ANNUAL STATEMENT

OF THE

THE OHIO CASUALTY INSURANCE COMPANY

of FAIRFIELD

in the state of OHIO

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2011

PROPERTY AND CASUALTY

2011

24074201120100100

ANNUAL STATEMENT

For the Year Ended December 31, 2011

OF THE CONDITION AND AFFAIRS OF THE

The Ohio Casualty Insurance Company

NAIC Group Code 0111 (Current Period) 0111 (Prior Period) **NAIC Company Code** 24074 **Employer's ID Number** 31-0396250

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

Country of Domicile United States of America

Incorporated/Organized November 6, 1919 **Commenced Business** March 1, 1920

Statutory Home Office 9450 Seward Road (Street and Number) , Fairfield, OH 45014 (City or Town, State and Zip Code)

Main Administrative Office 175 Berkeley Street (Street and Number)

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

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

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

Internet Web Site Address www.lmac.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 #

	Name	Title
1.	James Paul Condrin, III #	President and Chief Executive Officer
2.	Dexter Robert Legg	Secretary
3.	James Paul McKenney #	Treasurer and Chief Financial Officer

VICE-PRESIDENTS

Name	Title	Name	Title
Anthony Alexander Fontanes	EVP and Chief Investment Officer	Michael Jospeh Fallon #	Executive Vice President

DIRECTORS OR TRUSTEES

James Paul Condrin, III #	John Derek Doyle	Michael Joseph Fallon	Dexter Robert Legg #
Christopher Charles Mansfield	James Paul McKenney #		

State of Massachusetts

County of Suffolk ss

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

(Signature)	(Signature)	(Signature)
James Paul Condrin, III #	Dexter Robert Legg	James Paul McKenney #
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President and Chief Executive Officer	Secretary	Treasurer and Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to (or affirmed) before me on this
23rd day of January , 2012, by

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

ASSETS

	Current Year 1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	2,997,650,085		2,997,650,085	3,098,177,633
2. Stocks (Schedule D):				
2.1 Preferred stocks	9,544,400		9,544,400	11,431,980
2.2 Common stocks	539,744,585		539,744,585	479,829,336
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	101,689,613		101,689,613	109,898,585
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)	28,393,247		28,393,247	29,521,876
4.2 Properties held for the production of income (less $ 0 encumbrances)				
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ 7,246,083, Schedule E - Part 1), cash equivalents ($ 36,659,017, Schedule E - Part 2), and short-term investments ($ 99,011,836, Schedule DA)	142,916,936		142,916,936	139,855,545
6. Contract loans (including $ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	10,803,078		10,803,078	1,496,111
9. Receivables for securities	8,742,010		8,742,010	783,087
10. Securities lending reinvested collateral assets (Schedule DL)	60,001,971		60,001,971	23,423,942
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	3,899,485,925		3,899,485,925	3,894,418,095
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	38,086,880		38,086,880	39,393,065
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	92,308,196	10,561,777	81,746,419	73,231,496
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ 1,277,828 earned but unbilled premiums)	615,279,258	127,784	615,151,474	588,965,763
15.3 Accrued retrospective premiums	1,046,549	104,555	941,994	1,868,815
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	15,738,006		15,738,006	18,733,074
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	217,137,000	87,861,780	129,275,220	166,779,167
19. Guaranty funds receivable or on deposit	2,452,752		2,452,752	3,446,953
20. Electronic data processing equipment and software	698,710	421,801	276,909	590,684
21. Furniture and equipment, including health care delivery assets ($ 0)	79,688	79,688		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	57,223,229		57,223,229	33,320,453
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	22,047,752	2,465,696	19,582,056	21,289,624
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	4,961,583,945	101,623,081	4,859,960,864	4,842,037,189
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	4,961,583,945	101,623,081	4,859,960,864	4,842,037,189

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Cash Surrender Value Life Insurance	12,048,781		12,048,781	11,859,095
2502. Equities and deposits in pools and associations	5,343,812		5,343,812	5,396,404
2503. Other assets	4,655,159	2,465,696	2,189,463	4,034,125
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	22,047,752	2,465,696	19,582,056	21,289,624

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	1,838,931,772	1,821,831,326
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	137,260,609	122,240,171
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	406,620,610	406,608,066
4.	Commissions payable, contingent commissions and other similar charges	57,253,356	55,026,231
5.	Other expenses (excluding taxes, licenses and fees)	32,330,400	16,236,073
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	15,135,483	18,402,260
7.1	Current federal and foreign income taxes (including $ 0 on realized capital gains (losses))	1,662,152	6,430,493
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 $ 156,634,272 and including warranty reserves of $ 0 and accrued accident and healthexperience rating refunds including $ 0 for medical loss ratio rebate per the Public Health Service Act)	1,027,980,899	990,044,170
10.	Advance premium	7,017,093	6,710,202
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders	281,485	191,221
12.	Ceded reinsurance premiums payable (net of ceding commissions)	19,742,872	21,720,608
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	2,029,688	1,232,561
15.	Remittances and items not allocated		
16.	Provision for reinsurance (Schedule F, Part 7)		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding	72,639,090	66,774,958
19.	Payable to parent, subsidiaries and affiliates	49,802,134	116,469,643
20.	Derivatives		
21.	Payable for securities	8,951,500	10,433,125
22.	Payable for securities lending	60,001,971	23,423,942
23.	Liability for amounts held under uninsured plans		
24.	Capital notes $ 0 and interest thereon $ 0		
25.	Aggregate write-ins for liabilities	34,759,759	41,107,426
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	3,772,400,873	3,724,882,476
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	3,772,400,873	3,724,882,476
29.	Aggregate write-ins for special surplus funds	42,811,154	35,452,351
30.	Common capital stock	4,500,000	4,500,000
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds		
33.	Surplus notes		
34.	Gross paid in and contributed surplus	532,278,647	532,278,647
35.	Unassigned funds (surplus)	507,970,190	544,923,715
36.	Less treasury stock, at cost:		
	36.1 0 shares common (value included in Line 30 $ 0)		
	36.2 0 shares preferred (value included in Line 31 $ 0)		
37.	Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	1,087,559,991	1,117,154,713
38.	Totals (Page 2, Line 28, Col. 3)	4,859,960,864	4,842,037,189

	DETAILS OF WRITE-IN LINES		
2501.	Retroactive reinsurance reserves	18,095,830	19,461,813
2502.	Other liabilities	15,565,054	16,748,557
2503.	Amounts held under uninsured plans	1,098,875	2,195,199
2598.	Summary of remaining write-ins for Line 25 from overflow page		2,701,857
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	34,759,759	41,107,426
2901.	SSAP 10R incremental change	38,522,579	31,040,037
2902.	Special surplus from retroactive reinsurance	4,288,575	4,412,314
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	42,811,154	35,452,351
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 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4)	2,136,133,072	2,104,092,719
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7)	1,321,583,844	1,178,944,073
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	258,060,957	248,390,837
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	688,709,475	707,104,975
5. Aggregate write-ins for underwriting deductions	(218,342)	(115,099)
6. Total underwriting deductions (Lines 2 through 5)	2,268,135,934	2,134,324,786
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(132,002,862)	(30,232,067)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	156,950,204	170,629,067
10. Net realized capital gains (losses) less capital gains tax of $ (837,324) (Exhibit of Capital Gains (Losses))	(1,555,031)	54,392,999
11. Net investment gain (loss) (Lines 9 + 10)	155,395,173	225,022,066
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered $ 75,658 amount charged off $ 4,850,239)	(4,774,581)	(8,841,142)
13. Finance and service charges not included in premiums	18,035,299	18,566,674
14. Aggregate write-ins for miscellaneous income	(6,620,424)	(26,822,622)
15. Total other income (Lines 12 through 14)	6,640,294	(17,097,090)
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	30,032,605	177,692,909
17. Dividends to policyholders	4,289,770	(718,951)
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)	25,742,835	178,411,860
19. Federal and foreign income taxes incurred	(2,092,676)	13,743,662
20. Net income (Line 18 minus Line 19) (to Line 22)	27,835,511	164,668,198
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,117,154,713	1,336,171,686
22. Net income (from Line 20)	27,835,511	164,668,198
23. Net transfers (to) from Protected Cell accounts		
24. Change in net unrealized capital gains or (losses) less capital gains tax of $ (16,444,476)	(5,075,850)	(6,750,435)
25. Change in net unrealized foreign exchange capital gain (loss)	(5,742,804)	657,335
26. Change in net deferred income tax	2,303,194	(21,312,229)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(63,357,386)	12,448,655
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	1,634,689	
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		30,000,000
33.2 Transferred to capital (Stock Dividend)		
33.3 Transferred from capital		
34. Net remittances from or (to) Home Office		
35. Dividends to stockholders		(400,000,000)
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	12,807,924	1,271,503
38. Change in surplus as regards policyholders for the year (Lines 22 through 37)	(29,594,722)	(219,016,973)
39. Surplus as regards policyholders, December 31 current year (Lines 21 plus Line 38) (Page 3, Line 37)	1,087,559,991	1,117,154,713

DETAILS OF WRITE-IN LINES		
0501. Private passenger auto escrow	(218,342)	(115,099)
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)	(218,342)	(115,099)
1401. Retroactive reinsurance gain/(loss)	(435,460)	(26,056,466)
1402. Other income/(expense)	(6,184,964)	(766,156)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(6,620,424)	(26,822,622)
3701. SSAP 10R incremental change	7,482,543	2,511,873
3702. Other changes in surplus	5,325,381	(1,240,370)
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page		
3799. Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	12,807,924	1,271,503

CASH FLOW

		1	2
	Cash from Operations	Current Year	Prior Year
1.	Premiums collected net of reinsurance	2,137,958,335	2,151,543,742
2.	Net investment income	172,844,079	187,070,084
3.	Miscellaneous income	6,295,359	(28,303,329)
4.	Total (Lines 1 through 3)	2,317,097,773	2,310,310,497
5.	Benefit and loss related payments	1,280,603,760	1,280,954,214
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	931,496,499	1,054,144,026
8.	Dividends paid to policyholders	4,199,506	821,783
9.	Federal and foreign income taxes paid (recovered) net of $ 0 tax on capital gains (losses)	1,838,341	91,451,402
10.	Total (Lines 5 through 9)	2,218,138,106	2,427,371,425
11.	Net cash from operations (Line 4 minus Line 10)	98,959,667	(117,060,928)
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	603,731,389	1,441,555,545
	12.2 Stocks	114,611,073	95,202,206
	12.3 Mortgage loans	7,858,946	2,590,995
	12.4 Real estate		
	12.5 Other invested assets	256,645,873	2,596,358
	12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
	12.7 Miscellaneous proceeds	(8,312,194)	(906,313)
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	974,535,087	1,541,038,791
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	522,011,684	980,719,586
	13.2 Stocks	194,953,722	190,470,368
	13.3 Mortgage loans	169,361	16,907,934
	13.4 Real estate	464,680	7,936,990
	13.5 Other invested assets	303,043,365	24,010,303
	13.6 Miscellaneous applications	1,481,632	20,621,563
	13.7 Total investments acquired (Lines 13.1 to 13.6)	1,022,124,444	1,240,666,744
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)	(47,589,357)	300,372,047
	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		30,000,000
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders		400,000,000
	16.6 Other cash provided (applied)	(48,308,919)	22,257,656
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(48,308,919)	(347,742,344)
	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)	3,061,391	(164,431,225)
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	139,855,545	304,286,770
	19.2 End of year (Line 18 plus Line 19.1)	142,916,936	139,855,545

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

20.0001	12.1 - Proceeds from investments sold, matured or repaid - Bonds		518,705,289
20.0002	12.2 - Proceeds from investments sold, matured or repaid - Stocks		31,505,866
20.0003	12.3 - Proceeds from investments sold, matured or repaid - Mortgage loans	539,635	
20.0004	13.5 Cost of Investment Acquired - Other invested assets	539,635	
20.0005	16.5 Dividends to stockholders		368,267,606

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	41,172,672	20,346,488	21,723,618	39,795,542
2. Allied lines	34,179,727	16,894,340	18,567,743	32,506,324
3. Farmowners multiple peril	17,009,079	7,917,716	8,531,498	16,395,297
4. Homeowners multiple peril	340,744,069	163,395,329	181,231,380	322,908,018
5. Commercial multiple peril	380,553,443	193,646,118	190,868,313	383,331,248
6. Mortgage guaranty				
8. Ocean marine				
9. Inland marine	34,451,446	16,600,919	16,623,420	34,428,945
10. Financial guaranty				
11.1 Medical professional liability—occurrence	150,037	73,713	59,394	164,356
11.2 Medical professional liability—claims-made	20,278	8,519	9,341	19,456
12. Earthquake	7,185,795	3,546,612	3,712,684	7,019,723
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation	180,369,377	77,621,327	70,098,430	187,892,274
17.1 Other liability—occurrence	108,895,107	54,471,857	53,318,824	110,048,140
17.2 Other liability—claims-made	4,633,386	2,180,382	2,083,851	4,729,917
17.3 Excess workers' compensation				
18.1 Products liability—occurrence	2,667,514	1,518,405	1,347,596	2,838,323
18.2 Products liability—claims-made				
19.1,19.2 Private passenger auto liability	392,737,321	144,695,172	160,525,357	376,907,136
19.3,19.4 Commercial auto liability	166,587,211	83,361,905	80,513,287	169,435,829
21. Auto physical damage	304,988,167	119,252,022	129,651,238	294,588,951
22. Aircraft (all perils)				
23. Fidelity	1,314,109	1,091,848	1,072,598	1,333,359
24. Surety	151,459,649	88,905,893	88,661,376	151,704,166
26. Burglary and theft	57,232	30,429	28,558	59,103
27. Boiler and machinery	22,152	16,893	12,081	26,964
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	2,169,197,771	995,575,887	1,028,640,587	2,136,133,071

