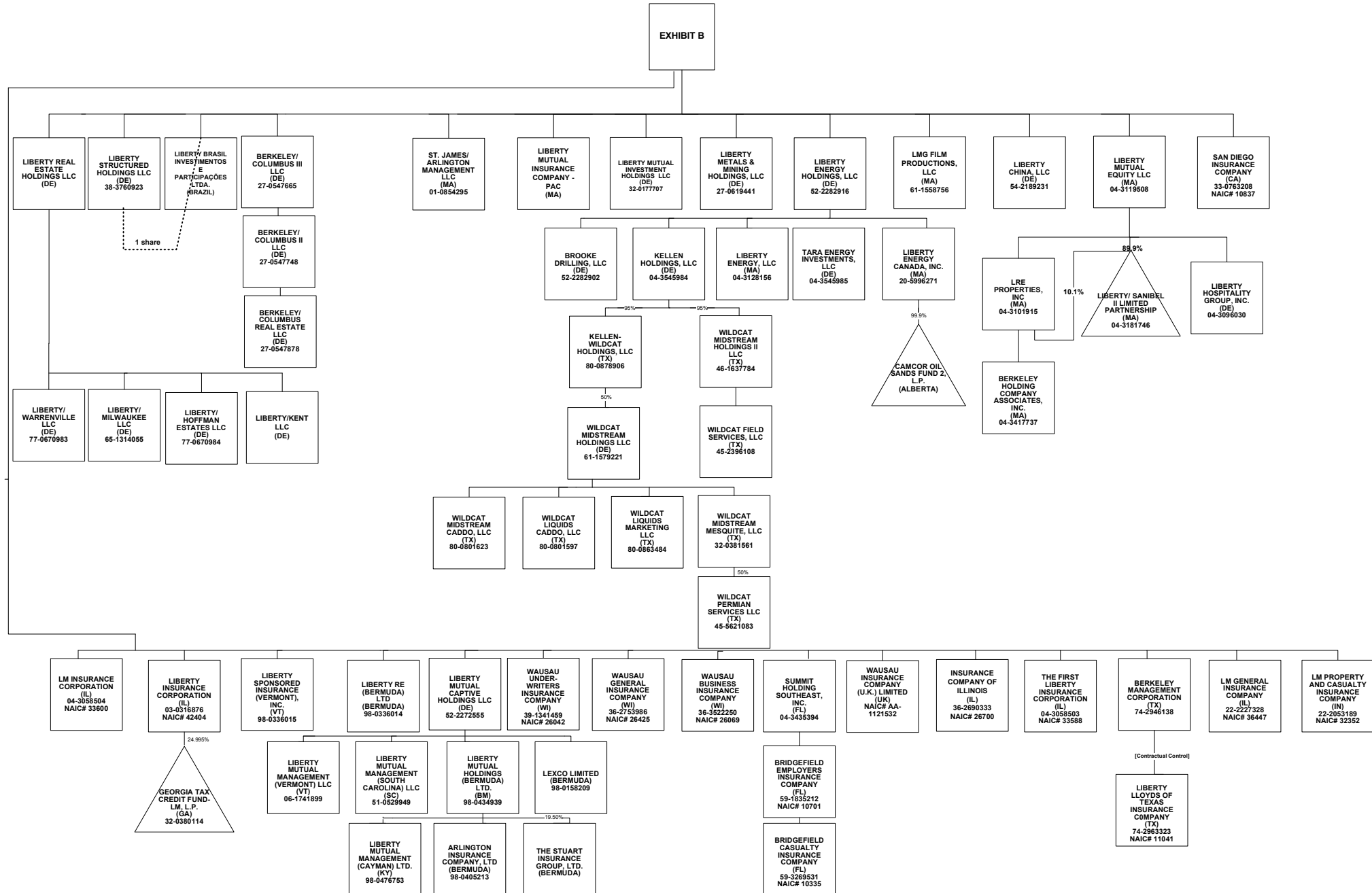
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