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	21,723,618				21,723,618
2. Allied lines	18,567,743				18,567,743
3. Farmowners multiple peril	8,531,498				8,531,498
4. Homeowners multiple peril	181,231,380				181,231,380
5. Commercial multiple peril	190,141,079	1,437	714,307	11,491	190,868,314
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine	16,581,523	41,897			16,623,420
10. Financial guaranty					
11.1 Medical professional liability—occurrence	59,394				59,394
11.2 Medical professional liablity—claims-made	9,303	38			9,341
12. Earthquake	3,712,684				3,712,684
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation	70,370,432		774,547	(1,046,549)	70,098,430
17.1 Other liability—occurrence	52,901,351	215,037	213,926	(11,491)	53,318,823
17.2 Other liability—claims-made	2,058,592	24,279	980		2,083,851
17.3 Excess workers' compensation					
18.1 Products liability—occurrence	1,345,122		2,473		1,347,595
18.2 Products liability—claims-made					
19.1,19.2 Private passenger auto liability	160,525,357				160,525,357
19.3,19.4 Commercial auto liability	79,900,166	613,120			80,513,286
21. Auto physical damage	129,549,511	101,727			129,651,238
22. Aircraft (all perils)					
23. Fidelity	379,291	693,308			1,072,599
24. Surety	60,965,359	27,696,017			88,661,376
26. Burglary and theft	28,558				28,558
27. Boiler and machinery	12,081				12,081
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	998,594,042	29,386,860	1,706,233	(1,046,549)	1,028,640,586
36. Accrued retrospective premiums based on experience					1,046,549
37. Earned but unbilled premiums					(1,706,234)
38. Balance (Sum of Lines 35 through 37)					1,027,980,901

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B – PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
1. Fire	5,578,285	41,172,672		5,578,285		41,172,672
2. Allied lines	4,951,781	34,179,727		4,951,781		34,179,727
3. Farmowners multiple peril		17,009,079				17,009,079
4. Homeowners multiple peril	7,460,077	340,744,069		7,460,077		340,744,069
5. Commercial multiple peril	48,330,185	380,553,443		48,330,185		380,553,443
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine	10,413,450	34,451,446		10,413,450		34,451,446
10. Financial guaranty						
11.1 Medical professional liability--occurrence		150,037				150,037
11.2 Medical professional liability--claims-made		20,278				20,278
12. Earthquake	67,112	7,185,795		67,112		7,185,795
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health	57,076			57,076		
16. Workers' compensation	20,899,461	180,369,377		20,899,461		180,369,377
17.1 Other liability—occurrence	99,798,201	108,895,107		99,798,201		108,895,107
17.2 Other liability—claims-made	932,660	4,633,386		932,660		4,633,386
17.3 Excess workers' compensation						
18.1 Products liability—occurrence	2,105,851	2,667,514		2,105,851		2,667,514
18.2 Products liability—claims-made						
19.1,19.2 Private passenger auto liability	7,091,050	392,737,321		7,091,050		392,737,321
19.3,19.4 Commercial auto liability	28,668,635	166,587,211		28,668,635		166,587,211
21. Auto physical damage	12,277,269	304,988,167		12,277,269		304,988,167
22. Aircraft (all perils)						
23. Fidelity	5,920,410	1,314,109		5,920,410		1,314,109
24. Surety	53,573,867	151,459,649		53,573,867		151,459,649
26. Burglary and theft	6,807	57,232		6,807		57,232
27. Boiler and machinery	2,900	22,152		2,900		22,152
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	308,135,077	2,169,197,771		308,135,077		2,169,197,771

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 2 – LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1. Fire	1,070,022	13,207,826	1,070,022	13,207,826	6,856,468	6,647,813	13,416,481	33.714
2. Allied lines	7,196,640	27,613,755	7,196,640	27,613,755	6,040,614	5,561,052	28,093,317	86.424
3. Farmowners multiple peril		10,862,844		10,862,844	3,449,929	4,734,427	9,578,346	58.421
4. Homeowners multiple peril	6,874,338	259,698,108	6,874,338	259,698,108	97,267,462	79,738,205	277,227,365	85.853
5. Commercial multiple peril	29,940,112	236,120,244	29,940,112	236,120,244	379,028,246	349,963,509	265,184,981	69.179
6. Mortgage guaranty								
8. Ocean marine		93		93	4,921	(168)	5,182	
9. Inland marine	2,964,097	14,039,430	2,964,097	14,039,430	2,077,179	2,904,494	13,212,115	38.375
10. Financial guaranty								
11.1 Medical professional liability—occurrence		18,012		18,012	549,310	482,290	85,032	51.736
11.2 Medical professional liability—claims-made		(2)		(2)	107,942	98,569	9,371	48.165
12. Earthquake		3,288		3,288	324	8,046	(4,434)	(0.063)
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health	186,938	80,013	186,938	80,013	9,470,258	9,241,354	308,917	
16. Workers' compensation	23,578,732	135,089,965	23,578,732	135,089,965	601,329,877	568,529,680	167,890,162	89.354
17.1 Other liability—occurrence	40,788,722	57,823,793	40,788,722	57,823,793	174,886,011	196,457,695	36,252,109	32.942
17.2 Other liability—claims-made	564,271	1,564,089	564,271	1,564,089	7,312,215	10,681,781	(1,805,477)	(38.171)
17.3 Excess workers' compensation								
18.1 Products liability—occurrence	295,231	966,268	295,231	966,268	6,551,279	4,332,715	3,184,832	112.208
18.2 Products liability—claims-made								
19.1,19.2 Private passenger auto liability	6,992,649	216,077,042	6,992,649	216,077,042	273,553,517	284,351,303	205,279,256	54.464
19.3,19.4 Commercial auto liability	19,354,842	106,663,056	19,354,842	106,663,056	191,738,029	192,357,784	106,043,301	62.586
21. Auto physical damage	6,668,055	184,598,060	6,668,055	184,598,060	10,976,055	11,883,754	183,690,361	62.355
22. Aircraft (all perils)		(640)		(640)	94,485	16,077	77,768	
23. Fidelity	743,700	165,961	743,700	165,961	432,426	165,141	433,246	32.493
24. Surety	6,287,598	38,263,048	6,287,598	38,263,048	26,803,150	53,728,950	11,337,248	7.473
26. Burglary and theft		23,733		23,733	610	719	23,624	39.971
27. Boiler and machinery		(3,237)		(3,237)	(17,616)	10,599	(31,452)	(116.644)
28. Credit								
29. International								
30. Warranty								
31. Reinsurance-nonproportional assumed property	X X X							
32. Reinsurance-nonproportional assumed liability	X X X	1,608,650		1,608,650	40,419,079	39,935,540	2,092,189	
33. Reinsurance-nonproportional assumed financial lines	X X X							
34. Aggregate write-ins for other lines of business								
35. TOTALS	153,505,947	1,304,483,399	153,505,947	1,304,483,399	1,838,931,770	1,821,831,329	1,321,583,840	61.868

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

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

	Reported Losses				Incurred But Not Reported			8	9
Line of Business	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	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1. Fire	237,848	4,388,722	237,848	4,388,722	125,456	2,467,747	125,456	6,856,469	569,028
2. Allied lines	1,633,126	5,475,206	1,633,126	5,475,206	118,396	565,409	118,396	6,040,615	363,091
3. Farmowners multiple peril		3,407,604		3,407,604		42,325		3,449,929	1,122,016
4. Homeowners multiple peril	2,146,936	64,057,025	2,146,936	64,057,025	1,424,672	33,210,437	1,424,672	97,267,462	15,003,218
5. Commercial multiple peril	33,719,840	231,406,812	33,719,840	231,406,812	27,631,618	147,621,434	27,631,618	379,028,246	155,446,534
6. Mortgage guaranty									
8. Ocean marine		5,783		5,783		(862)		4,921	13
9. Inland marine	409,932	2,202,054	409,932	2,202,054	299,378	(124,874)	299,378	2,077,180	338,599
10. Financial guaranty									
11.1 Medical professional liablity—occurrence		80,350		80,350		468,960		549,310	282,517
11.2 Medical professional liablity—claims-made						107,942		107,942	30,507
12. Earthquake		324		324				324	3,421
13. Group accident and health								(a)	(520)
14. Credit accident and health (group and individual)									
15. Other accident and health	161,976	2,080,850	161,976	2,080,850	97,830	7,389,407	97,830	(a) 9,470,257	1,261,371
16. Workers' compensation	116,918,865	378,861,932	116,918,865	378,861,932	57,121,996	222,467,944	57,121,996	601,329,876	71,397,032
17.1 Other liability—occurrence	76,978,816	68,078,531	76,978,816	68,078,531	216,753,570	106,807,480	216,753,570	174,886,011	49,485,952
17.2 Other liability—claims-made	40,197	2,995,025	40,197	2,995,025	122,809	4,317,191	122,809	7,312,216	4,772,027
17.3 Excess workers' compensation									71
18.1 Products liability—occurrence	1,040,449	4,805,589	1,040,449	4,805,589	1,653,646	1,745,690	1,653,646	6,551,279	2,386,364
18.2 Products liability—claims-made									
19.1,19.2 Private passenger auto liability	30,855,942	234,669,619	30,855,942	234,669,619	2,171,411	38,883,897	2,171,411	273,553,516	53,261,061
19.3,19.4 Commercial auto liability	28,133,988	123,360,518	28,133,988	123,360,518	15,607,086	68,377,511	15,607,086	191,738,029	29,167,685
21. Auto physical damage	873,577	5,687,989	873,577	5,687,989	621,014	5,288,066	621,014	10,976,055	1,982,875
22. Aircraft (all perils)		94,073		94,073		412		94,485	1
23. Fidelity	3,848	90,999	3,848	90,999	2,191,602	341,427	2,191,602	432,426	156,300
24. Surety	(3,703,574)	(15,447,861)	(3,703,574)	(15,447,861)	18,863,645	42,251,010	18,863,645	26,803,149	18,470,596
26. Burglary and theft		63		63		547		610	2,677
27. Boiler and machinery		(14,785)		(14,785)		(2,831)		(17,616)	7,667
28. Credit									
29. International									
30. Warranty									
31. Reinsurance-nonproportional assumed property	XXX				XXX				
32. Reinsurance-nonproportional assumed liability	XXX	17,181,299		17,181,299	XXX	23,237,780		40,419,079	1,110,508
33. Reinsurance-nonproportional assumed financial lines	XXX				XXX				
34. Aggregate write-ins for other lines of business									
35. TOTALS	289,451,766	1,133,467,721	289,451,766	1,133,467,721	344,804,129	705,464,049	344,804,129	1,838,931,770	406,620,611

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	(1,730,204)			(1,730,204)
1.2 Reinsurance assumed	100,214,044			100,214,044
1.3 Reinsurance ceded	(1,730,204)			(1,730,204)
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	100,214,044			100,214,044
2. Commission and brokerage:				
2.1 Direct, excluding contingent		51,640,925		51,640,925
2.2 Reinsurance assumed, excluding contingent		322,609,524		322,609,524
2.3 Reinsurance ceded, excluding contingent		51,640,925		51,640,925
2.4 Contingent—direct		1,313,156		1,313,156
2.5 Contingent—reinsurance assumed		30,208,697		30,208,697
2.6 Contingent—reinsurance ceded		1,313,156		1,313,156
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)		352,818,221		352,818,221
3. Allowances to manager and agents	15,823	116,223		132,046
4. Advertising	1,445,677	16,564,656	62,498	18,072,831
5. Boards, bureaus and associations	318,788	4,466,965	1,792	4,787,545
6. Surveys and underwriting reports	24,227	13,245,084	44,461	13,313,772
7. Audit of assureds' records				
8. Salary and related items:				
8.1 Salaries	91,792,982	116,493,772	4,016,789	212,303,543
8.2 Payroll taxes	2,500,885	13,197,598	134,887	15,833,370
9. Employee relations and welfare	13,382,487	46,958,746	514,112	60,855,345
10. Insurance	6,973,125	1,879,045	73,977	8,926,147
11. Directors' fees	283	405	1	689
12. Travel and travel items	6,638,067	8,720,354	136,363	15,494,784
13. Rent and rent items	4,112,777	14,927,239	164,937	19,204,953
14. Equipment	3,303,158	8,051,984	89,489	11,444,631
15. Cost or depreciation of EDP equipment and software	810,861	7,516,018	191,036	8,517,915
16. Printing and stationery	1,440,430	1,830,381	17,162	3,287,973
17. Postage, telephone and telegraph, exchange and express	8,751,355	7,169,908	186,185	16,107,448
18. Legal and auditing	437,026	1,390,636	273,263	2,100,925
19. Totals (Lines 3 to 18)	141,947,951	262,529,014	5,906,952	410,383,917
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $ 664,995		47,964,787		47,964,787
20.2 Insurance department licenses and fees		6,029,776		6,029,776
20.3 Gross guaranty association assessments		387,375		387,375
20.4 All other (excluding federal and foreign income and real estate)		4,248,868		4,248,868
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		58,630,806		58,630,806
21. Real estate expenses			2,496,702	2,496,702
22. Real estate taxes			344,787	344,787
23. Reimbursements by uninsured plans				
24. Aggregate write-ins for miscellaneous expenses	15,898,964	14,731,430	1,147,198	31,777,592
25. Total expenses incurred	258,060,959	688,709,471	9,895,639	(a) 956,666,069
26. Less unpaid expenses—current year	406,620,610	104,445,894	273,345	511,339,849
27. Add unpaid expenses—prior year	406,608,066	89,533,110	131,455	496,272,631
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)	258,048,415	673,796,687	9,753,749	941,598,851

DETAILS OF WRITE-IN LINES				
2401. Other expenses	15,898,964	14,731,430	1,147,198	31,777,592
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)	15,898,964	14,731,430	1,147,198	31,777,592

(a) Includes management fees of $ 21,244,174 to affiliates and $ 326,776 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 12,235,960	11,948,498
1.1	Bonds exempt from U.S. tax	(a) 36,902,573	36,871,534
1.2	Other bonds (unaffiliated)	(a) 102,658,303	101,678,095
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 603,371	546,250
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	4,417,143	4,512,810
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c) 6,987,494	6,943,552
4.	Real estate	(d) 5,364,999	5,364,999
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 117,570	115,489
7.	Derivative instruments	(f)	
8.	Other invested assets	705,877	705,877
9.	Aggregate write-ins for investment income	(247,952)	(247,952)
10.	Total gross investment income	169,745,338	168,439,152
11.	Investment expenses		(g) 9,895,639
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) 1,593,309
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		11,488,948
17.	Net investment income (Line 10 minus Line 16)		156,950,204

	DETAILS OF WRITE-IN LINES		
0901.	Miscellaneous Income/(Expense)	(247,952)	(247,952)
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)	(247,952)	(247,952)
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 $ 3,293,189 accrual of discount less $ 15,792,409 amortization of premium and less $ 2,525,303 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 $ 342 paid for accrued interest on purchases.
(d) Includes $ 5,364,999 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.
(e) Includes $ 2,071 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 $ 1,593,309 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	(27,735)		(27,735)		
1.1	Bonds exempt from U.S. tax	(600,512)		(600,512)		
1.2	Other bonds (unaffiliated)	6,742,576	(4,082,788)	2,659,788	(8,340,163)	
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)	808,200	(35,350)	772,850	(1,557,930)	
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	3,066,499	(7,640,346)	(4,573,847)	(30,983,024)	(5,742,804)
2.21	Common stocks of affiliates				19,769,774	
3.	Mortgage loans	(378,123)		(378,123)	(141,264)	
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets	(14,634)	(230,142)	(244,776)	(267,720)	
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	9,596,271	(11,988,626)	(2,392,355)	(21,520,327)	(5,742,804)

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	10,561,777	8,834,761	(1,727,016)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due	127,784	13,658	(114,126)
15.3 Accrued retrospective premiums	104,555	207,316	102,761
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	87,861,780	31,610,163	(56,251,617)
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	421,801	2,119,620	1,697,819
21. Furniture and equipment, including health care delivery assets	79,688	204,124	124,436
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	2,465,696	2,758,596	292,900
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	101,623,081	45,748,238	(55,874,843)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	101,623,081	45,748,238	(55,874,843)

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	2,465,696	2,758,596	292,900
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)	2,465,696	2,758,596	292,900

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 Ohio, the accompanying financial statements of The Ohio Casualty 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 2011.

13. The Company has no pharmaceutical rebate receivables.

Note 2 - Accounting Changes and Correction of Errors

A. The Company adopted SSAP No. 35R, *Guaranty Fund and Other Assessments*, effective January 1, 2011. The cumulative effect of adopting SSAP No. 35R is reported in the Capital and Surplus Account and is not considered material.

The Company adopted SSAP No. 5R, *Liabilities, Contingencies and Impairments of Assets*, effective December 31, 2011. The adoption of SSAP No. 5R has no impact on the Company.

NOTES TO FINANCIAL STATEMENTS

Note 3 - Business Combinations and Goodwill

A. Statutory Purchase Method

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

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

During 2011, the Company participated in direct investment in commercial mortgage loans using an experienced external manager, StanCorp Mortgage Investors.

(1) The maximum and minimum lending rates for mortgage loans during 2011 were 7.00% and 5.00%, respectively.
(2) During 2011, the Company did not reduce interest rates of any outstanding mortgage loans.
(3) The maximum loan to value of any loan written during 2011 was 75%.
(4) As of year end, OCIC held mortgages with interest more than 180 days past due with a recorded investment, excluding accrued, of $157,983.
    a) Total interest due on mortgages with interest more than 180 days past due was $18,585.
(5) There were $15,454 in taxes, assessments and any amounts advanced and not included in the mortgage loan.
(6) Total recorded investment in impaired loans as of December 31, 2011 was $1,358,051, of which there is a related allowance for credit losses of $573,847.
(7) There was no recorded investment in impaired loans without a related allowance for credit losses.
(8) The average recorded investment in impaired loans was $41,153 for 2011.
(9) There was $22,463 interest income recognized for impaired loans during 2011.
(10) There was $22,463 interest income recognized on a cash basis for impaired loans during 2011.
    a) The balance in the allowance for credit losses at the beginning of 2011 was $432,583 and at the beginning of 2010 was $248,908.
    b) There were $446,620 of additions to the allowance charged to operations in 2011 and $427,997 in 2010.
    c) There were $305,356 of direct write-downs charged against the allowance in 2011 and $244,322 in 2010.
    d) There were no recoveries of amounts previously charged off.
    e) The balance in the allowance for credit losses was $573,847 in 2011 and $432,583 in 2010.

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

B. Troubled Debt Restructuring for Creditors

(1) There was $2,257,790 of recorded investment in mortgage loans for which impairment has been recognized.
(2) There was no realized capital loss.
(3) There were no commitments to lend additional funds to debtors owing receivables whose terms have been modified in trouble debt restructuring.
(4) The Company accrues interest income on impaired loans to the extent it is deemed collectible and the loan continues to perform under its original or restructured contractual terms. Interest income on non performing loans is generally recognized on a cash basis.

C. Reverse Mortgages

The Company has no reverse mortgages.

D. Loan-Backed Securities

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

2. All Loan-Backed Securities with a recognized other-than-temporary impairment disclosed in the aggregate during 2011 as of December 31, 2011: None

NOTES TO FINANCIAL STATEMENTS

3. Each Loan-Backed Security with a recognized other-than-temporary impairment held by the Company at December 31, 2011:

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 Reported
021460AB6	1,552,657	1,518,901	33,756	1,518,901	1,201,209	3/31/2010
021460AB6	1,270,779	1,182,182	88,597	1,182,182	1,156,616	9/30/2010
021460AB6	1,130,094	1,090,903	39,191	1,090,903	1,058,912	12/31/2010
021460AB6	1,026,428	1,018,707	7,721	1,018,707	898,929	3/31/2011
021460AB6	1,000,639	996,519	4,120	996,519	847,174	6/30/2011
021460AB6	978,598	969,105	9,494	969,105	798,319	9/30/2011
021460AB6	959,301	912,285	47,016	912,285	666,161	12/31/2011
06606WAM6	1,527,933	1,255,040	272,893	1,255,040	1,242,727	3/31/2009
06606WAM6	615,947	463,257	152,690	463,257	457,945	3/31/2009
07387AGC3	3,549,538	2,987,604	561,934	2,987,604	2,195,961	6/30/2009
07387AGC3	2,621,365	2,511,705	109,660	2,511,705	2,272,885	9/30/2010
07387AGC3	2,494,689	2,470,267	24,422	2,470,267	2,281,422	12/31/2010
126670QT8	1,362,936	725,950	636,986	725,950	1,169,368	3/31/2009
126670QT8	3,333,203	2,271,560	1,061,643	2,271,560	2,283,894	3/31/2009
17309BAB3	3,080,419	2,766,622	313,798	2,766,622	2,682,340	3/31/2009
17309BAB3	1,626,121	1,532,290	93,832	1,532,290	1,266,465	6/30/2011
17309BAB3	986,082	973,554	12,528	973,554	783,440	12/31/2011
32052GAA2	2,299,799	2,003,745	296,054	2,003,745	1,997,709	9/30/2010
32052GAA2	1,864,231	1,807,552	56,679	1,807,552	1,596,718	12/31/2010
32052GAA2	1,694,824	1,669,767	25,057	1,669,767	1,479,986	3/31/2011
32052GAA2	1,506,587	1,487,953	18,634	1,487,953	1,215,698	12/31/2011
41161PMY6	3,635,940	2,292,079	1,343,862	2,292,079	1,012,622	9/30/2010
41161PMY6	2,243,758	1,998,780	244,978	1,998,780	1,027,113	12/31/2010
41161PMY6	1,956,434	1,818,088	138,346	1,818,088	962,275	3/31/2011
41161PMY6	1,693,386	1,573,108	120,279	1,573,108	772,678	12/31/2011
65538PAE8	3,107,647	2,858,503	249,145	2,858,503	2,810,660	6/30/2009
76110VHJ0	560,598	492,356	68,242	492,356	488,636	3/31/2009
76110VNV6	6,247,999	4,592,298	1,655,700	4,592,298	4,475,162	3/31/2009
74958AAC8	1,890,067	1,801,013	89,054	1,801,013	1,738,206	3/31/2011
74958AAC8	1,462,138	1,409,024	53,114	1,409,024	1,340,542	6/30/2011
74958AAC8	1,342,316	1,336,469	5,847	1,336,469	1,154,882	9/30/2011
74958AAC8	1,273,012	1,242,593	30,419	1,242,593	1,084,638	12/31/2011

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, 2011:

	1	2
	Less Than 12 Months	12 Months or Longer
Gross Unrealized Loss	(169,571)	(2,947,656)
Fair Value of Securities with Unrealized Losses	18,693,477	28,994,255

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

E. Repurchase Agreements and Securities Lending

1. The Company did not enter into any repurchase agreements during the year. Refer to Note 17B for the policy on requiring collateral related to securities lending.

2. The Company has not pledged any of its assets as collateral as of December 31, 2011.

NOTES TO FINANCIAL STATEMENTS

3. Aggregate Amount of Contractually open cash collateral positions:

Aging of Collateral	Total Fair Value
Open	$ 60,001,971
30 Days or Less	-
31 to 60 Days	-
61 to 90 Days	-
Greater than 90 Days	-
Sub-Total	60,001,971
Securities Received	182,871
Total Collateral Received	$ 60,184,842

4. Securities Lending Transactions Administered by an Affiliated Agent

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

5. Collateral Reinvestment

a. Aggregate Amount Cash Collateral Reinvested

	Amortized Cost	Fair Value
Open	-	-
30 Days or Less	$ 14,866,451	$ 14,866,499
31 to 60 Days	29,346,008	29,346,521
61 to 90 Days	15,794,864	15,795,821
90 to 120 Days	-	-
121 to 180 Days	-	-
181 to 365 Days	-	-
1 to 2 Years	-	-
2 to 3 Years	-	-
Greater than 3 Years	-	-
Subtotal	60,007,323	60,008,841
Securities Received		
Total Collateral Reinvested	$ 60,007,323	$ 60,008,841

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

F. Real Estate

1. The Company did not recognize any impairments on real estate during the year.

2. The Company has not sold or classified real estate investments as held for sale.

3. The Company has not experienced any changes to a plan of sale for investment in real estate.

4. The Company does not engage in retail land sale operations.

5. The Company does not hold real estate investments with participating mortgage loan features.

G. Investments in Low-Income Housing Tax Credits

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

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

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

The Company invests in limited partnerships that are reported in accordance with SSAP No. 48. These limited partnerships are valued by the equity method using traditional private equity valuation measures. Interim poor performance which indicates a probable inability to recover the carrying amount of the assets leads to impairment losses being recognized by management. The Company realized impairment losses of $230,142 during the year.

NOTES TO FINANCIAL STATEMENTS

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, 2011.

Note 8 - Derivative Instruments

The Company maintains an active Derivative Use Policy as approved by the New York State Insurance Department. Pursuant to the policy, the Company may enter into derivative transactions. The Company may also acquire derivatives as additions to bond, common stock, or preferred stock investments. These derivatives are ancillary to the overall investment and are immaterial to the underlying investment portfolio.

Note 9 - Income Taxes

A. The components of the net deferred tax assets (DTAs) and liabilities (DTLs) recognized in the Company's Assets, Liabilities, Surplus and Other Funds are as follows:

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross Deferred Tax Assets	193,969,937	47,854,063	241,824,000	188,595,570	44,895,050	233,490,620	5,374,367	2,959,013	8,333,380
Statutory Valuation Allowance Adjustment	-	-	-	-	-	-	-	-	-
Adjusted Gross Deferred Tax Assets	193,969,937	47,854,063	241,824,000	188,595,570	44,895,050	233,490,620	5,374,367	2,959,013	8,333,380
Deferred Tax Liabilities	(24,053,850)	(633,150)	(24,687,000)	(32,140,177)	(2,961,113)	(35,101,290)	8,086,327	2,327,963	10,414,290
Net DTA (DTL)	169,916,087	47,220,913	217,137,000	156,455,393	41,933,937	198,389,330	13,460,694	5,286,976	18,747,670
Deferred Tax Assets Nonadmitted	(42,498,078)	(45,363,702)	(87,861,780)	(30,475,401)	(1,134,762)	(31,610,163)	(12,022,677)	(44,228,940)	(56,251,617)
Net Admitted DTA (DTL)	127,418,009	1,857,211	129,275,220	125,979,992	40,799,175	166,779,167	1,438,017	(38,941,964)	(37,503,947)

The Company has elected to admit additional DTAs pursuant to SSAP No. 10R, paragraph 10e. The current period election does not differ from the prior reporting period.

The Company does not utilize tax planning strategies.