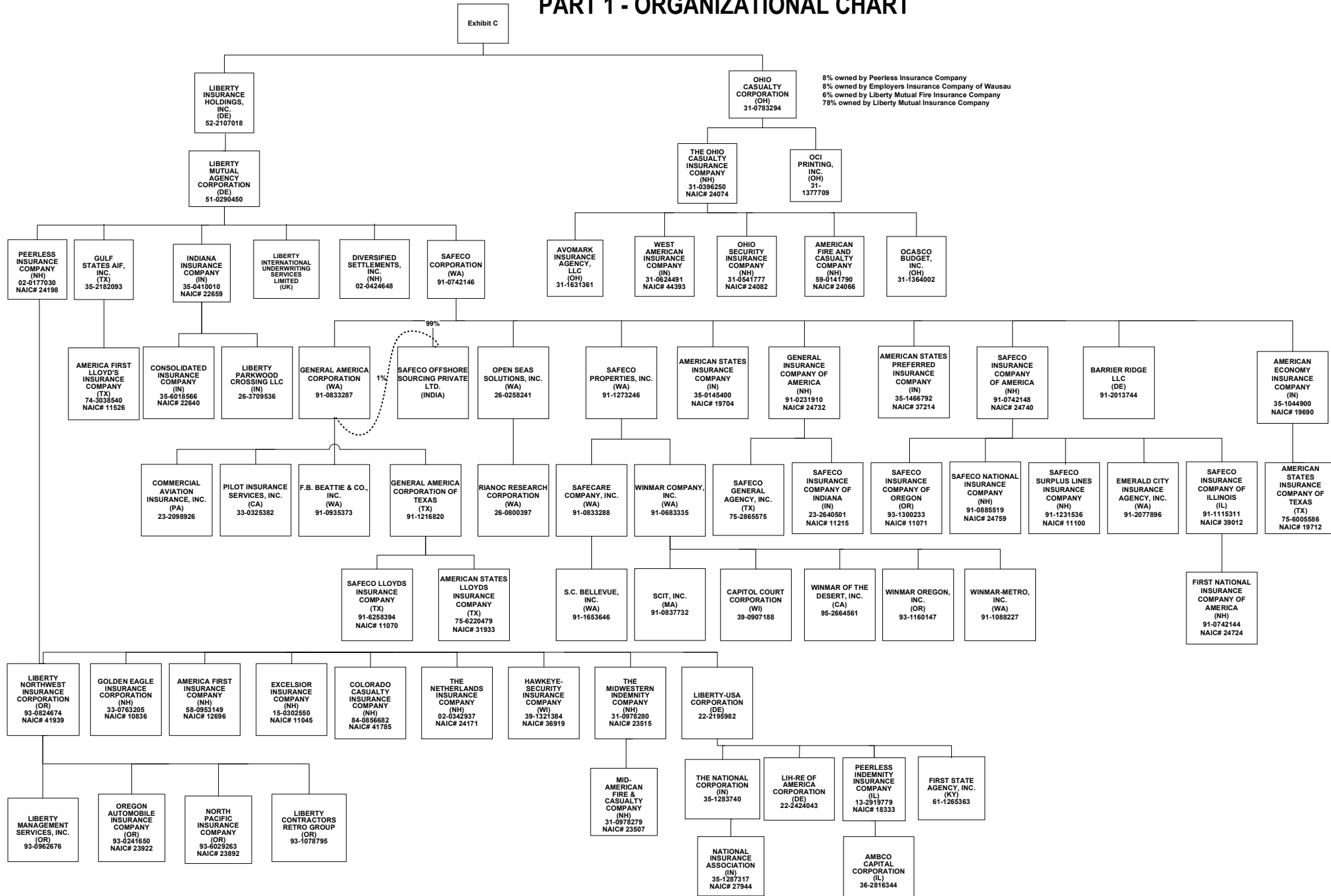
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

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

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