The amount of each result or component of the calculation, by tax character, of paragraphs 10a., 10bi., 10bii., 10c.:

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10a.)	-	1,857,211	1,857,211	83,129,640	40,799,175	123,928,815	(83,129,640)	(38,941,964)	(122,071,604)
Lesser of:									
Expected to be recognized within one year (10bi.)	101,189,036	-	101,189,036	11,810,315	-	11,810,315	89,378,721	-	89,378,721
10% of adjusted capital and surplus (10bii.)			88,895,430	86,941,744	-	86,941,744	1,953,686	-	1,953,686
Adj. gross DTAs offset against existing DTLs (10c.)	24,053,850	633,150	24,687,000	32,622,127	2,479,163	35,101,290	(8,568,277)	(1,846,013)	(10,414,290)
Total	112,949,280	2,490,361	115,439,641	127,562,082	43,278,338	170,840,420	(14,612,802)	(40,787,977)	(55,400,779)

The amount of each result or component of the calculation, by tax character, of paragraphs 10ei., 10eiia., 10eiib., and 10eiii.:

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Recoverable through loss carrybacks (10ei.)	-	1,857,211	1,857,211	83,129,640	40,799,175	123,928,815	(83,129,640)	(38,941,964)	(122,071,604)
Lesser of:									
Expected to be recognized within three years (10eiia.)	127,418,009	-	127,418,009	42,850,352	-	42,850,352	84,567,657	-	84,567,657
15% of adjusted capital and surplus (10eiib.)			133,343,145			130,412,616			2,930,529
Adj. gross DTAs offset against existing DTLs (10eiii.)	24,053,850	633,150	24,687,000	32,622,127	2,479,163	35,101,290	(8,568,277)	(1,846,013)	(10,414,290)
Total	151,471,859	2,490,361	153,962,220	158,602,119	43,278,338	201,880,457	(7,130,260)	(40,787,977)	(47,918,237)

NOTES TO FINANCIAL STATEMENTS

Used in SSAP No. 10R, Paragraph 10.d.	December 31, 2011	December 31, 2010	Change
Total Adjusted Capital	1,049,037,412	1,086,114,676	(37,077,264)
Authorized Control Level	199,153,966	199,414,788	(260,822)

The following amounts result from the calculation in paragraphs 10a., 10b., and 10c.:

	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	88,895,430	1,857,211	90,752,641	94,939,955	40,799,175	135,739,130	(6,044,525)	(38,941,964)	(44,986,489)
Admitted Assets			4,821,438,285			4,810,997,152			10,441,133
Adjusted Statutory Surplus*			888,954,298			869,417,438			19,536,860
Total Adjusted Capital from DTAs			90,752,641			135,739,130			(44,986,489)

* As reported on the statutory balance sheet for the most recently filed statement with the domiciliary state commissioner adjusted in accordance with SSAP No.10R, Paragraph 10bii

Increase due to SSAP No. 10R, Paragraph 10.e.	December 31, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(Col 1 + 2)			(Col 4 + 5)	(Col 1 - 4)	(Col 2- 5)	(Col 7 + 8)
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Admitted Deferred Tax Assets	38,522,579	-	38,522,579	31,040,037	-	31,040,037	7,482,542	-	7,482,542
Admitted Assets	38,522,579	-	38,522,579	31,040,037	-	31,040,037	7,482,542	-	7,482,542
Statutory Surplus	38,522,579	-	38,522,579	31,040,037	-	31,040,037	7,482,542	-	7,482,542

B. The Company does not have any DTLs described in SSAP No. 10R, *Income Taxes*, paragraph 6d.

C. The provisions for incurred taxes on earnings for the years ended December 31 are:

	2011	2010
Federal	(2,092,676)	13,743,662
Foreign	-	-
Realized capital gains	(837,324)	29,288,538
Federal and foreign income taxes incurred	(2,930,000)	43,032,200

The Company’s DTAs and DTLs result primarily from unearned premium reserve adjustments, discounting of unpaid losses and LAE reserves, accrued benefits, permanent impairments and deferred intercompany transactions.

The change in deferred income taxes is comprised of the following:

	2011
Change in net deferred income tax (without unrealized gain or loss)	2,303,194
Change in tax effect of unrealized (gains) losses	16,444,476
Total change in net deferred income tax	18,747,670

D. Effective tax rates differ from the current statutory rate of 35% principally due to the effects of tax exempt interest, unearned premium reserve adjustment, net operating loss carry-forward, discounting of unpaid losses and LAE reserves, and tax amortization.

E. The amount of Federal income taxes incurred and available for recoupment in the event of future ordinary losses is none from the current year and none from the preceding year.

The Company has net operating loss carry-forward available to offset future net income subject to Federal income taxes as follows:

Year Generated	Amount	Expiration
2011	26,086,000	2031

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:

Access Insurance Services, Co. (Dissolved 10/24/2011)
AMBCO Capital Corporation
America First Insurance Company
America First Lloyds Insurance Company
American Economy Insurance Company
American Fire & Casualty Company
Liberty Mutual Holding Company Inc.
Liberty Mutual Insurance Company
Liberty Mutual Personal Insurance Company
Liberty Northwest Insurance Corporation
Liberty Personal Insurance Company
Liberty RE (Bermuda) Limited

NOTES TO FINANCIAL STATEMENTS

American States Insurance Company
American States Insurance Company of Texas
American States Lloyds Insurance Company
American States Preferred Insurance Company
Barrier Ridge LLC
Berkeley Holding Company Associates, Inc.
Berkeley Management Corporation
Bridgefield Casualty Insurance Company
Bridgefield Employers Insurance Company
Capitol Court Corporation
Capitol Agency, Inc., The (Arizona corporation) (Dissolved 1/20/2011)
Cascade Disability Management, Inc.
Colorado Casualty Insurance Company
Commercial Aviation Insurance, Inc.
Consolidated Insurance Company
Copley Venture Capital, Inc.
Diversified Settlements, Inc.
Emerald City Insurance Agency, Inc.
Employers Insurance Company of Wausau
Excelsior Insurance Company
F.B. Beattie & Co., Inc.
First National Insurance Company of America
First State Agency Inc.
General America Corporation
General America Corporation of Texas
General Insurance Company of America
Golden Eagle Insurance Corporation
Gulf States AIF, Inc.
Hawkeye-Security Insurance Company
Heritage-Summit HealthCare, Inc.
Indiana Insurance Company
Insurance Company of Illinois
LEXCO Limited
Liberty-USA Corporation
Liberty Assignment Corporation
Liberty Energy Canada, Inc.
Liberty Financial Services, Inc.
Liberty Hospitality Group, Inc.
Liberty Insurance Corporation
Liberty Insurance Holdings, Inc.
Liberty Insurance Underwriters Inc.*
Liberty International Europe Inc.
Liberty International Holdings Inc.
Liberty Life Assurance Company of Boston
Liberty Life Holdings Inc.
Liberty Lloyds of Texas Insurance Company
Liberty Management Services, Inc.
Liberty Mexico Holdings Inc.
Liberty Mutual Agency Corporation
Liberty Mutual Fire Insurance Company
Liberty Mutual Group Asset Management Inc.**
Liberty Mutual Group Inc.
Liberty Sponsored Insurance (Vermont) Inc.
Liberty Surplus Insurance Corporation
LIH-RE of America Corporation
LIU Specialty Insurance Agency Inc.
LM General Insurance Company
LM Insurance Corporation
LM Property & Casualty Insurance Company
LMHC Massachusetts Holdings Inc.
LRE Properties, Inc.
Mid-American Fire & Casualty Company
North Pacific Insurance Company
OCASCO Budget, Inc.
OCI Printing, Inc.
Ohio Casualty Corporation
Ohio Security Insurance Company
Open Seas Solutions, Inc.
Oregon Automobile Insurance Company
Peerless Indemnity Insurance Company
Peerless Insurance Company
Pilot Insurance Services, Inc.
Rianoc Research Corporation
S.C. Bellevue, Inc.
SAFECARE Company, Inc.
Safeco Corporation
Safeco General Agency, Inc.
Safeco Insurance Company of America
Safeco Insurance Company of Illinois
Safeco Insurance Company of Indiana
Safeco Insurance Company of Oregon
Safeco Lloyds Insurance Company
Safeco National Insurance Company
Safeco Properties, Inc.
Safeco Surplus Lines Insurance Company
San Diego Insurance Company
SCIT, Inc.
St. James Insurance Company Ltd.
Summit Consulting, Inc.
Summit Consulting, Inc. of Louisiana
Summit Holding Southeast, Inc.
The First Liberty Insurance Corporation
The Midwestern Indemnity Company
The National Corporation
The Netherlands Insurance Company
The Ohio Casualty Insurance Company
Wausau Business Insurance Company
Wausau General Insurance Company
Wausau Underwriters Insurance Company
West American Insurance Company
Winmar Company, Inc.
Winmar of the Desert, Inc.
Winmar Oregon, Inc.
Winmar-Metro, Inc.

* Merged with and into LM Personal Insurance Company and LM Personal Insurance Company changed its name to Liberty Insurance Underwriters Inc. on January 3, 2011.

** This company joined the consolidated group in 2011 and its activity from the date it joined the group is included in the consolidated return.

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.

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 Ohio Casualty Corporation ("OCC"), an Ohio insurance holding company. OCC is owned by Liberty Mutual Insurance Company ("LMIC" 78%), a Massachusetts insurance company; Liberty Mutual Fire Insurance Company ("LMFIC" 6%), a Wisconsin insurance company; Employers Insurance Company of Wausau ("EICOW" 8%), a Wisconsin insurance company; and Peerless Insurance Company ("PIC" 8%), a New Hampshire insurance company. The ultimate parent of LMIC, LMFIC, EICOW and PIC is Liberty Mutual Holding Company Inc. ("LMHC"), a Massachusetts company.

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

C. As of December 31, 2011, the Company had the following capital transactions with its parent and subsidiaries:

1. Received return of capital distributions of $62,391.

2. Received dividends in the amount of $48,575.

D. At December 31, 2011, the Company reported a net $7,421,095 due from affiliates. In general, the terms of the intercompany arrangements require settlement at least quarterly.

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

F. Refer to Note 26 for information regarding the 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 with Liberty Mutual Group Asset Management Inc. ("LMGAM"), an investment management agreement with Liberty Mutual Investment Advisors LLC ("LMIA") and a cash management agreement with LMIA. Under these agreements, LMGAM and LMIA provide 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 a party to a revolving credit agreement under which the Company may borrow up to $130,000,000 from LMIC. The purpose of the extension of credit is for operating liquidity to accommodate fluctuations in daily cash flow and to promote efficient management of investments. As of December 31, 2011, there have been no drawings under this agreement.

G. The Company is a member of a holding company structure as illustrated in Schedule Y Part 1.

H. The Company does not own shares of any upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.

I. The Company does not own investments in subsidiary, controlled or affiliated companies that exceed 10% of its admitted assets.

J. The Company did not recognize any impairment write down for its investments in subsidiary, controlled, or affiliated entities during the statement period.

K. The Company does not hold investments in foreign insurance subsidiaries.

L. The Company did not utilize the look-through approach for the valuation of its 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.

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.

NOTES TO FINANCIAL STATEMENTS

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

1. The Company has 1,000,000 shares authorized and 900,000 shares issued and outstanding as of December 31, 2011. All shares have a stated par value of $5.

2. Preferred Stock

   Not applicable

3. There are no dividend restrictions.

4. The Company did not pay any dividends to its parent during 2011.

5. The maximum amount of dividends which can be paid to shareholders by Ohio-domiciled insurance companies without the prior approval of the Insurance Commissioner is the greater of (a) 10% of surplus, or (b) net income. The maximum dividend payout which may be made without prior approval in 2012 is $108,755,999.

6. As of December 31, 2011, the Company has restricted surplus of $38,522,579 from recording the increase in admitted deferred tax assets as a result of applying the revised guidance in SSAP No. 10R, *Income Taxes*, and pre-tax restricted surplus of $4,288,575 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 2011 and from the adoption of the revised guidance on calculating admitted adjusted gross DTA's in SSAP 10R.

10. The portion of unassigned funds (surplus) represented by cumulative net unrealized gains is $99,449,561 after applicable deferred taxes of $16,390,113.

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

   1. The Company has made no commitments or contingent commitments on behalf of affiliates.

   2. The Company has made no guarantees on behalf of affiliates.

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 $8,328,269 that is offset by future premium tax credits of $1,070,353. 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 2012. During 2011 there were no material insolvencies to report. The Company continues to remit payments relating to prior year insolvencies.

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

a.	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	$ 1,700,270
b.	Decreases current year: Premium tax offset applied	629,917
c.	Increases current year: Premium tax offset increase	-
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	$ 1,070,353

NOTES TO FINANCIAL STATEMENTS

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

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

Note 15 - Leases

A. Lessee Leasing Arrangements

The Company leases office space, plant and equipment under various non-cancelable operating lease arrangements. The Company has also entered into sale-leaseback arrangements with unrelated parties on certain property, plant and equipment. The transactions have been accounted for in accordance with SSAP No. 22, *Leases*. The Company has a purchase option for all property, plant and equipment at the end of each respective lease.

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

Year(s)	Sale Lease-back	All Other Operating Lease Arrangements
2012	$ 1,157,199	$ 8,220,536
2013	1,157,199	8,190,183
2014	96,433	7,601,571
2015	-	5,926,620
2016	-	5,391,126
2017 & thereafter	-	6,642,696
Total	$ 2,410,832	$ 41,972,731

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 $2,913,719.

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.

At December 31, 2011 the total fair value of securities on loan was $58,675,844, with corresponding collateral value of $60,184,842 of which $60,001,971 represents cash collateral.

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 2011, the Company recorded net CEA administrative fees of $233,627.

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, 2011:

1	2	3	4	5
Description	Level 1	Level 2	Level 3	Total
Assets at fair value				
Bonds				
Issuer Obligations	-	$ 88,534,637	$ 3,119,680	$ 91,654,317
Residential Mortgage-Backed Securities	-	13,716,630	-	13,716,360
Commercial Mortgage-Backed Securities	-	4,012,680	-	4,012,680
Total Bonds	-	$ 106,263,947	$ 3,119,680	$ 109,383,627
Preferred Stocks				
Industrial and Miscellaneous (Unaffiliated)	-	$ 9,246,400	-	$ 9,246,400
Total Preferred Stocks	-	$ 9,246,400	-	$ 9,246,400
Common Stocks				
Industrial and Miscellaneous	$ 226,038,711	-	$ 319,231	$ 226,357,942
Total Common Stocks	$ 226,038,711	-	$ 319,231	$ 226,357,942
Total assets at fair value	$ 226,038,711	$ 115,510,347	$ 3,438,911	$ 344,987,969
Liabilities at fair value	-	-	-	-
Total liabilities at fair value	$ 0	$ 0	$ 0	$ 0

The Company did not have significant transfers between Levels 1 and 2 during the period ended December 31, 2011.

2. Rollforward of Level 3 Items

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

1	2	3	4	5	6	7	8	9	10	11
	Balance at 12/31/2010	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Balance at 12/31/2011
Bonds	$ -	$ 350,268	$ -	$ -	$ -	$ 3,000,000	$ -	$ (227,568)	$ (3,020)	$ 3,119,680
Preferred Stock	30	-	-	-	-	-	-	-	(30)	-
Common Stock	328,628	-	-	-	(9,397)	-	-	-	-	319,231
Total	$ 328,658	$ 350,268	$ -	$ -	$ (9,397)	$ 3,000,000	$ -	$ (227,568)	$ (3,050)	$ 3,438,911

3. Policy on Transfers Into and Out of Level 3

Transfers in and/or out of Level 3 are due to re-evaluation of the observability of pricing inputs.

4. Inputs and Techniques Used for Fair Value

Fixed Maturities

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

U.S. Government and Agency

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

NOTES TO FINANCIAL STATEMENTS

Mortgage-Backed Securities

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

Asset-Backed Securities

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

Municipals

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

Corporate debt and other

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

Foreign government securities

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

Equity Securities

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

Other Investments

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

5. Derivative Fair Values

   Not applicable

B. Other Fair Value Disclosures

   Not applicable

C. Reasons Not Practical to Estimate Fair Value

   Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 21 - Other Items

A. Extraordinary Items

The Company has no extraordinary items to report.

B. Troubled Debt Restructuring: Debtors

Not applicable

C. Other Disclosures

1) Assets in the amount of $9,452,359 and $9,407,495 as of December 31, 2011 and 2010, respectively, were on deposit with government authorities or trustees as required by law.

2) Interrogatory 6.2

The Company employs industry recognized catastrophe modeling software to estimate the Probable Maximum Loss. For property exposures, the Company employs RiskLink v11.0 from RMS and AIR Clasic/2 v12.0. For workers' compensation, Liberty Mutual utilizes RiskLink v11.0 from RMS.

Interrogatory 6.3

In 2011, the Company ceded 100% of its business to Peerless Insurance Company and had the benefit, together with its affiliates that cede business to the Peerless Insurance Company or that are members of the inter-company reinsurance pool of which Peerless Insurance Company is the lead company, of traditional prop cat excess of loss reinsurance with limits of $742,500,000 part of $825,000,000 xs $500,000,000 purchased by Peerless Insurance Company and covering Peerless' direct and assumed from affiliates property business.

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 Tax Credits

The Company does not hold state transferable and non-transferable tax credits

G. Subprime-Mortgage-Related Risk Exposure

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

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

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

Actual Cost	Book Adjusted Carrying Value	Fair Value	Other-Than-Temporary Impairments Recognized
$21,859,680	$23,202,895	$25,137,097	$11,667,079

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

Note 22 - Events Subsequent

A. The Company evaluated subsequent events through February 24, 2012, the date the annual statement was available to be issued.

There were no events subsequent to December 31, 2011 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.

NOTES TO FINANCIAL STATEMENTS

C. Reinsurance Assumed & Ceded

1. The following table sets forth the maximum return premium and commission equity due the reinsurers or the Company if all of the Company's assumed and ceded reinsurance were canceled as of December 31, 2011.

	Assumed Reinsurance		Ceded Reinsurance		Net Reinsurance	
	UEP	Commission Equity	UEP	Commission Equity	UEP	Commission Equity
Affiliates	$ 1,027,980,899	$ 154,197,135	$ 156,634,272	$23,495,141	$ 871,346,627	$ 130,701,994
All Other	-	-	-	-	-	-
Total	$ 1,027,980,899	$ 154,197,135	$ 156,634,272	$23,495,141	$ 871,346,627	$ 130,701,994

Direct Unearned Premium Reserve: $ 156,634,272

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, 2011 are as follows:

Description	Direct	Assumed	Ceded	Net
Contingent commissions	$ 5,701,167	$ 56,884,997	$ (5,701,167)	$ 56,884,997
Sliding scale adjustments	-	-	-	-
Other profit commissions	-	-	-	-
Totals	$ 5,701,167	$ 56,884,997	$ (5,701,167)	$ 56,884,997

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.

		Assumed	Ceded
a.	Reserves Transferred:		
	1. Initial	$ 96,862,589	-
	2. Adjustments – Prior Year(s)	(77,400,777)	-
	3. Adjustments – Current Year	(1,365,982)	-
	4. Total	$ 18,095,830	-
b.	Consideration Paid or Received:		
	1. Initial	$ 79,707,366	-
	2. Adjustments – Prior Year(s)	3,038,158	-
	3. Adjustments – Current Year	-	-
	4. Total	$ 82,745,524	-
c.	Amounts Recovered / Paid – Cumulative:		
	1. Initial	$ -	-
	2. Adjustments – Prior Year(s)	98,019,189	-
	3. Adjustments – Current Year	1,487,529	-
	4. Total	$ 99,506,718	-
d.	Special Surplus from Retroactive Reinsurance:		
	1. Initial Surplus Gain or Loss	$ (20,141,504)	-
	2. Adjustments – Prior Year(s)	(17,580,254)	-
	3. Adjustments – Current Year	(121,547)	-
	4. Current Year Special Surplus	4,288,575	-
	5. Cumulative Total Transferred to Unassigned Funds	$ (42,131,880)	-
e.	All cedents and reinsurers included in the above transactions:		
	Peerless Insurance Company	$ 18,095,830	-
	Total	$ 18,095,830	-

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

NOTES TO FINANCIAL STATEMENTS

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, 2011.

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.

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 was not required to make medical loss rebates pursuant to the Public Health Service Act.

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	$1,046,549
b.	Unsecured amount	
c.	Less: Nonadmitted amount (10%)	104,555
d.	Less: Nonadmitted for any person for whom agents' balances or uncollected premiums are nonadmitted	
e.	Admitted amount (a) - (c) - (d)	$941,994

Note 25 - Changes in Incurred Losses and Loss Adjustment Expenses

Incurred loss and loss adjustment expense attributed to insured events on prior years has decreased $59,793,444 during 2011. This decrease was primarily the result of updated reserving analysis and improving loss trends in the Commercial Multiple Peril $25,551,967, Other Liability $22,515,170, Fidelity/Surety $18,103,614, and Private Passenger Auto Liability/Medical $16,283,437 lines. This was partially offset by deteriorating loss trends in the Workers Compensation $22,783,356 line. 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 Number	Pooling Percentage	Line of Business
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

NOTES TO FINANCIAL STATEMENTS

	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
			100.0%	
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 ("LMMAIC")	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.

(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, 2011:

Affiliate:	Amount:
Peerless Insurance Company	$ (10,983,299)

Note 27 - Structured Settlements

A. As a result of purchased annuities with the claimant as payee, the Company no longer carries reserves of $25,010,352 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 $25,010,352 as of December 31, 2011.

B. The Company has not purchased annuities from any life insurers and the Company has not obtained a release from the claimant, to the extent that the aggregate value of those annuities equals or exceeds 1% of policyholders' surplus.

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 30 - Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	$ -
2. Date of the most recent evaluation of this liability	12/31/2011
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 Statistical Plan tables as approved by the respective states at an annual discount rate of 4.0%. The December 31, 2011 liabilities subject to discount were carried at a value representing a discount of $27,099,315 net of all reinsurance.

For all other lines, the Company does not discount its reserves for unpaid losses and loss adjustment expenses.

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.

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

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

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

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

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

In the third quarter of 2011, the Company completed ground-up asbestos and environmental reserve studies. The studies were completed by a multi-disciplined team of internal claims, legal, reinsurance and actuarial personnel, and they included all major segments of the Company's direct, assumed, and ceded asbestos and environmental claims. As part of the internal reviews, potential exposures of certain policyholders were individually evaluated using the Company's proprietary stochastic model, which is consistent with published actuarial papers on asbestos reserving. Among the factors reviewed in

NOTES TO FINANCIAL STATEMENTS

depth by the team of specialists were the type of business, level of exposure, coverage limits, geographic distribution of products, types of injury, state jurisdictions, legal defenses, and reinsurance potential. The remaining policyholders (those with less potential exposure) were evaluated using aggregate methods that utilized information and experience specific to these insureds. The studies resulted in an increase to reserves. Between comprehensive studies, the Company monitors asbestos and environmental activity to determine whether or not any adjustment to reserves is warranted.

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

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

The following tables summarize the activity for the Company's asbestos and environmental claims and claim adjustment expenses, a component of the Company's unpaid claims and claim adjustment expenses, for the years ended December 31, 2011, 2010, 2009, 2008, and 2007:

Asbestos:

	2007	2008	2009	2010	2011
Direct Basis					
Beginning Reserves	$34,982,085	$33,001,800	$34,145,999	$31,946,427	$28,747,713
Incurred losses and LAE	1,910,692	5,031,725	436,086	(2,644)	(5,788,518)
Calendar year payments	3,482,972	3,887,526	2,635,659	3,196,070	2,013,159
Ending Reserves	$33,409,805	$34,145,999	$31,946,426	$28,747,713	$20,946,036
Assumed Reinsurance Basis					
Beginning Reserves	$21,969,366	$27,133,137	$23,225,771	$32,356,060	$28,231,385
Incurred losses and LAE	6,251,652	(921,951)	11,481,000	(11,377)	5,005,367
Calendar year payments	2,104,797	2,985,415	2,350,710	4,113,298	1,928,859
Ending Reserves	$26,116,221	$23,225,771	$32,356,061	$28,231,385	$31,307,893
Net of Ceded Reinsurance Basis					
Beginning Reserves	$46,006,721	$48,726,792	$46,743,997	$55,040,504	$48,413,150
Incurred losses and LAE	6,749,739	2,456,613	12,962,772	25,902	(363,150)
Calendar year payments	4,652,293	4,439,409	4,666,265	6,653,256	5,736,091
Ending Reserves	$48,104,167	$46,743,996	$55,040,504	$48,413,150	$42,313,909

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	$3,152,550
Assumed Reinsurance Basis	158,956
Net of Ceded Reinsurance Basis	$1,632,259
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	$6,150,245
Assumed Reinsurance Basis	266,582
Net of Ceded Reinsurance Basis	$4,152,706

Environmental:	2007	2008	2009	2010	2011
Direct Basis					
Beginning Reserves	$39,894,009	$37,930,446	$32,404,759	$27,603,477	$24,708,162
Incurred losses and LAE	10,495,986	835,151	(1,406,612)	(147,631)	4,966,080
Calendar year payments	7,584,896	6,360,839	3,394,669	2,747,684	3,550,588
Ending Reserves	$42,805,099	$32,404,758	$27,603,478	$24,708,162	$26,123,654
Assumed Reinsurance Basis					
Beginning Reserves	$7,492,870	$7,282,685	$7,002,815	$5,040,793	$4,612,726
Incurred losses and LAE	109,444	410	(1,784,742)	92,784	(495,559)
Calendar year payments	191,068	280,280	177,280	520,851	574,841
Ending Reserves	$7,411,246	$7,002,815	$5,040,793	$4,612,726	$3,542,326
Net of Ceded Reinsurance Basis					
Beginning Reserves	$41,730,622	$41,728,507	$35,588,663	$28,470,189	$25,351,465
Incurred losses and LAE	11,580,665	(734,768)	(3,760,776)	15,863	(3,060)
Calendar year payments	6,436,121	5,405,076	3,357,697	3,134,587	(1,971,082)
Ending Reserves	$46,875,166	$35,588,663	$28,470,190	$25,351,465	$27,319,487

NOTES TO FINANCIAL STATEMENTS

Ending Reserves for Bulk + IBNR included above (Loss & LAE)	
Direct Basis	$1,902,955
Assumed Reinsurance Basis	6,799
Net of Ceded Reinsurance Basis	1,592,831
Ending Reserves for LAE included above (Case, Bulk & IBNR)	
Direct Basis	$4,427,225
Assumed Reinsurance Basis	45,860
Net of Ceded Reinsurance Basis	$4,048,134

Upon entering the PIC Pool, effective January 1, 2008 (refer to Note 26), the Ohio Casualty Companies' asbestos and environmental claims coding was revised to reflect the definition employed by the Peerless "Pool", which is consistent with industry practice. As a result, the 2007 ending balances for asbestos and environmental reserves, which is the sum of the former PIC Pool's amounts and the Ohio Casualty Companies' Pool amounts, differ from the 2008 beginning balances, which reflect a single common definition.

Note 34 - Subscriber Savings Accounts

The Company is not a reciprocal insurance company.

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 - Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

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

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

1.3 State Regulating? Ohio

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2008

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2008

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/28/2010

3.4 By what department or departments?
Ohio Department of Insurance

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

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

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

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

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

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

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

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

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
	00000	
	00000	
	00000	

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

GENERAL INTERROGATORIES

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control. 0.00 %

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

1 Nationality	2 Type of Entity

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

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

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

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), 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 OTS	6 FDIC	7 SEC

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

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

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

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

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

GENERAL INTERROGATORIES

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

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

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

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

12.11	Name of real estate holding company	
12.12	Number of parcels involved	0
12.13	Total book/adjusted carrying value	$ 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 [X]

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

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

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

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules, and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code. Yes [X] No [ ]

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

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).
In 2011, Code provisions were added for Registered Investment Adviser compliance, as a Liberty Mutual subsidiary obtained SEC approval as a Registered Investment Adviser. Several non-material Code changes were also made to clarify existing 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 with a NAIC rating of 3 or below? Yes [X] No [ ]

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

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
42101514	Traditional Bank	Failure to pay and expiring	3,562,500
71922256	Metropolitan Bank & Trust C	Failure to pay and expiring	20,900
71925046	American Chartered Bank	Failure to pay and expiring	1,000,000

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

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

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

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

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

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

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

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

22.2 If answer is yes:

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

GENERAL INTERROGATORIES

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

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

INVESTMENT

24.1 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 24.3) Yes [X] No [ ]

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

24.3 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

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

24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs. $ 60,184,842

24.6 If answer to 24.4 is no, report amount of collateral for other programs. $ 0

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

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

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

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 24.3). Yes [X] No [ ]

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

25.21	Subject to repurchase agreements	$ 0
25.22	Subject to reverse repurchase agreements	$ 0
25.23	Subject to dollar repurchase agreements	$ 0
25.24	Subject to reverse dollar repurchase agreements	$ 0
25.25	Pledged as collateral	$ 33,005,840
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	$ 9,452,359
25.29	Other	$ 0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0
		0
		0

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

GENERAL INTERROGATORIES

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
US Bank Corporate Trust Services	21 South Street, 3rd Floor, Morristown, NJ 07960

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

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

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

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

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

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

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

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

29.2 If yes, complete the following schedule:

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

GENERAL INTERROGATORIES

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	3,130,646,874	3,279,734,926	149,088,052
30.2 Preferred stocks	9,544,400	9,963,700	419,300
30.3 Totals	3,140,191,274	3,289,698,626	149,507,352

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

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

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

34.1 Amount of payments for legal expenses, if any? $ 429,936

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 104,453

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

1 Name	2 Amount Paid
	$ 0
	$ 0
	$ 0

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

1.31 Reason for excluding

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

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

1.6 Individual policies:

Most current three years:

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

All years prior to most current three years:

1.64	Total premium earned	$ 0
1.65	Total incurred claims	$ 0
1.66	Number of covered lives	0

1.7 Group policies:

Most current three years:

1.71	Total premium earned	$ 0
1.72	Total incurred claims	$ 0
1.73	Number of covered lives	0

All years prior to most current three years:

1.74	Total premium earned	$ 0
1.75	Total incurred claims	$ 0
1.76	Number of covered lives	0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	$ 0	$ 0
2.2	Premium Denominator	$ 2,136,133,072	$ 2,104,092,719
2.3	Premium Ratio (2.1/2.2)	0.00	0.00
2.4	Reserve Numerator	$ 10,731,108	$ 10,280,628
2.5	Reserve Denominator	$ 3,410,793,889	$ 3,343,207,267
2.6	Reserve Ratio (2.4/2.5)	0.00	0.00

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

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

3.21	Participating policies	$ 846
3.22	Non-participating policies	$ 308,134,231

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:
In 2011, the Company was a member of an intercompany reinsurance pooling arrangement where it ceded its business to Peerless Insurance Company.

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 21C

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 21C

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No [ ]

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] 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 [X]

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

8.2 If yes, give full information

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

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract. Yes [ ] No [X]

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

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

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

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

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

11.1 Has the reporting entity guaranteed policies issued by any other entity and now in force: Yes [ ] No [X]
11.2 If yes, give full information

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
12.11 Unpaid losses $ 69,891,735
12.12 Unpaid underwriting expenses (including loss adjustment expenses) $ 6,501,491

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? $ 869,448

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

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
12.41 From 9.00 %
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 [X] No [ ]

12.6 If yes, state the amount thereof at December 31 of current year:
12.61 Letters of Credit $ 162,019,149
12.62 Collateral and other funds $ 36,333,784

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $ 95,338,600

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

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

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

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 [X]

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

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

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

15.2 If yes, give full information

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

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

* Disclose type of coverage:

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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

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

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

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

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

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

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

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

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

FIVE – YEAR HISTORICAL DATA

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

	1 2011	2 2010	3 2009	4 2008	5 2007
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)	1,015,556,089	1,058,953,026	1,187,968,712	1,499,009,659	654,693,919
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	455,329,743	459,324,548	496,308,804	385,503,736	220,451,992
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	794,121,905	770,316,390	727,426,025	888,761,762	456,301,607
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	212,325,111	208,811,040	227,683,900	257,106,776	62,318,215
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)			22		
6. Total (Line 35)	2,477,332,848	2,497,405,004	2,639,387,463	3,030,381,933	1,393,765,733
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)	856,060,231	877,352,532	974,486,881	1,084,558,992	603,986,106
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	422,035,039	421,797,809	452,276,436	298,867,262	219,476,939
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	738,328,743	702,557,428	645,820,076	733,095,049	451,396,385
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	152,773,758	149,031,643	166,312,961	155,607,313	60,485,129
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)			22		
12. Total (Line 35)	2,169,197,771	2,150,739,412	2,238,896,376	2,272,128,616	1,335,344,559
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(132,002,862)	(30,232,067)	89,758,817	60,719,680	33,433,529
14. Net investment gain (loss) (Line 11)	155,395,173	225,022,066	182,330,441	169,032,368	182,455,170
15. Total other income (Line 15)	6,640,294	(17,097,090)	(3,289,700)	(21,416,349)	(8,236,227)
16. Dividends to policyholders (Line 17)	4,289,770	(718,951)	9,144,297	13,276,122	982,552
17. Federal and foreign income taxes incurred (Line 19)	(2,092,676)	13,743,662	62,522,399	135,449,037	64,837,057
18. Net income (Line 20)	27,835,511	164,668,198	197,132,862	59,610,540	141,832,863
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	4,859,960,864	4,842,037,189	5,277,204,131	4,943,004,035	4,581,054,663
20. Premiums and considerations (Page 2, Col. 3)					
20.1 In course of collection (Line 15.1)	81,746,419	73,231,496	80,823,397	70,158,197	50,684,131
20.2 Deferred and not yet due (Line 15.2)	615,151,474	588,965,763	573,885,732	541,515,013	281,834,256
20.3 Accrued retrospective premiums (Line 15.3)	941,994	1,868,815	3,331,257	10,421,842	
21. Total liabilities excluding protected cell business (Page 3, Line 26)	3,772,400,873	3,724,882,476	3,941,032,445	3,834,866,528	3,224,622,680
22. Losses (Page 3, Line 1)	1,838,931,772	1,821,831,326	1,917,660,827	2,009,472,054	1,677,965,466
23. Loss adjustment expenses (Page 3, Line 3)	406,620,610	406,608,066	456,561,292	460,148,275	431,360,327
24. Unearned premiums (Page 3, Line 9)	1,027,980,899	990,044,170	938,631,360	860,020,840	608,749,439
25. Capital paid up (Page 3, Lines 30 & 31)	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
26. Surplus as regards policyholders (Page 3, Line 37)	1,087,559,991	1,117,154,713	1,336,171,686	1,108,137,507	1,356,431,987
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	98,959,667	(117,060,928)	206,551,300	479,445,684	90,829,372
Risk-Based Capital Analysis					
28. Total adjusted capital	1,087,559,991	1,117,154,713	1,336,171,686	1,035,405,036	1,356,431,987
29. Authorized control level risk-based capital	199,178,749	199,436,790	200,799,926	197,456,092	208,590,041
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	76.9	79.6	81.6	78.6	79.2
31. Stocks (Lines 2.1 & 2.2)	14.1	12.6	8.5	10.1	16.6
32. Mortgage loans on real estate (Lines 3.1 and 3.2)	2.6	2.8	2.2	2.2	
33. Real estate (Lines 4.1, 4.2 & 4.3)	0.7	0.8	0.5	0.4	0.5
34. Cash, cash equivalents and short-term investments (Line 5)	3.7	3.6	7.0	8.7	3.8
35. Contract loans (Line 6)					
36. Derivatives (Line 7)			XXX	XXX	XXX
37. Other invested assets (Line 8)	0.3	0.0	0.1	0.0	
38. Receivables for securities (Line 9)	0.2	0.0		0.0	
39. Securities lending reinvested collateral assets (Line 10)	1.5	0.6	XXX	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds, (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	313,386,642	293,678,584	280,770,518	340,068,880	348,118,468
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	325	49,851	49,851		
48. Total of above Lines 42 to 47	313,386,967	293,728,435	280,820,369	340,068,880	348,118,468
49. 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)	28.8	26.3	21.0	30.7	25.7

FIVE – YEAR HISTORICAL DATA
(Continued)

		1 2011	2 2010	3 2009	4 2008	5 2007
	Capital and Surplus Accounts (Page 4)					
50.	Net unrealized capital gains (losses) (Line 24)	(5,075,850)	(6,750,435)	31,959,245	(38,874,289)	(27,360,394)
51.	Dividends to stockholders (Line 35)		(400,000,000)	(5,000,000)	(352,820,372)	(95,000,000)
52.	Change in surplus as regards policyholders for the year (Line 38)	(29,594,722)	(219,016,973)	300,766,650	(322,922,967)	273,714,190
	Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
53.	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)	609,776,670	765,081,221	759,723,251	(132,905,381)	390,970,421
54.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	257,384,906	236,670,655	234,898,291	75,299,439	106,598,704
55.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	543,491,862	414,893,144	430,535,707	253,094,993	206,814,784
56.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	45,727,258	37,430,054	28,247,658	(23,805,607)	5,544,512
57.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,608,650	4,367,840	(37,942,395)	(251,170)	
58.	Total (Line 35)	1,457,989,346	1,458,442,914	1,415,462,512	171,432,274	709,928,421
	Net Losses Paid (Page 9, Part 2, Col. 4)					
59.	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)	518,202,223	650,338,495	589,937,286	349,355,375	330,592,437
60.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	239,486,092	216,145,650	212,893,360	131,411,743	106,891,886
61.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	506,677,412	374,431,113	387,303,859	302,802,191	205,698,729
62.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	38,509,022	29,490,478	23,509,157	(20,739,857)	4,625,604
63.	Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,608,650	4,367,840	(37,942,395)	(251,170)	
64.	Total (Line 35)	1,304,483,399	1,274,773,576	1,175,701,267	762,578,282	647,808,656
	Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65.	Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
66.	Losses incurred (Line 2)	61.9	56.0	50.7	52.4	46.6
67.	Loss expenses incurred (Line 3)	12.1	11.8	11.9	10.8	11.4
68.	Other underwriting expenses incurred (Line 4)	32.2	33.6	33.2	33.8	39.5
69.	Net underwriting gain (loss) (Line 8)	(6.2)	(1.4)	4.2	3.0	2.5
	Other Percentages					
70.	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	31.4	33.7	31.9	31.2	40.9
71.	Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	73.9	67.8	62.6	63.2	58.0
72.	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)	199.5	192.5	167.6	219.4	98.4
	One Year Loss Development (000 omitted)					
73.	Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	(57,477)	(24,776)	(157,349)	(181,011)	(135,058)
74.	Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100.0)	(5.1)	(1.9)	(15.2)	(13.3)	(12.5)
	Two Year Loss Development (000 omitted)					
75.	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)	(51,573)	(125,789)	(226,742)	(312,691)	(156,266)
76.	Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0)	(3.9)	(12.1)	(16.7)	(28.9)	(15.6)

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
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1–2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	X X X	X X X	X X X	50,420	5,988	6,973	375	2,694	577	677	53,147	X X X
2. 2002	1,859,832	182,837	1,676,995	1,026,491	102,593	77,760	7,304	131,790	6,663	60,378	1,119,481	X X X
3. 2003	2,030,459	169,583	1,860,876	994,483	87,052	69,892	5,098	148,942	7,070	62,152	1,114,097	X X X
4. 2004	2,185,106	120,560	2,064,546	1,020,206	41,450	64,230	2,292	146,045	3,109	76,934	1,183,630	X X X
5. 2005	2,276,387	92,200	2,184,187	1,043,411	42,297	67,160	2,460	153,252	2,406	73,535	1,216,660	X X X
6. 2006	2,273,370	101,530	2,171,840	1,049,059	23,780	66,122	2,860	155,287	3,470	64,186	1,240,358	X X X
7. 2007	2,320,357	113,322	2,207,035	1,055,507	23,242	64,091	2,407	154,297	2,185	69,114	1,246,061	X X X
8. 2008	2,315,798	86,096	2,229,702	1,154,136	35,158	59,179	2,541	171,016	1,791	60,753	1,344,841	X X X
9. 2009	2,172,724	135,882	2,036,842	921,109	60,316	37,951	2,878	150,069	1,297	54,235	1,044,638	X X X
10. 2010	2,147,518	43,425	2,104,093	846,015	5,791	23,612	222	158,976	302	54,604	1,022,288	X X X
11. 2011	2,175,616	39,483	2,136,133	736,907	2,621	9,616	87	125,031	244	41,359	868,602	X X X
12. Totals	X X X	X X X	X X X	9,897,744	430,288	546,586	28,524	1,497,399	29,114	617,927	11,453,803	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR						
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	21 Direct and Assumed	22 Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding Direct and Assumed
1. Prior	248,259	86,749	122,783	17,986	8,368	1,918	23,886	2,850	20,124	4	5,848	313,913	X X X
2. 2002	44,461	6,937	5,765	2,408	506	43	1,716	149	1,942		38	44,853	X X X
3. 2003	16,512	2,473	8,116	1,130	355	3	3,279	124	1,575		895	26,107	X X X
4. 2004	20,582	5,076	11,463	1,394	545	2	3,270	161	2,094		3,790	31,321	X X X
5. 2005	25,424	2,813	13,227	1,947	772	2	6,371	233	2,668		4,538	43,467	X X X
6. 2006	39,355	5,224	13,420	1,976	1,232	2	8,885	423	3,938		12,246	59,205	X X X
7. 2007	66,389	3,131	24,258	4,877	2,137	4	11,882	947	6,157		4,485	101,864	X X X
8. 2008	92,403	2,022	46,786	9,295	3,770	27	23,989	1,113	11,328		14,736	165,819	X X X
9. 2009	145,268	3,059	82,063	8,608	4,523	131	35,760	1,418	17,245		15,387	271,643	X X X
10. 2010	213,531	1,954	125,752	8,266	4,981	38	55,824	2,056	29,924		25,482	417,698	X X X
11. 2011	342,429	1,714	313,643	3,925	4,083	5	66,807	380	49,548	837	42,800	769,649	X X X
12. Totals	1,254,613	121,152	767,276	61,812	31,272	2,175	241,669	9,854	146,543	841	130,245	2,245,539	X X X

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X	266,307	47,606
2. 2002	1,290,431	126,097	1,164,334	69.384	68.967	69.430			20.400	40,881	3,972
3. 2003	1,243,154	102,950	1,140,204	61.225	60.708	61.272			20.400	21,025	5,082
4. 2004	1,268,435	53,484	1,214,951	58.049	44.363	58.848			20.400	25,575	5,746
5. 2005	1,312,285	52,158	1,260,127	57.648	56.570	57.693			20.400	33,891	9,576
6. 2006	1,337,298	37,735	1,299,563	58.824	37.166	59.837			20.400	45,575	13,630
7. 2007	1,384,718	36,793	1,347,925	59.677	32.468	61.074			20.400	82,639	19,225
8. 2008	1,562,607	51,947	1,510,660	67.476	60.336	67.752			20.400	127,872	37,947
9. 2009	1,393,988	77,707	1,316,281	64.159	57.187	64.624			20.400	215,664	55,979
10. 2010	1,458,615	18,629	1,439,986	67.921	42.899	68.437			20.400	329,063	88,635
11. 2011	1,648,064	9,813	1,638,251	75.752	24.854	76.692			20.400	650,433	119,216
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	1,838,925	406,614

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
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	One Year	Two Year
1. Prior	1,067,842	1,141,117	1,152,924	1,188,556	1,202,898	1,215,890	1,190,669	1,245,481	1,272,208	1,273,070	862	27,589
2. 2002	1,073,866	1,068,387	1,058,735	1,036,352	1,032,610	1,024,251	1,017,382	1,023,625	1,023,413	1,038,609	15,196	14,984
3. 2003	X X X	1,057,687	1,038,300	1,012,434	1,007,199	1,014,155	1,006,355	1,002,674	998,629	997,744	(885)	(4,930)
4. 2004	X X X	X X X	1,189,486	1,160,628	1,145,519	1,095,679	1,089,012	1,076,451	1,073,540	1,071,089	(2,451)	(5,362)
5. 2005	X X X	X X X	X X X	1,241,259	1,194,033	1,135,002	1,127,775	1,114,032	1,111,041	1,107,671	(3,370)	(6,361)
6. 2006	X X X	X X X	X X X	X X X	1,221,593	1,196,675	1,165,423	1,139,371	1,143,102	1,145,064	1,962	5,693
7. 2007	X X X	X X X	X X X	X X X	X X X	1,309,381	1,274,649	1,194,954	1,194,332	1,191,052	(3,280)	(3,902)
8. 2008	X X X	X X X	X X X	X X X	X X X	X X X	1,417,238	1,352,779	1,347,490	1,331,719	(15,771)	(21,060)
9. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,209,845	1,171,711	1,151,621	(20,090)	(58,224)
10. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,282,274	1,252,624	(29,650)	X X X
11. 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	X X X	1,465,366	X X X	X X X
										12. Totals	(57,477)	(51,573)

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
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011		
1. Prior	000	316,940	514,135	641,562	727,973	788,720	840,263	873,200	912,135	963,165	X X X	X X X
2. 2002	489,390	716,388	824,465	899,979	938,586	960,934	975,070	982,695	990,851	994,354	X X X	X X X
3. 2003	X X X	493,835	711,145	815,331	883,294	929,181	949,213	961,273	967,786	972,225	X X X	X X X
4. 2004	X X X	X X X	512,381	769,488	889,404	960,630	1,002,701	1,023,493	1,033,469	1,040,693	X X X	X X X
5. 2005	X X X	X X X	X X X	524,554	778,866	900,639	979,781	1,029,357	1,053,339	1,065,814	X X X	X X X
6. 2006	X X X	X X X	X X X	X X X	534,217	793,683	906,668	997,893	1,054,255	1,088,541	X X X	X X X
7. 2007	X X X	X X X	X X X	X X X	X X X	555,131	824,564	948,355	1,038,070	1,093,948	X X X	X X X
8. 2008	X X X	X X X	X X X	X X X	X X X	X X X	643,663	951,794	1,085,997	1,175,615	X X X	X X X
9. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	537,631	779,240	895,867	X X X	X X X
10. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	590,506	863,615	X X X	X X X
11. 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	X X X	743,814	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
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1. Prior	406,650	325,383	249,180	214,045	193,906	165,082	159,267	172,269	175,744	140,904
2. 2002	326,118	165,785	94,369	54,516	39,993	27,110	17,966	16,619	9,895	6,268
3. 2003	X X X	295,755	147,286	84,229	58,328	42,451	31,108	21,137	13,406	11,128
4. 2004	X X X	X X X	371,341	184,800	122,027	65,792	48,382	26,174	19,208	14,346
5. 2005	X X X	X X X	X X X	414,814	206,289	104,307	64,670	36,832	25,414	18,477
6. 2006	X X X	X X X	X X X	X X X	374,149	188,360	114,835	55,304	31,407	21,163
7. 2007	X X X	X X X	X X X	X X X	X X X	386,820	201,784	95,079	51,721	31,713
8. 2008	X X X	X X X	X X X	X X X	X X X	X X X	420,609	185,059	110,402	61,978
9. 2009	X X X	X X X	X X X	X X X	X X X	X X X	X X X	368,702	186,695	109,152
10. 2010	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	364,075	172,489
11. 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	X X X	376,758

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated By States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken 2 Direct Premiums Written	 3 Direct Premiums Earned	4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
1. Alabama AL	L	3,399,091	3,902,186		991,510	2,519,419	9,057,356	17,054	
2. Alaska AK	L	11,109,001	13,073,368		3,229,540	2,543,358	12,160,701	55,737	
3. Arizona AZ	L	3,491,105	3,907,778		1,089,869	(1,465,252)	5,711,475	17,516	
4. Arkansas AR	L	1,392,882	1,610,664		763,336	831,782	4,211,681	6,988	
5. California CA	L	2,874,115	3,616,484			(12,745,848)	1,924,435	14,420	
6. Colorado CO	L	2,280,876	2,387,583		812,740	1,707,721	3,939,555	11,444	
7. Connecticut CT	L	6,177,831	6,772,644		5,608,081	1,882,266	25,326,744	30,996	171,837
8. Delaware DE	L	1,235,824	1,313,603		186,000	553,720	1,501,199	6,200	679,659
9. District of Columbia DC	L	923,105	791,000		10,513	64,620	1,078,771	4,631	
10. Florida FL	L	20,114,389	20,500,600		10,452,284	8,360,448	31,649,300	100,919	
11. Georgia GA	L	5,801,818	5,439,577		4,646,583	11,163,169	17,471,746	29,109	
12. Hawaii HI	L	185,106	197,029			43,295	319,031	929	
13. Idaho ID	L	1,369,757	1,713,694		712,277	680,552	1,437,058	6,872	
14. Illinois IL	L	9,648,422	10,377,332		4,677,055	1,737,187	18,037,660	48,409	
15. Indiana IN	L	5,172,038	5,522,151		1,017,651	615,357	7,580,365	25,949	
16. Iowa IA	L	631,470	532,075		129,724	241,543	2,019,192	3,168	
17. Kansas KS	L	1,235,171	1,578,338		523,345	14,980	1,415,131	6,197	31,250
18. Kentucky KY	L	17,631,510	18,621,524		6,101,739	9,280,901	28,308,527	88,462	
19. Louisiana LA	L	2,956,571	3,718,478		2,261,469	(936,505)	2,708,292	14,834	
20. Maine ME	L	971,793	1,390,814		805,477	936,493	943,821	4,876	
21. Maryland MD	L	13,690,031	14,496,890		11,098,490	9,446,859	20,181,686	68,686	
22. Massachusetts MA	L	7,693,163	7,894,444		1,958,889	(1,214,658)	17,430,399	38,599	
23. Michigan MI	L	2,869,304	3,216,010		2,333,730	695,142	13,271,767	14,396	
24. Minnesota MN	L	1,497,923	1,363,603		402,360	662,020	3,714,441	7,515	
25. Mississippi MS	L	3,358,643	4,076,533		571,483	964,260	4,383,330	16,851	
26. Missouri MO	L	4,175,390	4,534,045		2,927,224	4,748,573	10,201,924	20,949	
27. Montana MT	L	1,000,375	1,257,858		146,355	220,164	678,371	5,019	
28. Nebraska NE	L	544,997	495,245		307,346	(63,570)	1,147,393	2,734	
29. Nevada NV	L	502,064	523,058		57,111	277,788	670,062	2,519	
30. New Hampshire NH	L	758,484	780,613		9,773	(209,799)	2,772,325	3,806	
31. New Jersey NJ	L	34,373,841	36,670,066		22,615,090	10,025,130	127,790,941	172,462	25,250
32. New Mexico NM	L	3,811,455	4,191,170		998,894	256,299	3,281,579	19,123	
33. New York NY	L	11,432,099	12,353,881		10,080,301	261,754	45,699,922	57,358	465,608
34. North Carolina NC	L	15,393,795	15,833,702		9,973,341	11,641,724	21,501,583	77,235	
35. North Dakota ND	L	189,860	217,437		17,268	(21,270)	325,604	953	
36. Ohio OH	L	12,990,917	13,068,609		4,277,479	7,915,786	19,333,142	65,179	
37. Oklahoma OK	L	12,171,469	13,675,014		8,383,507	5,668,104	11,164,894	61,067	
38. Oregon OR	L	7,592,601	8,858,022		2,705,572	2,353,712	6,959,649	38,094	
39. Pennsylvania PA	L	20,179,265	21,842,429		8,199,259	11,834,035	52,711,417	101,245	
40. Rhode Island RI	L	926,225	901,752		1,143	205,647	2,141,167	4,647	271,194
41. South Carolina SC	L	4,453,482	4,388,101		1,191,031	2,227,355	12,582,763	22,344	
42. South Dakota SD	L	77,450	55,777		7,644	42,970	235,986	389	
43. Tennessee TN	L	6,345,872	6,490,196		2,255,499	2,318,226	9,653,128	31,839	
44. Texas TX	L	15,382,172	17,346,093		6,229,012	4,589,220	28,161,135	77,176	
45. Utah UT	L	3,388,731	3,646,800		554,933	1,248,335	3,702,855	17,002	
46. Vermont VT	L	57,052	50,132		110,611	(117,921)	221,420	286	
47. Virginia VA	L	5,260,707	5,407,151		2,114,029	922,743	14,082,126	26,394	33,052
48. Washington WA	L	13,457,951	17,484,239		7,002,332	1,836,401	18,537,540	67,522	103,605
49. West Virginia WV	L	760,296	844,426		142,801	(43,396)	534,934	3,815	
50. Wisconsin WI	L	3,445,005	3,497,686	13,835	486,461	385,624	3,559,116	17,284	
51. Wyoming WY	L	1,752,587	1,840,602		2,327,796	384,949	821,259	8,793	
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 CN	N								
58. Aggregate Other Alien OT	XXX								
59. Totals	(a) 51	308,135,081	334,268,506	13,835	153,505,957	107,491,412	634,255,898	1,545,991	1,781,455

DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX								
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX								

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

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

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

*States employee's main work place - Worker's Compensation | *Location of Court or Obligee - Surety

*Location of Principal place of garaging of each individual car - Auto Liability, Auto Physical Damage | *Address of Assured - Other Accident and Health

*Principal Location of business or location of coverage - Liability other than Auto, Fidelity, Warranty | *Location of Properties covered - Burglary and Theft

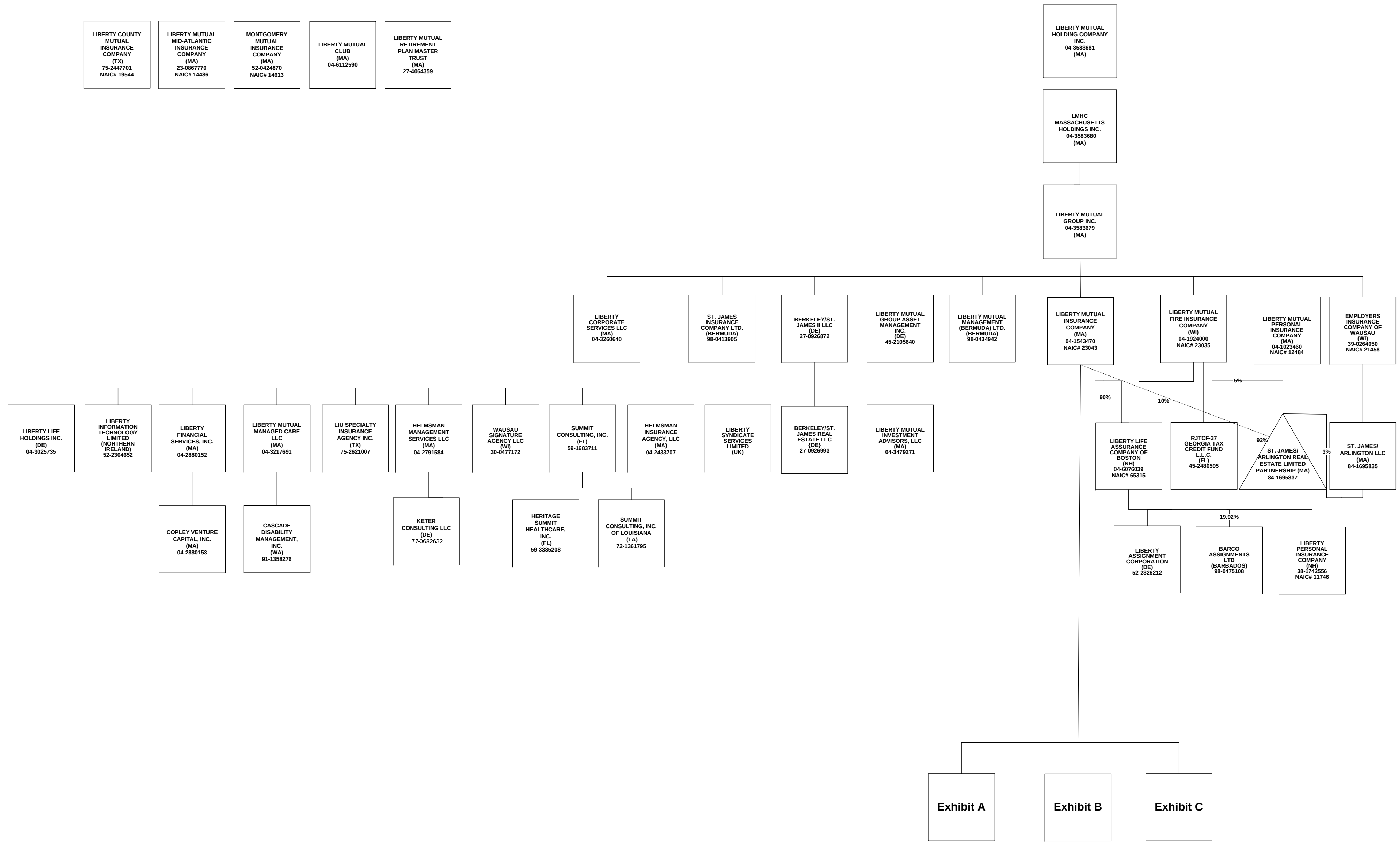
*Point of origin of shipment or principal location of assured - Inland Marine | *Principal Location of Assured - Ocean Marine, Credit

*State in which employees regularly work - Group Accident and Health | *Primary residence of Assured - Aircraft (all perils)

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

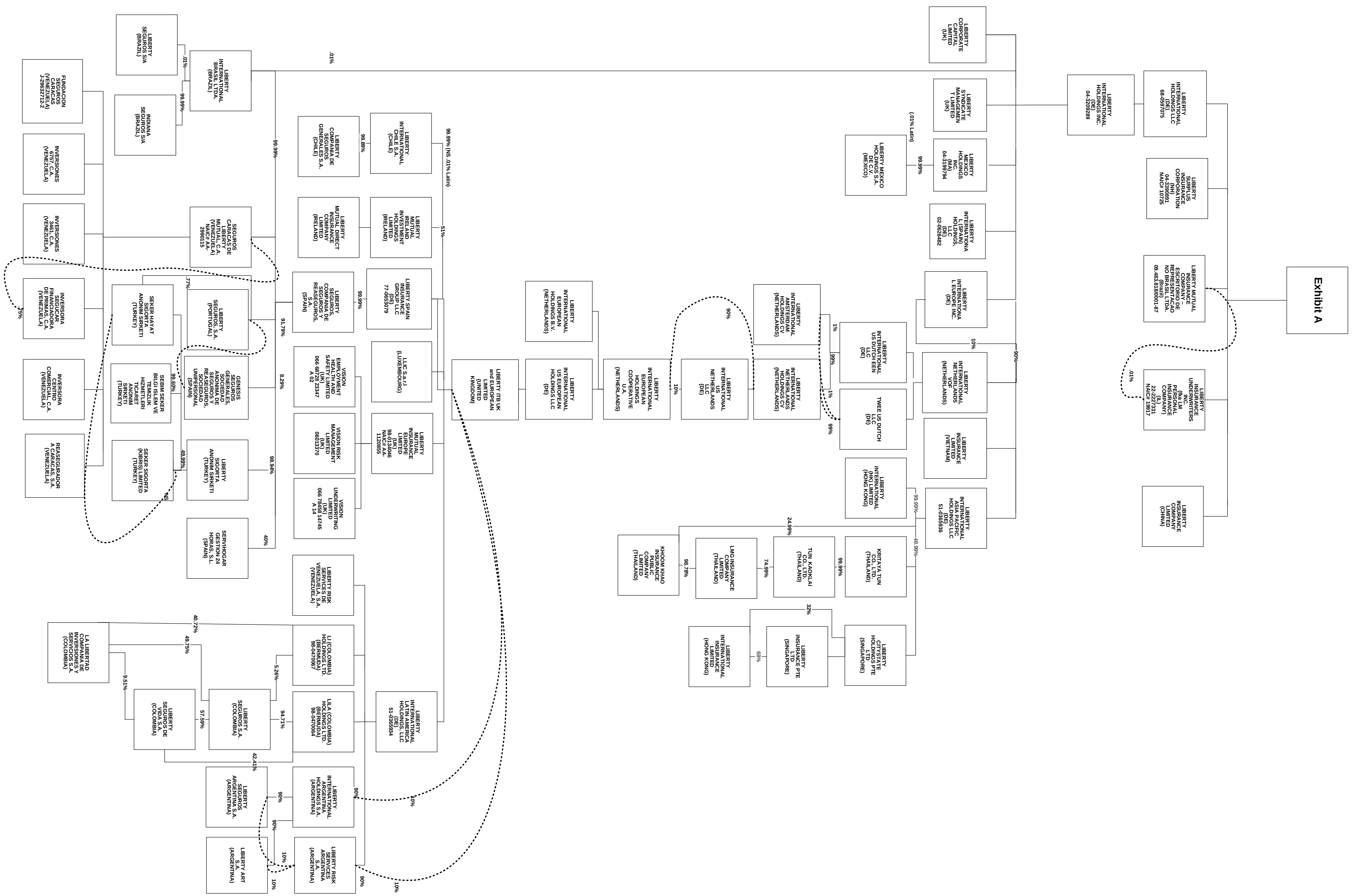
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



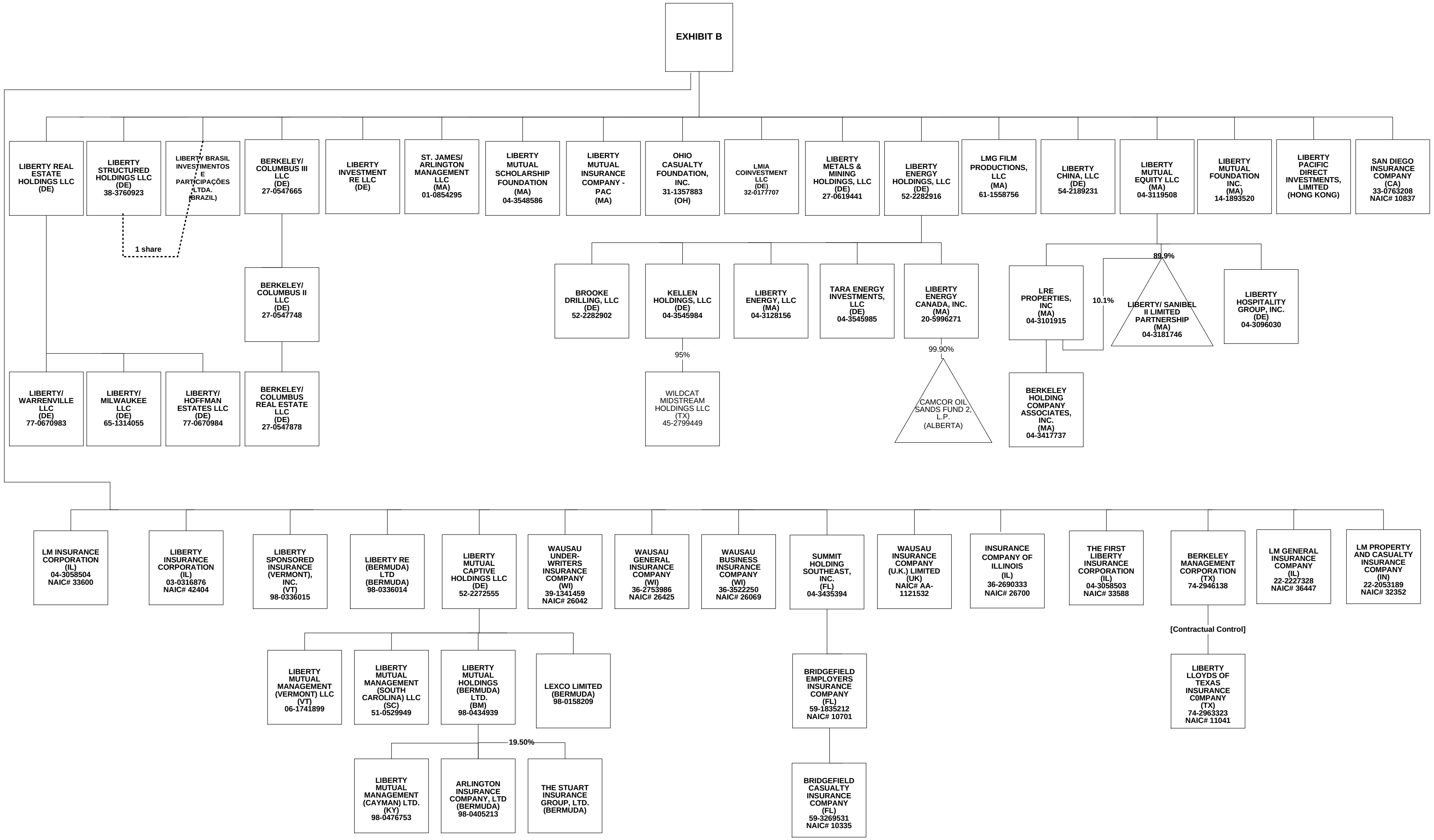
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



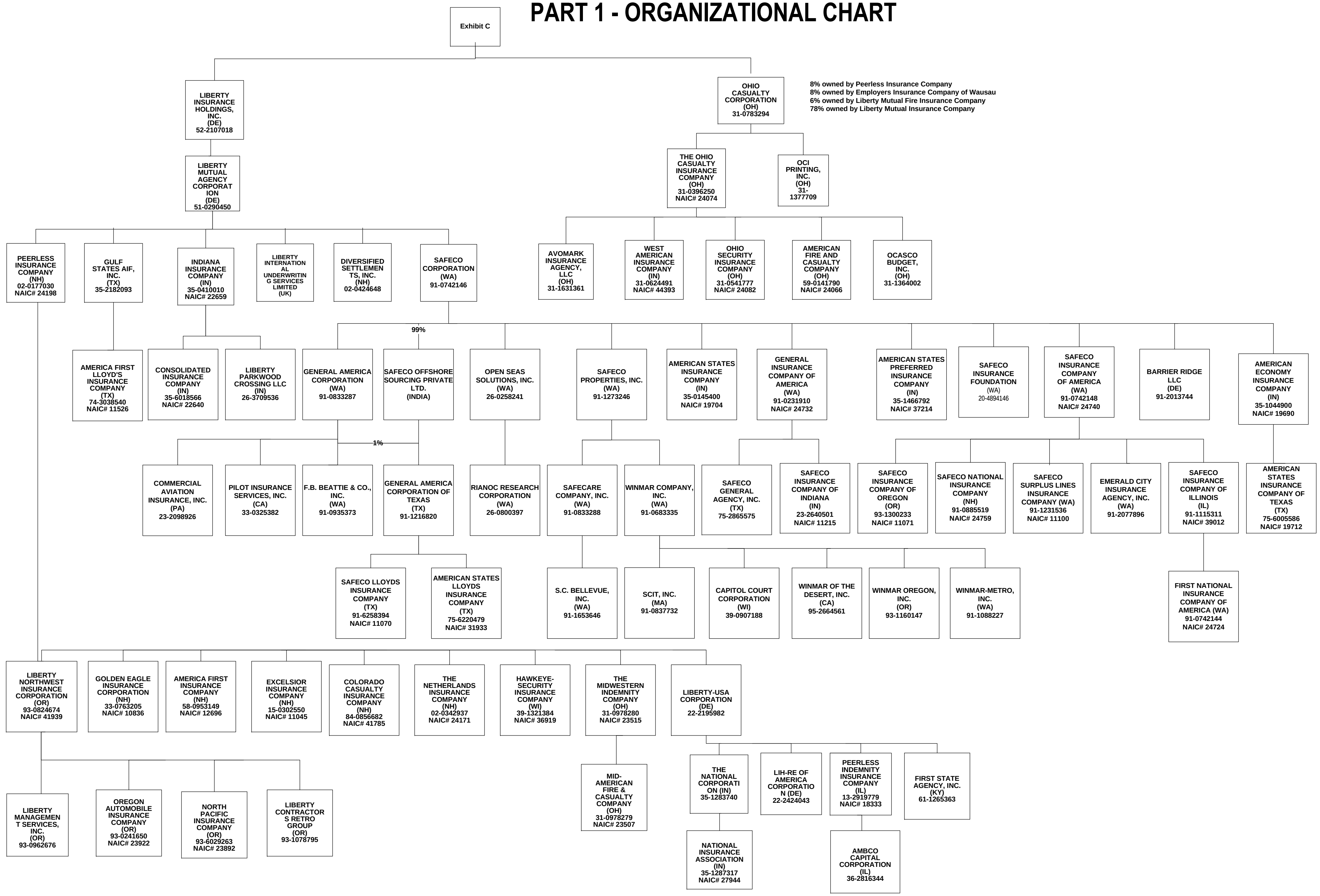
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation

REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR LIABILITIES	1 Current Year	2 Prior Year
2504. Accrued return retrospective premiums		2,483,533
2505. Private passenger auto escrow		218,324
2597. Totals (Lines 2504 through 2596) (Page 3, Line 2598)		2,701,857

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT

ALPHABETICAL INDEX TO PROPERTY ANNUAL STATEMENT